

FSN Capital

Environmental, Social and Governance report 2019

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

About FSN Capital

Established in 1999, **FSN Capital Partners** (*FSN Capital*) is a Northern European private equity advisor. We advise the **FSN Capital Funds** (*FSN Funds*), four active funds with a total committed capital of more than EUR 2 billion. The FSN Funds focus on making control investments in companies operating in the Nordic countries and German-speaking Europe (DACH) with enterprise values between EUR 50 million and EUR 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 Funds' period of ownership. The FSN Funds are supported by a broad range of leading institutional investors 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 our Ethos:

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

The Portfolio Companies in FSN Funds increased total revenues by 7% in 2019

The Portfolio Companies in FSN Funds increased total EBITDA by 19% in 2019

EUR 151.1 million returned to the investors from FSN Funds in 2019

EUR 183.6 million invested by FSN Fund V in 2019

FSN Portfolio Companies have increased number of employees by 8 % in 2019

1 of 3 new investment team members in 2019 were women

By investing with purpose,
FSN Funds have realized excess of 3x ROI and
31 % IRR, by building sustainable companies.

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

This report takes you through our
ESG philosophy, methodology and approach,
as well as the status of ESG in the Portfolio.

Table of Contents

About FSN Capital	3
Letter from our Founder	7
Letter from our Chairperson	10
1. Our ESG philosophy	12
2. Our ESG methodology	24
3. Our ESG approach	40
4. ESG developments in the Portfolio Companies	48
<i>ViaCon 49 – iMPREG 50 – Fellowmind 51 – Rameder 52 – Saferoad 54 – Nordlo 56</i>	
<i>SNS 58 – Mørenot 60 – Gram Equipment 62 – Holmbergs 64 – Active Brands 66 – Fibo 68</i>	
<i>EET Europarts 70 – Kjell & Company 72 – Skamol 74 – Aura Light 76</i>	
5. FSN Capital Funds	80
<hr/>	
Appendix I – FSN Capital’s Values	86
Appendix II – Code of Conduct for FSN Capital, 2019	87
Appendix III – FSN Capital Partners’ Code of Conduct - short version	91
Appendix IV – The ten principles of the UN Global Compact	92
Appendix V – FSN Capital’s Whistleblower Policy	93
Appendix VI – FSN Capital’s list of standard policies	97

Our ultimate clients





Letter from our Founder

2019 was another good year for FSN Capital. We acquired three new companies, Rameder, iMPREG and Fellowmind, deploying EUR 183.6M out of FSN Fund V. We also realized two investments with the sale of Roplan and Fitness World. In addition, we continued to sell down our stake in Bygghemma, after this company was successfully listed in 2018. In total this returned EUR 151.1M to our investors.

Our realized gross returns at the end of 2019 were 3.0x ROI and 31 % IRR.

Furthermore, we continued to build value in our companies, as demonstrated by a 11.1 % uplift in EBITDA in Fund IV and 27.8 % uplift in Fund V for the year. We are proud of this development as it is a testament to our ability to build stronger companies that enhance financial performance, create employment in good and healthy working environments in companies that make a meaningful contribution to the local communities in which they operate.

Moreover, we build resilient companies that go on to thrive long after we have relinquished our ownership. This is evidenced by our IPO track record. Of the six companies we have IPO'ed, every single one of them have outperformed the relevant comparable index. On average our listed companies have outperformed the indexes by a factor of 1.6x over the first two years after listing, generating an IRR of 38 % for the new investors (*see p. 8*).

Good and responsible governance is at the heart of building resilient companies. Our focus on Environmental, Social and Governance aspects during our ownership is the bedrock of this performance. Addressing ESG issues methodically drives returns and mitigates risk.

Over the years we have developed a solid framework for addressing ESG opportunities and risks in our companies, allowing Portfolio Companies to focus on the ESG topics most relevant for them and their stakeholders. Setting the tone from the top, both FSN Capital as owner representative, as well as each of the Portfolio

**Companies listed by FSN Funds
have clearly outperformed the market**

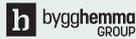
FSN Funds IPOs

netcompany

IRR: 130 % | ROI: 8.7x
EBITDA CAGR¹: +37 %
IPO date: June '18



IRR: 63 % | ROI: 3.0x
EBITDA CAGR¹: +11 %
IPO date: March '15



IRR: 42 % | ROI: 1.8x
EBITDA CAGR¹: +44 %
IPO date: March '18

INSTALCO

IRR: 70 % | ROI: 4.3x
EBITDA CAGR¹: +90 %
IPO date: May '17



IRR: 49 % | ROI: 6.0x
EBITDA CAGR¹: +36 %
IPO date: June '05



IRR: 12 % | ROI: 2.5x
EBITDA CAGR¹: +25 %
IPO date: March '18

Share price development

2y post IPO – FSN Funds IPOs vs market



Source: FSN Capital, Capital IQ. All data as of 31 Dec 2019. **Note:** FSN Funds listed Netcompany, Byggghemma and Green Landscaping less than two years ago. For these companies, share price development is illustrated to date.

¹ Compounded annual growth in EBITDA during FSN ownership, based on last-twelve-month EBITDA at date of investment and exit (30 September 2019 for Byggghemma)

² Average of indexed share price performance of the six companies listed by FSN Funds.

³ Index based on the average of the performance of the relevant index (OMX30, OMXC20CAP or OBX) at the relevant post-IPO time period for each company.

^{*} Includes returns on all six companies

^{**} Average aggregated return for Troax, Kongsberg Automotive and Instalco



Companies' Chairpersons, communicate the importance of ESG to boards and management groups. Clear expectations are incorporated in the board work, with ESG as a standard agenda point for all board meetings.

While we introduce a clear framework and robust processes for addressing ESG aspects when onboarding new companies, we are also pragmatic in terms of how we achieve organizational ownership of the various initiatives.

Driving process change is hard work and requires dedication and support. Therefore, in 2020, we are going to hire a full time professional who will focus exclusively on supporting the ESG process work throughout our companies.

The most gratifying experience I have had in 2019, is seeing how our ESG work has begun to shift from a top-down initiative to a bottom-up movement. The Portfolio Companies are increasingly embracing their ESG strategies.

Their effort and hard work have left us with many good examples of how strategies have been brought into life, and we are proud to bring them to you in this report. This year we have awarded the Annual FSN Capital ESG Award to Saferoad, for its best practice in ESG implementation among our Portfolio Companies (*see p. 34*).

One of the main themes we focused on in 2019, was climate change, as further elaborated in the letter from our Chairperson (*see p. 10*). Inspired by the Task Force for Financial Climate Disclosures (TCFD) we asked the Portfolio Companies to test the robustness of their business models and value chains under three climate scenarios. They were also asked to map their carbon footprints.

We have also started measuring our own carbon footprint. A collective ambition, both for us and the Portfolio Companies, is to improve the reporting scope and accuracy, and to set ambitions for emission reduction.

As a Northern European private equity firm, business travel generates 96.7 % of our team's reported CO₂ emissions. People respect what you inspect. As a case in point, our two team members, Pernilla and Simon, decided to take the train from Stockholm to Copenhagen for a Firm-wide meeting, saving the environment for about 90 kg CO₂ when compared to flying the same distance. A small step, but an important signal that will inspire us when we set our goals for 2020.

Culture and employee engagement are the most important ingredients in driving the ESG agenda. In 2018 we had the poorest employee satisfaction results since the inception of the Firm. This was taken extremely seriously by the full Partner group, and we are grateful to see that our focus on improved communication, trust and



Pernilla and Simon on the train from Stockholm to Copenhagen

celebrating victories resulted in an uplift in the 2019 scores. We will continue to safeguard our unique culture; our Team First initiative is an example of this (*see p. 19*).

We firmly believe our emphasis on ESG factors in our governance is good business. We were recognized as a thought leader in the field many years ago. But, as with every aspect of our Firm's development, we thrive on positive dissatisfaction with status quo, and strive to continue to improve our approach to responsible governance. As such we aim to build even better and more sustainable Portfolio Companies in the future and do our part of mitigating the most severe threat to humanity, namely climate change.

Finally, I would like to thank our many investors, who are leading the financial community in driving sustainable and responsible investing and governance. Through your feedback and support, you have been an inspiration in our efforts to continuously improve our ESG approach.

Frode Strand-Nielsen
Managing Partner
FSN Capital Partners

Letter from our Chairperson

The ultimate long-horizon investor and why climate risk matters for FSN Capital

As a private equity investor, it does not suffice to only have our holding period in mind when making new investments. We must internalize the interests of the institution or market that will buy the asset from us years ahead. Hence, the time horizon we must consider in investment decisions spans more than 10 years into the future.

The long-time horizon makes us different from other investors and tests our ability to be forward looking in decision-making. We should only invest into markets and companies that have the tailwind from mega trends. Companies that are on the wrong side of the factors shaping markets in the long term should be avoided. One key trend shaping our future is climate change.

The severe impact of climate change has become prominent over the last years, as droughts, heatwaves, floods and bushfires increase in both frequency and severity. With every small increase in global temperature, we are getting closer to reaching *tipping points* that will result in large

changes in the global ecosystem. An example is long dry periods increasing the risk of wildfires, which again shrinks the forests – the Earth’s lungs. Recent research published by the IPCC (Intergovernmental Panel on Climate Change) argues that some tipping points may be reached at only 2°C warming. However, physical climate risk, both acute and chronic, are present at all levels of global warming.

During the past year we have seen climate talks transforming into climate action. An increasing number of people demand change and the EU has declared a goal to become carbon neutral by 2050. We have far to go and are dependent on innovation of green technology and businesses that dare think differently and move in the direction of a circular economy. Moreover, such changes put stress on our political systems as well as markets. Conflicts such as the polarization of political debate could become more prominent as the world is changing.

So, what are these trends telling us as investors, and what are the consequences to our Portfolio Companies?



As investors we need take climate risk into consideration when seeking out new investment opportunities. We must ask ourselves to what extent the company is exposed to physical climate risk and whether the business model will remain relevant in a low-carbon, and perhaps circular economy. Therefore:

- › We will conduct a Climate due diligence in connection with all potential investments, starting in 2020.
- › We must prepare for an even bigger shift in policy and legislations in the future. Lack of action today means pressure building up for an even swifter policy change tomorrow.
- › We must expect shifts in customer sentiments, partly as a reaction to the lack of credible policy responses. Trends such as flight shame and the peak stuff-movement indicate that consumers are looking for ways to reduce their carbon footprint.
- › Where we invest our funds matters. The need for capital to facilitate the energy transition in the economic structure is enormous. We can respond to parts of this demand and get tailwind to a decent return, while doing the

right thing for the planet and society.

- › We must consider both risks and opportunities when supporting Portfolio Companies in becoming climate resilient. This year all Portfolio Companies have completed a climate analysis, thereby increasing awareness and understanding of how climate change affects their business models.
- › We must work to reduce the carbon footprint of the FSN Fund portfolio. As a first step, companies in Fund IV and V have now completed their first greenhouse gas report.

All actions we take at FSN Capital can be explained by prudent risk management. As a long-term investor we know that extra-financial risks must be controlled to optimize our return to risk profile. That also contributes to doing good and resonates very well with our internal values and the ambition of purpose that drives each of us.

Knut N. Kjær
Chairperson
FSN Capital Partners

1.

Our ESG philosophy

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 behavior. As such, behavior 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 get individual sessions with our Managing Partner and Chairperson, 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 hires about the importance of ESG to our organization. This is about providing a solid start and a tool kit to enable team members to surpass our expectations. It also emphasizes that if we operate responsibly and implement sustainable practices, we mitigate risk and drive higher returns for our investors.



The FSN Capital Ethos

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

Our ethos is 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 returns in a **decent way** is achieved by implementing the FSN Governance Framework in all Portfolio Companies, and by constantly encouraging our individual team members to challenge decisions and behavior by asking : «Is this in line with our ethos?»

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

Our Responsible Investment Policy

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

We have clear ethical standards and exclusion criteria that apply to all our investments. Our Responsible Investment Policy and investment philosophy are intertwined and in fact two sides of the same coin. They should help ensure that we over time get the best possible combination of controlled risk and enhanced value. In October 2019, the Responsible Investment Policy was updated to include an environmental exclusion criterion, reflecting our expectation that climate change will impact returns.

We shall not invest in companies that:

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

The policy is available on [FSN Capital's websites](#).

The UN Principles for Responsible Investment

In 2005, our Chairperson was among those invited by the UN Secretary at that time, Kofi Annan, to draft the UN Principles for Responsible Investment (PRI). FSN Capital has been a signatory of the PRI since 2012.

The Principles place ESG factors into the investment process, recognizing that ensuring integrity is among the key success factors for

long-term investors. Compliance with PRI's six principles is a natural part of an investment strategy, to safeguard and enhance the returns of the FSN Fund's portfolio investments.

We engage in several activities to fulfill our commitments to the PRI. Below we have highlighted some of the key efforts with regards to each principle.

	The Principles	Examples of how FSN Capital upholds each principle
1	We will incorporate ESG issues into investment analysis and decision-making processes.	<i>ESG considerations are always included in the pre-investment phase (see p. 40).</i>
2	We will be active owners and incorporate ESG issues into our ownership policies and practices.	<i>We engage with the Portfolio Companies, supporting them in developing ESG strategies and ambitions for material ESG issues (see p. 43).</i>
3	We will seek appropriate disclosure on ESG issues by the entities in which we invest.	<i>Portfolio Companies are required to implement FSN Capital's standard governance policies (see p. 78) and to report certain standard ESG KPIs (see p. 79).</i>
4	We will promote acceptance and implementation of the Principles within the investment industry.	<i>Our Responsible Investment Policy forms part of our formal commitment with investors. ESG questions are included in the annual service provider assessment conducted by the FSN Capital Funds.</i>
5	We will work together to enhance our effectiveness in implementing the Principles.	<i>We share our ESG methodology in relevant fora and contribute to sector ESG initiatives and events (see p. 31).</i>
6	We will each report on our activities and progress.	<i>FSN Capital's transparency reports are publicly available on UN PRI's websites.</i>

Signatory of:



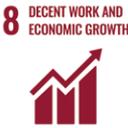
UN Sustainable Development Goals

The private sector plays an integral part in solving the most urgent global challenges as best described by the UN Sustainable Development Goals (SDGs). FSN Capital is continuously working to reduce our negative impact, while increasing positive impact on the SDGs.

Working towards the SDGs is an integral part of governance, to identify growth trends, find deal opportunities, secure financial performance and mitigate risk. At FSN Capital our investment philosophy has been inspired by the SDGs and we are actively looking for new global megatrends to

invest in. In 2019 we identified the goals and sub-goals to which the FSN Funds as majority owners can contribute in every investment (*see below*).

FSN Capital links all Portfolio Companies to relevant SDGs, where they are positioned to contribute. This is done as a part of the ESG strategy development where ESG risks and opportunities are identified throughout the value chain and relevant goals and targets are selected. We are looking for ways to encourage Portfolio Companies to support specific SDGs and this is currently done on a case-to-case basis.

Goal	Target	Our opportunity to contribute	KPI and 2019 performance
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> 5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. 	<ul style="list-style-type: none"> Opportunity to include women on board of directors and key C-suite positions. 	<ul style="list-style-type: none"> 17 % share of women on FSN Portfolio Company boards. 2/11 Executive Advisors are women. See p. 17 for more information about diversity.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors. 	<ul style="list-style-type: none"> Job creation through organic growth in the Portfolio Companies. 	<ul style="list-style-type: none"> 8 % increase in Portfolio Companies employees. Organic FTE growth in Portfolio Companies (to be reported from 2020 onwards).
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning. 	<ul style="list-style-type: none"> Opportunity to increase awareness among Portfolio Companies when supporting them in creating climate robust strategies and report GHG emissions. 	<ul style="list-style-type: none"> 11/16 Portfolio Companies submitted GHG reporting. 13/16 Portfolio Companies completed the Climate Module. A Firm-wide training session held when launching the new Climate Module.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<ul style="list-style-type: none"> 16.5 Substantially reduce corruption and bribery in all their forms. 	<ul style="list-style-type: none"> We develop standard policies and procedures with the aim of reducing risk of corruption and bribery. 	<ul style="list-style-type: none"> 100 % FSN employees (re)trained in CoC and anti-bribery 100 % Portfolio Companies have implemented the FSN standard CoC, Supplier CoC, and Whistleblower policy.

«Diversity, inclusion, and equality happen to be fantastic for business. Data shows that diverse teams perform better and teams who think their workplace is inclusive are more innovative. Equality Check is helping workplaces become more diverse, and therefore improving business. A real win-win, if you ask us. We are very proud to have FSN Capital as one of our Founding Partners.»

MARIE LOUISE SUNDE & ISABELLE RINGNES

Co-founders, Equality Check

Inclusion and diversity

In an increasingly complex world, having teams with complementary skillsets and backgrounds are vital for success. Research shows that companies with a more diverse workforce perform better financially. The private equity industry is male dominated, suggesting that the experience, talent and expertise of half of the population is underutilized. FSN Capital has continued to take action to improve gender balance, thereby positioning the Firm to benefit from an expanded talent base. FSN Capital is committed to improving the diversity of ideas, backgrounds and perspectives of our workforce.

In 2019, FSN Capital has rolled out unconscious bias training for all employees, and clarified the parental leave rights and obligations for our employees. We also put in place a specific mentoring program for all women investment professionals where they, in addition to internal

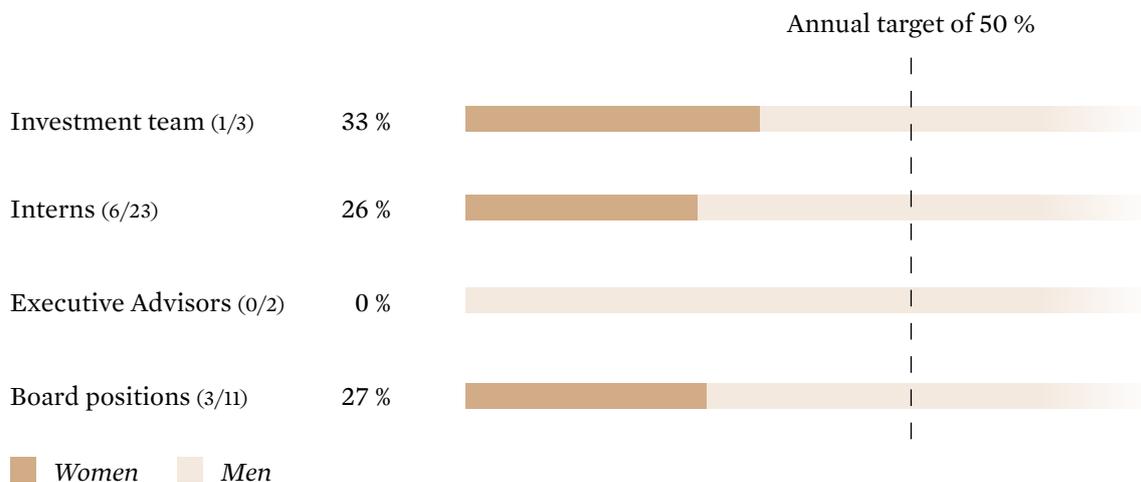
mentors, are paired with external senior executives that provide an outside-in perspective.

FSN Capital senior employees are also involved in Level20, a non-profit organization dedicated to improving gender diversity in the European private equity industry. Here we take part in the Nordic Executive Committee and are involved in the mentoring program that is designed to support the career development of women in the industry.

We have continued to cooperate with Equality Check (formerly ShesGotThis) and some of our employees have left reviews and rated us on their platform. In this way we get insight in how employees perceive our performance with regards to equal opportunities, company culture, work-life-balance and the management's commitment to diversity.



Percentage of women new hires in FSN Capital, 2019



In 2019 we maintained our diversity targets of 50 % of new hires in the investment team to be women, as well as 50 % of all new Portfolio Company board positions and new FSN Executive Advisors. We acknowledge that the targets are ambitious and challenging to achieve in this industry and that it will take time. However, we feel strongly about the importance of achieving these targets and they send a strong signal with regards to our ambitions.

We have become increasingly aware that diversity is a broader topic that, among other

things includes cultural background, education, and experiences. During 2020, we will further refine what diversity should mean for FSN Capital, develop KPIs to track our development in this regard, and determine how we can measure our progress. This initiative is called *Diversity & Inclusion* and is part of our Team First program.

We also track diversity metrics in the Portfolio Companies, such as gender representation on the boards and in C-suite positions (*see p. 79*).

FSN Capital's Performance*	2014	2015	2016	2017	2018	2019
Employees (FTEs)	28	30	32	39	48	51
Percentage women versus men (all FSN Capital employees)	25 %	27 %	28 %	28 %	33 %	33 %
Absenteeism	1 %	1 %	1 %	3 %	1 %	1 %
Employee Satisfaction NPS	87 %	92 %	92 %	79 %	46 %	60 %

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

Team First – building a common culture across four countries

Our greatest asset is our people. We invest significant time and resources to find and recruit talented individuals, who share our values and who fit well with our culture. We are at our very best when every member of the team actively participates in the continued development of the Firm, and when each team member contributes with what they can, to accomplish our shared goals.

To achieve this level of cooperation and teamwork, we initiated a Firm-wide program entitled *Team First* in 2019. The initiative is structured to engage team members across the entire Firm, across all levels of seniority, business areas and geographies, ensuring that we take into consideration a broad range of views and opinions to reflect the diversity of the entire team.

The immediate goal of Team First is to engage everyone to think deeply about our core values as an organization, to further

foster trust and collaboration amongst all team members, and to ensure that we transparently communicate our guiding principles to all employees. The initiative also seeks to underscore the importance of diversity and inclusion in everything we do. The results will serve as the basis for updating and refining our Vision and Mission to guide FSN Capital as we continue to grow and expand in the years to come.

The goal of the Team First initiative is to lay the groundwork for our future success, enabling FSN Capital to continue to achieve the strong performance we have to date and drive top tier returns for our investors and, thereby, for our ultimate clients. At FSN Capital, we firmly believe that one of the main drivers of our performance is the strength and cohesion of our team, and we will continue to invest in this to achieve the returns required and expected from us by our investors and their beneficiaries.

Reducing our environmental footprint

FSN Capital acknowledges that also our own operations have a negative impact on the environment. While premises, printing, food consumption and single use plastics have a certain impact, business travel remains our largest contribution to global greenhouse gas (GHG) emissions.

As a Firm with offices in four countries and Portfolio Companies spanning across approximately 70 countries, our operations require travelling. While we encourage employees to use video conference whenever possible, some face-to-face meetings are necessary to maintain good relationships with all stakeholders.

To identify how we most efficiently can reduce our footprint we have implemented a reporting tool to record our GHG emissions. Going forward we will report scope 1, 2 and 3 emissions on an annual basis. In 2020 we will discuss our climate goals and ambitions based on the data gathered and identify what type of KPIs are most relevant for us.

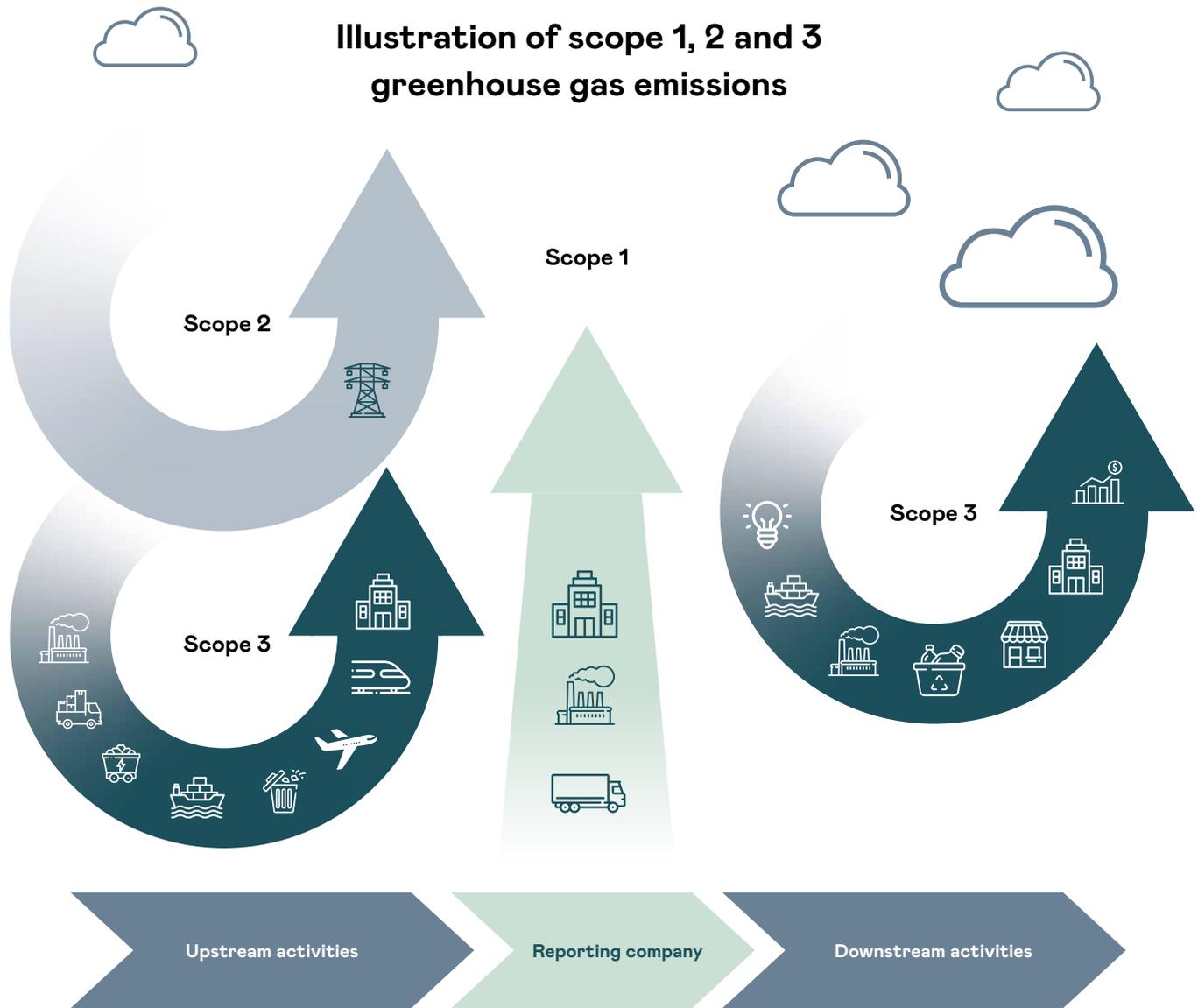
The FSN Funds' Portfolio Companies also contribute to significant GHG emissions. In 2019 we also rolled out the GHG reporting tool to all Portfolio Companies to help them identify their greatest emission sources. FSN Capital will continue to work with the Portfolio Companies to help reduce their absolute emissions, thereby reducing the environmental footprint of the portfolio altogether (see p. 36 and 79).

2019 GHG emissions for FSN Capital

Scope 1 emissions are insignificant, while scope 2 consists of electricity consumption from our office facilities. The report shows that scope 3, mainly flights and business travel, makes up 96,7 % of our footprint and is highly influenced by our investment activities. The 2019 emissions were driven by face-to-face meetings with investors, while 2018 emissions were driven by an onboarding process that required travelling to Argentina.

	Tonnes CO ₂ eqv.	
Annual GHG emissions per scope	2018	2019
Scope 1 Total	-	-
<i>Transportation</i>	-	-
Scope 2 Total	7.6	10.1
<i>Electricity</i>	7.6	10.1
Scope 3 Total	348.6	303.5
<i>Air travel</i>	336.4	271.1
<i>Business travel</i>	12.2	32.4
Total emissions	356.2	313.5

Illustration of scope 1, 2 and 3 greenhouse emissions



Indirect emissions

Scope 2

- › Purchased electricity, steam, heating and cooling for own use

Scope 3

- › Purchased goods and services
- › Capital goods
- › Fuel and energy related activities
- › Transportation and distribution
- › Waste in operations
- › Business travel
- › Employee commuting
- › Leased assets

Direct emissions

Scope 1

- › Company facilities
- › Company vehicles

Indirect emissions

Scope 3

- › Transportation and distribution
- › Processing of sold products
- › Use of sold products
- › End-of-life treatment of sold products
- › Leased assets
- › Franchises
- › Investments

Giving back

For several years FSN Capital has donated an annual Christmas gift to Naandi Norway, the Naandi Foundation. The charity supports the education of underprivileged girls in India through Project Nanhi Kali. The aim is to empower the girls through education and collaboration with their families and local communities.

To encourage the girls to complete 10 years of basic education, every Nanhi Kali is provided with 360-degree support, which includes daily academic support, an annual school supplies kit, as well as feminine hygiene material. Girls in secondary school are given access to digital tablets, pre-loaded with academic content. Through regular engagements with the girls' families and community stakeholders, the project develops girl-friendly ecosystems in 17 districts across eight Indian states.

FSN Capital's donations are allocated to individual girls, making it possible to track our actual impact since 2014

268 students

are currently supported
(84 Primary School, 184 Secondary School)

30 graduates

have completed 10 years education,
supported by FSN Capital

EUR 69,256

total donations since 2014

«We are proud to support the Naandi foundation.
It gives FSN Capital an opportunity to impact an issue
otherwise beyond our reach»

FRODE STRAND-NIELSEN
Managing Partner FSN Capital



Source: The Naandi Foundation

2.

FSN Capital – Our ESG methodology



Clear roles and responsibilities

The basis for our ESG work is accountability and a clear definition of roles and responsibilities. From an owner perspective each FSN Capital pointperson* is responsible for the development of his / her Portfolio Company and are always represented on the board. At the Portfolio Company level, the respective Chairperson and board members remain fully accountable for the ESG strategy, plan and status. The CEO is fully responsible for the daily management of his / her Portfolio Company.

FSN Capital's ESG team is responsible for defining ESG expectations, developing tools, supporting Portfolio Companies in their ESG work, and monitoring ESG status and progress. Driven by positive dissatisfaction we continuously improve our ESG standards based on learnings we make.

The FSN Capital Governance Framework and ESG Framework have been developed to structure ESG implementation and to drive continuous improvement.

Key ESG efforts in 2019

2019 was the year of climate action in FSN Capital. We developed and rolled out a climate assessment tool – the FSN Capital Climate Module. The Climate Module is integrated in the ESG Framework. Individual climate assessments were conducted and discussed in most Portfolio Companies in close collaboration with the ESG team. Moreover, both FSN Capital and Portfolio Companies in FSN Funds IV and V started reporting greenhouse gas emissions. This is the first step to systematically approach and minimize the carbon footprint of Portfolio Companies.

Existing Portfolio Companies have continued to further implement ESG policies, conduct training and assessing suppliers. Two Portfolio Companies have also tested the new e-learning module on business ethics, which we aim to have rolled it out in FSN Capital and all Portfolio Companies by the end of 2020.

In accordance with the annual ESG wheel, all Portfolio Companies have reviewed and refined their ESG strategies and ambitions for 2020.

* The partner or principal responsible for a particular Portfolio Company

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

Adopt

- › Tone from the top
- › Roles and responsibility
- › Align knowledge

Monitor

- › Get information
- › Follow up incidents
- › Evaluate



Implement

- › Governance policies
- › Authorization matrix
- › Communication and training

Control

- › Internal control
- › External control
- › Whistleblower

The FSN Capital Governance Framework

The FSN Capital Governance Framework is founded on our long track record of driving the ESG agenda in our Portfolio Companies and ensures continuous improvement of ESG during the ownership phase.

The Governance Framework sets out minimum requirements for the Portfolio Company with regards to ESG policies, implementation and governance. It also defines roles and responsibilities with clear expectations to the Chairpersons, board of directors and the CEOs.

The board of directors of all Portfolio Companies should always:

- › Set the tone from the top with regards to ESG.
- › Approve a tailor-made ESG strategy, all FSN Capital’s standard ESG policies, a plan for implementation of ESG policies, as well as internal and external controls.
- › Monitor ESG progress and status at every board meeting.
- › Complete an annual review of the ESG strategy, policies and plan for implementation.

The following elements have been developed as part of the FSN Capital Governance Framework:

- › Standard ESG policies: Code of Conduct (long and short versions), Whistleblower policy and procedures, Supplier Code of Conduct, Rules and Procedures for the Board of Directors and CEO instructions. All standard ESG policies are available in languages most relevant to our Portfolio Companies.
- › Minimum requirements to authorization matrix and internal control, as well as an Auditor Heatmap containing reporting requirements for auditors with regards to the internal control.
- › An implementation plan for standard ESG policies (*see Appendix VI*).

Chapter 3 describes how we onboard Portfolio Companies to ensure compliance with our Governance Framework.

The FSN Capital ESG Framework

The FSN Capital ESG Framework is a standard method for developing an individualized ESG strategy for each Portfolio Company. The objective of the ESG Framework is to ensure that the ESG topics most important to the company and its stakeholders, and thereby material to value creation, are prioritized.

Each Portfolio Company's ESG strategy is reported in a format that fulfills the requirements of EU's Non-Financial Reporting Directive. Short versions of each Portfolio Company's ESG strategies are presented in chapter four.

The ESG Framework consists of three steps:

1. Company specific research is conducted by external experts, mapping out ESG risks and opportunities along the value chain to see where and how the company impacts its surrounding. A climate scenario analysis is used to identify climate risks and opportunities (the Climate Module). Market

reviews and stakeholder analyses provide valuable insights on which ESG themes are most relevant and the level of performance that is expected. Integrating ESG impacts and climate risks / opportunities in the same framework underlines their interdependency and the fact that both should be taken into consideration when formulating an ESG strategy.

2. Following discussions between the Portfolio Company and the ESG team, the company rates and prioritizes ESG topics based on materiality. The Chairperson, CEO, and FSN Capital pointperson for each Portfolio Company are required to participate in the discussions to ensure alignment and accountability, setting the tone from the top.
3. Based on the materiality assessment, the Portfolio Company selects three to five of the most important ESG topics to focus on in the short- and long-term. Annual goals should be developed to monitor progress.

«For EET it is important that the ESG strategy, goals and actions remain relevant, tangible and linked to our business model. Every stakeholder must be able to see and understand our ambitions and the focus areas in which we work. It is of great importance to us that the approach is uncomplicated yet ambitious. Simplification and speed are of essence.»

KATRINE RASMUSSEN
HR Director in the EET Group

The three steps of FSN Capital's ESG Framework

1. Identify ESG topics

Action:

Map ESG impacts, climate risks and opportunities through the value chain

Purpose:

Create awareness and accountability beyond business operations



Facility &
equipment supply



Own
operations



Management
and marketing



Customer /
end user



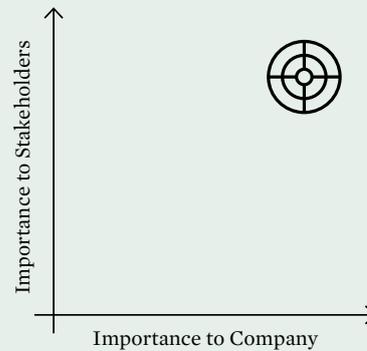
2. Materiality assessment

Action:

Rate identified ESG topics

Purpose:

Prioritize topics based on stakeholder expectations, market trends and business critical areas



3. Define 3-5 strategic ESG goals

Action:

Define short- and long-term goals, identify KPIs to monitor progress

Purpose:

Continuous improvement towards the Portfolio Company's ESG goals

FSN Capital Climate Module

While we do not know how much global temperatures will rise, we do know that weather-related events and the transition to a low-carbon economy will affect us all. In 2019 we developed and integrated a Climate Module in the FSN Capital ESG Framework. The module is inspired by the Task Force for Climate-related Financial Disclosures (TCFD).

The Climate Module is built to de-risk decision-making in an uncertain future. Portfolio Companies need to ensure that they identify, prioritize and make strategic decisions on relevant climate topics; they need to build climate resilient value chains and prepare for the green transition ahead.

The objective of the Climate Module is to ensure that each Portfolio Company prepares for climate change by assessing its strategy and operations

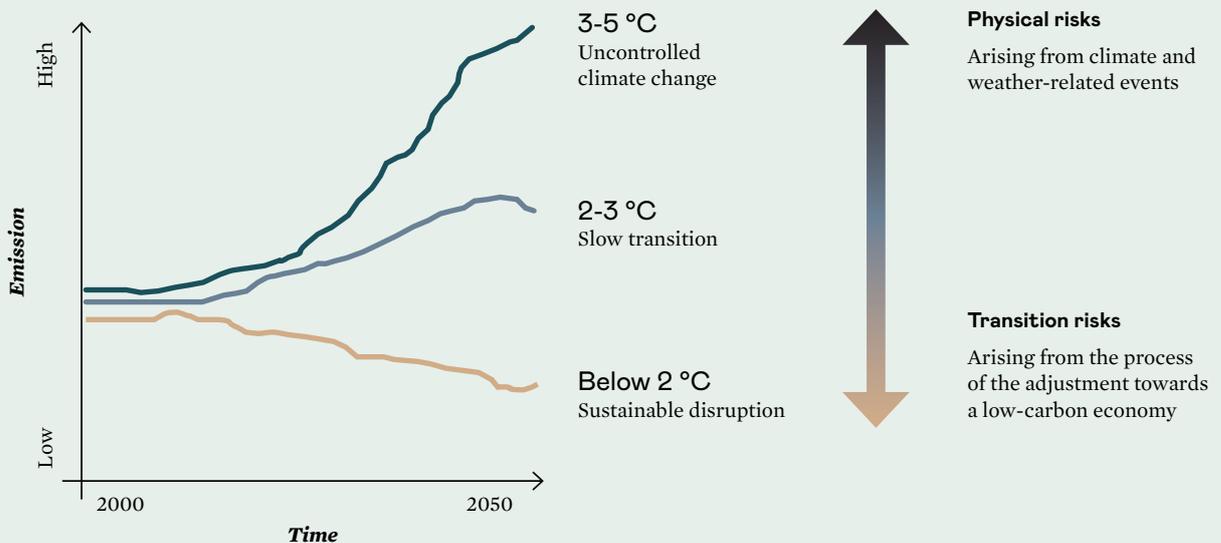
against key climate risks and opportunities. Scenarios, as recommended by TCFD, are used to stretch our mind and illustrate that climate change is likely to have an impact, regardless level of global warming*. The Climate Module assesses climate risks and opportunities in three scenarios of global warming.

We use the TCFD risk categories (physical and transition) and subcategories to identify climate risks and opportunities along every step of the Portfolio Company's value chain, in each of the three scenarios. The findings are summarized, identifying risks and opportunities at three levels of potential impact. In this way it becomes clear how well the parts of a company's value chain are positioned for the different climate scenarios.

* IPCC scenarios RCP2.6 and RCP8.5 were used, as well as a mid-line scenario based on RCP4.5 and RCP6.0.

Three global warming scenarios

Expected global average temperature increase by the end of the century



The Portfolio Companies are only expected to address the high impact areas and think contingency for the areas of medium impact. This focuses resources on only relevant climate topics. Below is an example of how the climate module indicates high, medium or low impact on the company and its value chain, either as a risk or an opportunity.

FSN Capital must also consider climate change when we identify and select companies to invest in. From 2020 we will conduct a specific climate due diligence in every transaction to avoid stranded assets and to capture investment opportunities.



The following common risks and opportunities were identified in the 2019 climate analysis of the Portfolio Companies

- › **Acute and chronic physical risk:**
Disruptions in the supply chain
- › **Acute physical risk:** Extreme weather damaging tangible assets
- › **Market risk / Opportunity:**
Changing customer preferences

Key findings from the climate assessment of Active Brands

- * *Low impact*
- ** *Medium impact*
- *** *High impact*



Raw material supply

**
Chronic physical risk:
Limited raw material supply due to chronic changes in temperature



Production

**
Acute physical risk:
Production disruptions due to extreme weather events



Management & marketing

*
Regulatory risk/ Opportunity: Fast fashion is prone to regulations requiring transparency and sustainability labelling of garments



Customer/end user

Market risk/Opportunity:
Climate change will impact customer preferences and seasonal purchasing needs

FSN Capital's ESG Expectations

In every transaction

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

Onboarding of Portfolio Companies

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

ESG focus in Portfolio Companies

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

Building internal ESG knowledge

Our most important asset is our people. We invest significantly in employees' education through annual seminars with Harvard Professors, the Global PE Alliance Academy, FSN Leadership Seminar and internal best practice sharing sessions. In addition, we run one-on-one coaching and training programs.

ESG knowledge is a key skill for FSN Capital employees. As board members in Portfolio Companies they are in a unique position to set the tone from the top and together with the management team send a strong message about the importance of sound ESG management.

Internal ESG knowledge starts with our onboarding process. In 2019, 100 % of new hires completed the ESG onboarding. The onboarding also communicates ESG expectations the investment team should deliver on.

ESG is on the agenda in every internal monthly operating review and quarterly meeting. The ESG team provides a status on ongoing initiatives, shares learnings since last meeting or gives a reminder of the standard ESG expectations. FSN Capital also arranges semi-annual Best Practice sessions where ESG is regularly on the agenda.

Whenever a new ESG initiative is rolled out, such as the Climate Module, the first step is always a Firm-wide training session. Investment team members are required to participate in individual training sessions with their respective Portfolio Companies when the initiative is rolled out.

There have historically been incidents from which we have drawn learnings. In 2018, fraud was discovered in Gram Equipment, a Portfolio Company acquired by Fund V during the same year. FSN Capital filed a W&I insurance claim

in June 2018 and received payment of the full insurance limit of EUR 50 million under a warranty and indemnity liability insurance policy in March 2019. Although identifying fraud in a company at the transaction stage is extremely difficult, and FSN Capital already had mechanisms in place for this prior to the Gram incident, this case has certainly increased the full team's alignment on the need for a good W&I insurance.

Given our high ESG ambitions, FSN Capital will in 2020 hire a dedicated ESG resource to further advance our efforts in building resilient companies and boost internal ESG knowledge.

FSN Capital's active promotion of ESG in various forums across the globe

The PRI sets out that we should «promote acceptance and implementation of the principles within the investment industry», which is in line with our urge to continuously improve, not settling for status quo. Rather than safeguarding our ESG knowledge as a competitive advantage, we actively share and promote our approach to improve the ESG efforts of the private equity industry.

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

RF Kennedy Compass holds annual conferences designed to help decision makers at public and private funds fulfill their fiduciary duties and meet today's investment challenges. Each conference gathers approximately 150 institutional investors and asset managers who collectively oversee more than USD seven 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 labor 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 four years due to our ESG focus. During the conference we moderate panels and engage in the discussions and share our views and learnings from our own journey.

Our Chairperson, Knut Kjær, has in 2019 promoted the importance of climate considerations at seminars such as the **Climate Bonds Initiative Annual Conference** and the **Responsible Asset Owners Global Symposium** in London, NBIM and Sustainability organized by the Norwegian Ministry of Foreign Affairs and NORAD network, and two seminars on Sustainable Finance organized by the **Norwegian Association of Financial Analysts**.



Photo: Johan Olsson

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

Elisabeth Rustad-Nilssen, represented FSN Capital when the **Sixth Swedish National Pension Fund (AP6) invited representatives** from Nordic PE funds to share their experiences on how to achieve a better gender balance in 2019.

As in previous years, FSN Capital has also held presentations at other events and seminars, including **Castle Debates** in London, **Danske Bank's Capital Market Day**, **World Services Group**, **NVCA-Q**, **Wikborg Transaction Day**, an **ESG Due Diligence seminar** organized by Schjødt and PwC, and a **climate seminar** organized by NHH, SustainableInsight and Nysnø Climate Investments in collaboration with NVCA.

Further, several FSN Capital employees have promoted the importance of ESG at student events at the Norwegian School of Economics.

FSN Capital also sponsors and co-operates with:

- › **Equality Check** formed to raise awareness about gender stereotypes and unconscious bias;
- › **MAK** (makorg.no), a Norwegian organization focusing on intercultural competence as a competitive advantage; and
- › **Level20**, an organization dedicated to improve gender diversity in the European Private Equity industry.

Use bond markets to challenge heavy emitters, says NBIM founder Kjær

Excerpt from article written by Nick Reeve, 11. October 2019, published on Investment & Pensions Europe.

The founding CEO of Norway's giant sovereign wealth fund has urged investors to engage with bond issuers to exert influence regarding climate change issues.

Speaking at the Responsible Asset Owners conference in London earlier this week, Knut Kjær – now a member of APG's supervisory board – said investors could have more of an impact on the world's biggest carbon emitters through the debt markets than through equity markets.

«If you take the 100 most fossil fuel intensive companies, it's only 40 or 41 of them that have listed equities,» Kjær said. «All of them are in the debt markets.»

Many coal mining companies and much of Australia's mining sector only raised money through the issuing bonds, he added.

«Every time there is a lack of enthusiasm to buy that bond, it will affect cash flow and how [the companies] make investment decisions,» he said.

Kjær likened new bond issuance to having regular IPOs, giving the investors the ability to scrutinize a company every time it seeks more financing.

«It's a conundrum to me why so few are focusing on the bond side,» he said.

Carbon tax concerns

On climate change, Kjær warned that investors should not just focus on the environment to the exclusion of societal considerations.

He highlighted protests led by Extinction Rebellion taking place near the conference venue in Westminster as an example of people highlighting the social challenges of climate change, especially regarding policy proposals such as carbon taxes.

«You can take up the carbon tax, that's fine, but who is paying?» Kjær said. «It's those who cannot afford it. One way to handle this and to get buy-in from people is to take all the revenue you get from the carbon tax and give it back to the people. That will restore some of the income distribution [imbalance], and tilt it in a more normal way.»

The annual FSN Capital ESG Award

SAFEROAD®

Winner of FSN Capital's 2019 ESG Award

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

The criteria for selecting the 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 Company's holistic approach to sustainability
- › Adherence to FSN Capital's values

Saferoad was acquired by FSN Capital Fund V in 2018. The company has a clear vision to contribute to realizing EU's *Vision Zero* of no fatalities on Europe's roads by 2022.

The management team has shown great leadership in increasing awareness of and commitment to good corporate governance in daily operations across the group.

FSN Capital highly appreciates Saferoad's eagerness to continuously improve and tie their ESG work with the overall strategy of the company. Equally valued is the willingness to share learnings and provide comments and recommendations directly with FSN Capital's ESG team.

Saferoad started by defining clear roles and responsibilities for ESG, led by the Chairperson, the board, and the CEO, who together set the tone from the top. In addition, Saferoad has established a Group ESG SCOM*, consisting of the

* *System Center Operations Management*

CEO, CFO, COO, and representatives from the HR, and Legal departments. The team meets monthly to secure continuous top management attention and cross functional contribution to ESG initiatives from key stakeholders in the organization. In 2019 Saferoad completed a full risk assessment and analysis of the group, which also included ESG topics.

This work has resulted in progress across several dimensions:

Saferoad's efforts in 2019 to integrate and strengthen **business ethics and governance** really sets the company apart. The adoption of new ESG policies, guidelines, routines and processes was complemented with in-person training of all management teams on trade sanctions, anti-corruption and ethical dilemmas. The company also launched an e-learning module for all employees. The module covers the Code of Conduct, the whistleblower policy, trade sanctions, anti-corruption and anti-competition. Further, Saferoad has implemented a data-based 3rd party screening system for trade sanctions compliance. Saferoad's short version Code of Conduct is displayed in all offices and production facilities.

The company has shown commitment as a **responsible employer**, both with regards to handling whistleblower reports, as well as implementing a common employee net promoter score (eNPS) across the group. The common eNPS

will make it easier to assess and address employee satisfaction going forward. A safer working environment has also been promoted through the launch of a robot arm for automatic road painting, which will reduce the risk for workers on the road.

Saferoad has strengthened efforts to reduce **environmental and climate impacts**. Among other things, it has focused on ISO 14001 certifying (Environmental Management System) production sites and reduced raw material uses in several new products. The company has also been self-driven when implementing the greenhouse gas reporting system, collecting both 2018 data to pilot the reporting tool and 2019 data for the final report.

«In Saferoad, we believe the key to successful ESG implementation lies in generating full commitment to initiatives, from the board of directors to each employee. We see that simple and focused initiatives, like the Code of Conduct being visible in each location, have a greater impact than scattered and theoretical initiatives. Having a strong ESG focus also rhymes well with our company's core values, Care, Integrity, and Drive, which we use when implementing ESG initiatives.»

OSCAR SANDELL,
Group Chief Human Resource Officer at Saferoad

Delivering on our commitments

The tables below show the development objectives FSN Capital had for 2019, what we did to deliver on these, as well as our plans for 2020.

Our 2019 ambitions

- › 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 due diligence 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 monthly 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

What we did in 2019

- › Developed and incorporated a new Climate Risk module – inspired by the Taskforce on Climate-related Financial Disclosures (TCFD)
- › Assessed climate risks and opportunities for all Portfolio Companies, where the Board, Chairpersons, company management, FSN Capital investment and ESG teams participated in the process
- › Conducted climate due diligence in selected transactions as deemed relevant
- › Established a platform for greenhouse gas emission accounting available to all Portfolio Companies and assisted to complete 2019 reporting
- › Implemented an electronic training program on anti-corruption and whistleblowing in two Portfolio Companies
- › Opened for ESG KPIs to be reported in FSN Capital's monthly financial reporting system
- › Actively participated in network events and ESG seminars to communicate and share our ESG efforts (*see p. 31*)
- › Conducted unconscious bias training for FSN Capital employees at cohort meetings and enrolled all women investment professionals in a Mentor Program
- › Updated the Responsible Investment Policy, which now includes a statement to exclude investments that «have an unacceptable high greenhouse gas footprint and have failed to take reasonable steps to reduce these emissions»

What we will do in 2020

New initiatives

- › Hire a full-time dedicated ESG resource to the FSN Capital ESG team
- › Launch a standard climate due diligence approach
- › Present at four ESG seminars in the DACH-region, with the overall aim to raise awareness of ESG in the DACH private equity market and educate our advisors
- › Update and roll out a revised Whistleblower Policy and procedures in FSN Capital and all Portfolio Companies
- › Implement an electronic whistleblower channel for FSN Capital
- › Update formal board instructions template with clear ESG responsibilities
- › Create a platform for all Portfolio Companies to share information and questions about their ESG processes
- › Assist Portfolio Companies in setting quantitative emission reduction targets
- › Formalize FSN Capital's climate ambitions and set emission targets

We will continue to

- › Roll out the established electronic anti-corruption training program to more FSN Funds' Portfolio Companies
- › Improve greenhouse gas emissions reporting and scope for all Portfolio Companies, as well as for FSN Capital
- › Increase scope of mandatory ESG KPIs to be reported by Portfolio Companies in FSN Capital's financial reporting system
- › Follow up ESG implementation status reported by Portfolio Companies in FSN Capital's financial reporting system
- › Continue to actively participate in network events and ESG seminars to communicate and share our ESG efforts
- › Continue the diversity journey in FSN Capital and the Portfolio Companies

«It's all about building a strong ESG culture within each FSN Capital portfolio company»

ERIK NELSON
Partner at FSN Capital

Mørenot acquisition to reduce CO₂ emissions

Mørenot is a leading supplier of equipment and services to the world's fishery- and aquaculture industries.

After completing the ESG onboarding program, Mørenot embarked on its first add-on acquisition of NetRobot. In 2019 NetRobot X2 was launched, a new solution to service nets, while in use. The robot will be used on both water and land-based aquafarms.

The NetRobot has several benefits, both for fish, people and the environment. The robot improves fish health by keeping the net constantly clean, yet it

does not disturb the fish while cleaning. Moreover, the solution eliminates the noise employees are exposed to when using regular washing methods. The robot can also replace today's high energy diesel fueled washers, thereby benefitting the environment.

The energy use of the NetRobot X2 is much lower than traditional cleaning methods. The robot could potentially remove 50,000 tons of the annual CO₂ emissions from the Norwegian fish-farming industry, assuming all net pens (about 4,500 in total) apply the technology.



Kari Traa takes the Plastic Pledge

In 2019 Kari Traa, the fastest growing female sports brand in Europe and the dominant brand in the Active Brands group, took a proactive stance against plastics. By signing the Plastic Pledge, initiated by Green Point Norway, Kari Traa committed to avoid unnecessary use of plastic, increase the use of recycled plastics, and always design with these two points in mind.

Kari Traa's new baselayer packaging, sports-bra hangers and sock-holders were developed based on this commitment.

The Pledge has had several positive effects. Kari Traa has reduced plastic waste by 97 %, the equivalent of 127 tons. The new baselayer boxes are made from FSC certified cardboard without plastic lamination that makes recycling easier.

The size of the box has also been reduced, thus increasing shipping efficiency by 37 %, while reducing both packaging materials and carbon emissions.

«I find that many of my colleagues are concerned about environmental issues and want to act on this in a job context as well.

When I was given the opportunity to manage the packaging project, I knew that the main goal - to reduce plastic - had to be implemented at the basis of the design process. Design is not about "nice things". Design is problem-solving.

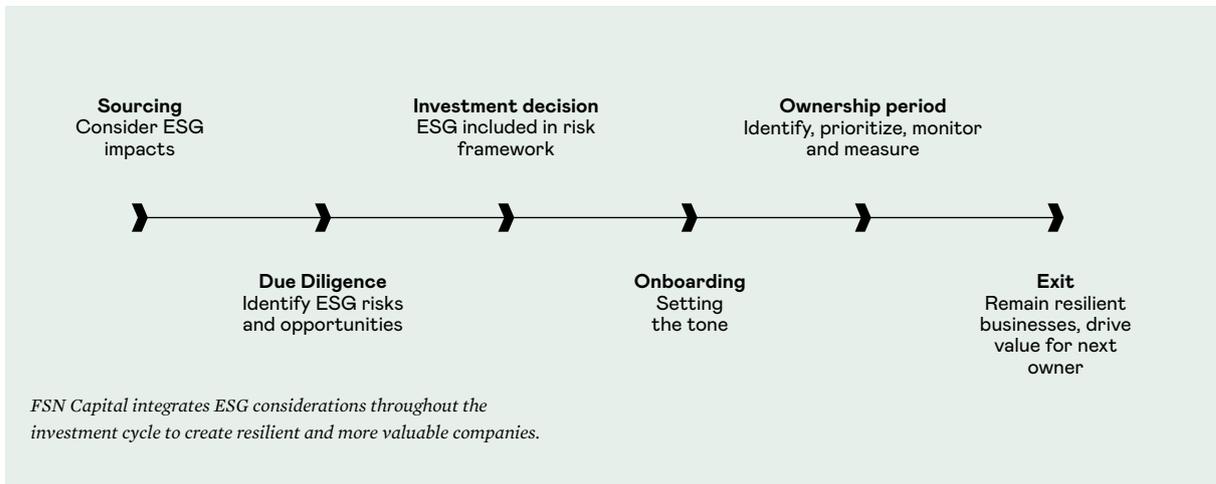
It's really fun to see that we've succeeded with solid multidisciplinary planning and simple design approaches.»

SIGRID SØVIK,
Head of Development at Kari Traa



3.

Our ESG approach



Integrating ESG assessment throughout the entire investment process is part of our efforts to take a broad, long-term view when assessing ESG risks and opportunities. FSN Capital's approach to ESG is materiality-based and seeks to identify, prioritize, monitor and measure key commercial, reputational and operational risks and opportunities. The aim is efficient use of resources by focusing on areas where we can really make a difference. By setting priorities early, we achieve consistency in our ESG efforts, and we can set clear expectations to both FSN Capital employees and Portfolio Companies.

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 that fit the FSN Fund portfolio. Our success is dependent on our ability to create companies that are relevant in the long-term future and hence we

included an environmental exclusion criterion in the Responsible Investment Policy in 2019.

We always conduct an **ESG due diligence** with the objective of identifying showstoppers to ensure that ESG risks and opportunities are included in the pricing considerations and transaction documentation. The due diligence scope depends on the risk profile of the specific investment opportunity, but will always include anti-corruption, sanctions and background check. In 2019 a climate due diligence was conducted for selected transactions and we are now looking to standardize our climate due diligence approach.

Highlights of key findings from the ESG due diligence process are included in the formal investment papers. During **investment decision** meetings, relevant ESG topics are presented and challenged by the Investment Committee, investment team, Executive Advisors, and finally

the General Partner's Board. Key ESG topics that the company should focus on going forward and high-level plans for improvements, are also included in the material for discussion.

Integrating ESG in the pre-investment phase is part of our risk mitigation approach. Since 2017 we have rejected three potential investments partially due to ESG issues identified, one of them in 2019.

The ESG due diligence

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

What we do



Background check of target, management and seller(s)



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



Anti-corruption due diligence and sanction screening

How we do it



Discreet sources



Questionnaire



On-site due diligence



Management session

FSN Capital's risk categories

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



Macro

- › Cyclicity *
- › FX *
- › Commodity *



Operational

- › Management risk
- › Integration risk
- › Internal / External



Environmental

- › Toxic emissions
- › Harmful industrial waste
- › Deforestation



Industry

- › Political *
- › Competitiveness
- › Substitution



Financial

- › Liquidity
- › Leverage
- › Covenants



Social

- › Labor conditions
- › Forced / Child labor
- › Harm to health and safety



Commercial

- › Operating leverage
- › Concentration
- › Visibility



Exit

- › Multiple sustainability *
- › Marketability *
- › Dependency on trend shift



Governance

- › Bribery / Fraud
- › Political interference *
- › Criminal convictions
- › Regulatory relations



Weather *



Active ownership

- › Majority shareholder
- › Ultimate control

* Beta risk

Integration in the ownership period

The standard ESG onboarding program kicks off our ESG work in the ownership period. The purpose of the program is to set clear expectations and align ESG ambitions.

Onboarding new Portfolio Companies to the FSN Capital Governance Framework (our minimum requirements to ESG policies implementation and governance) include the following steps:

1. A physical meeting between Portfolio Company CEO, management team, FSN Capital deal team and ESG team. Here we present FSN Capital ESG expectations, introduce the Governance and the ESG frameworks, share material from the ESG due diligence, discuss how the company is currently working with ESG, identify potential areas for improvement, and share ESG tools and best practice.
2. FSN Capital shares standard ESG policies and implementation plan with Portfolio Company management.
3. CEO and management prepare proposals for tailor-made ESG policies and implementation plan – in close dialogue with FSN Capital deal team and ESG team.
4. The first Portfolio Company board meeting approves the ESG policies and implementation plan based on management's recommendations. A member from FSN Capital's ESG team participates in the meeting and presents FSN Capital's ESG expectations.

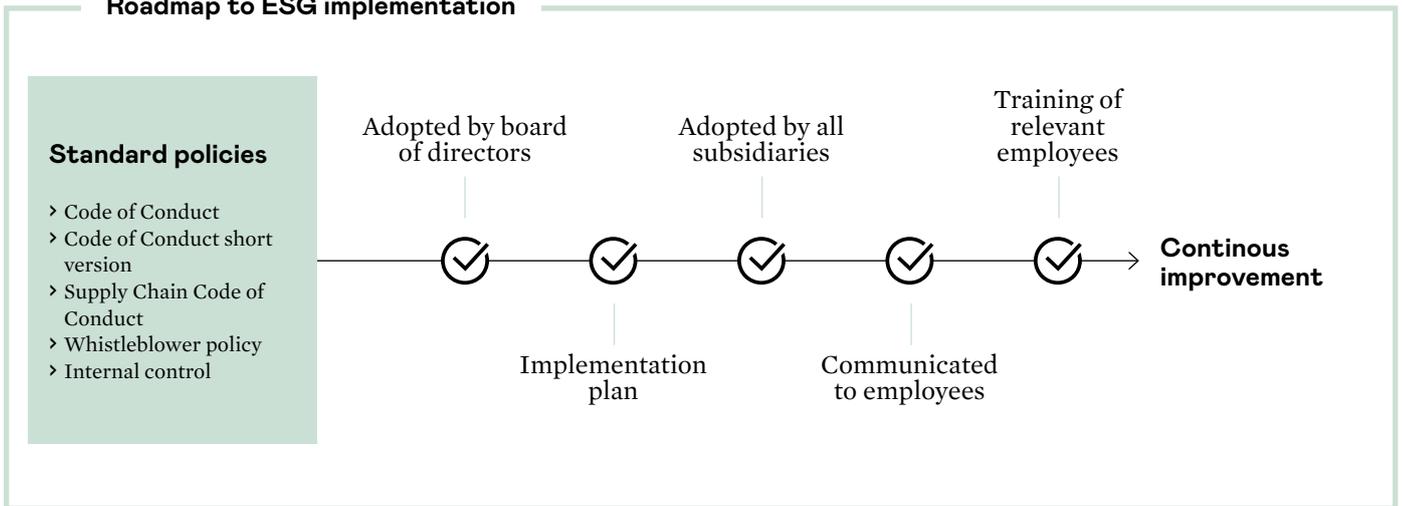
We focus our ESG onboarding around the CEO and management team because they are responsible for the daily ESG work in their company. We aim to provide them with the tools and support required to meet our ESG expectations.

As a part of the onboarding program, FSN Capital's Finance and / or ESG team meet with the Portfolio Company's auditor to go through the FSN Capital Auditor Heatmap. The Auditor Heatmap requires the auditor to report certain key controls and communicate internal control improvement areas to the Portfolio Company's board of directors. The report is shared with FSN Capital's Finance and ESG teams.

Onboarding to the FSN Capital ESG Framework, where the new Portfolio Company formulate its tailor-made ESG strategy, takes place either during the general onboarding phase or as part of the strategy work.

As illustrated by the roadmap (*see p. 44*), we require all Portfolio Companies to integrate the standard ESG policies throughout the organization. Starting from the top, the board of directors sets the tone, defining an implementation plan, which includes communication and training.

Roadmap to ESG implementation



Throughout the **ownership period**, ESG is on the agenda in every Portfolio Company board meeting, in line with the FSN Capital Governance Framework. Management reports and the board discusses (i) status on implementation of policies, (ii) progress towards annual ESG goals set out in the ESG strategy, and (iii) any ESG incidents. The board of directors also conducts an annual update of the ESG strategy and annual goals, reviews ESG policies and implementation status and ensures that greenhouse gas emissions are reported.

The FSN Funds are always represented on the board, and the FSN Capital pointperson is expected to ensure compliance with the Governance Framework and contribute in setting the tone from the top.

The ESG team supports the Portfolio Companies in formulating ESG strategies and reaching their ambitions by sharing best practice, developing standard tools and monitor progress.

Reporting is an important part of monitoring implementation progress and identifying points of improvement. Portfolio Companies now report monthly to FSN Capital on certain performance metrics, including full-time employees, absenteeism and diversity. In 2020, we will make monthly reporting to FSN Capital on ESG KPIs and status for ESG implementation mandatory for all Portfolio Companies.

Portfolio Companies are expected to have a proactive approach to climate change, and in 2019 each company prepared a report inspired by the Task Force on Climate-related Financial Disclosures (TCFD). The FSN Capital TCFD reporting template ensures that climate topics are taken into consideration in the company's governance, strategy and risk management, thereby guiding Portfolio Company boards and management teams on how to manage climate risks and opportunities during FSN Fund's ownership period. Please see the FSN Capital TCFD reporting template exemplified by Kjell & Company on the next page.

FSN Capital TCFD

Report by Kjell & Company

<p>Governance</p>	<p>Disclose the organization's governance around climate related risks and opportunities.</p>	<p>ESG is discussed in every board meeting, including climate topics to the extent relevant. Climate risks and opportunities will be reviewed annually as part of the ESG wheel.</p> <p>The Supply Chain and Sustainability Manager is responsible for reporting risks and opportunities to the board on an annual basis.</p>
<p>Strategy</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p><i>Short-term impacts:</i> Extreme weather events affecting sales patterns, opportunity to promote green products.</p> <p><i>Medium-term impacts:</i> Regulatory changes causing higher procurement costs.</p> <p><i>Long-term impacts:</i> Frequent supply chain disruptions due to extreme weather events.</p> <p>Based on the market, likelihood and potential magnitude, Kjell & Company has formulated a strategy for managing short-term risks and opportunities.</p> <p>The company strategy has a high resilience in a <2°C scenario with its nationwide store and distribution network. The company is also aware of regulatory changes associated with this scenario. Kjell & Company recognizes its vulnerability in a >3°C scenario where extreme weather events might disrupt any stage of its geographically diverse value chain.</p>
<p>Risk Management</p>	<p>Disclose how the organization identifies, assesses, and manages climate related risks.</p>	<p>In 2019, a climate risk analysis was conducted, taking the entire value chain into consideration.</p> <p>Mitigating measures are reviewed on a monthly basis as a part of the strategic review work process.</p> <p>Kjell & Company intends to integrate climate risks and opportunities in the annual strategy review process for all business divisions.</p>
<p>Metrics and Targets</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate related risks and opportunities.</p>	<p>KPIs for the following topics will be developed in 2020:</p> <ul style="list-style-type: none"> > Reduce plastic packaging > Increase use of recycled materials > Increase FSC certified materials > Increase range of sustainable products <p>2019 GHG emissions (tCO₂e):</p> <ul style="list-style-type: none"> > Scope 1: <1 > Scope 2: 171* > Scope 3: reported from 2020 <p>In 2020 Kjell & Company will define emission targets based on 2019 data.</p> <p>* Comprising 93% of locations, excluding heating and cooling</p>

Greenhouse gas emissions reporting in Rameder

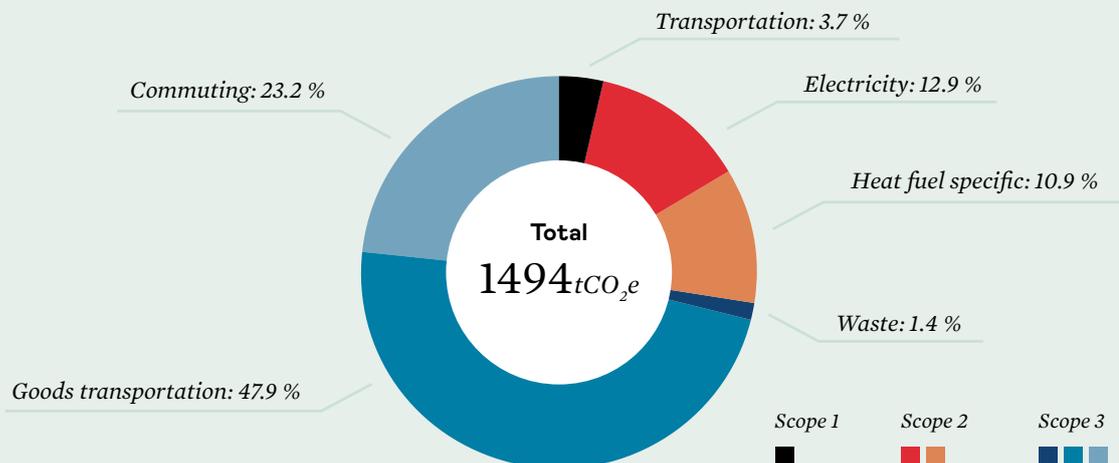
Rameder was acquired by FSN Capital Fund V in 2019. Rameder is a European market leader in the distribution of tow bars and related products such as bike carriers and roof boxes. The company is based in Germany, but also has offices in the Czech Republic, Finland, France, Sweden, and Switzerland, serving more than ten countries via multiple online distribution channels.

In the second half of 2019 FSN Capital rolled out the initiative on greenhouse gas reporting to all Portfolio Companies. Rameder's response to the initiative was best in class. Already in December 2019, Rameder completed its first greenhouse gas emissions report. Guided by CEMAsys, the system provider, the company has also recorded the 2018 emissions from all its German subsidiaries.

«With the help of CEMAsys we are now able to track the emission level of our Group and can take relevant actions to reduce our footprint. After the first-time set-up and customization of the tool, we believe the system will add value as it increases transparency and reporting efficiency going forward»

DIRK SCHÖLER AND STEFAN BERTELSHOFER,
Co-CEOs of the Rameder Group

The emission profile suggests Rameder's main emissions stem from goods transportation, which is to be expected considering the business model and amount of resources spent on delivering products to customers. Based on the results, Rameder has set an ambition to *identify improvement areas and set a greenhouse gas emission reduction target* by the end of 2020, as well as including all group subsidiaries in the 2020 report.



Integration in the exit process

At the time of exit, FSN Capital has created a solid platform for future growth of a resilient and sustainable business. Sound ESG management has reduced risks throughout our ownership

period and increased the value of the company for the next owner. We believe that capturing ESG opportunities is an important part of every company's strategy for continued growth.

Interview with Bo Rygaard about the value of ESG

As an Executive Advisor for FSN Capital since 2013, and Chairperson of former and current FSN Fund Portfolio Companies (Skamol, EET, Huscompany and Netcompany), Mr. Bo Rygaard has seen how different companies transition to high ESG maturity during FSN's ownership period.

«FSN Capital was an early mover on ESG, with a strong tone from the top. FSN Capital has managed to convert the intangible concept of ESG into tangible goals requiring change in the Portfolio Companies. FSN Capital communicates to Portfolio Companies that ESG is not optional but a mandatory operational focus area,» Mr. Rygaard says when asked how FSN Capital's approach differs from other firms he has worked with.

Mr. Rygaard continues; «By applying a structured approach, identifying few but key ESG topics, it becomes easier for companies that are less mature to strategically focus their efforts. The fact that FSN Capital backs this up with internal and external resources, good templates, and close cooperation with the board and management, makes, over time, ESG part of daily operations and the Portfolio Companies' DNA.»

Netcompany

Netcompany develops, maintains and operates critical IT solutions for public and private customers. Mr. Rygaard was on the board of Netcompany when it was owned by FSN Fund IV and he was appointed Chairperson of the board after the IPO.

«Netcompany has always had ESG high on their agenda» Mr. Rygaard explains. «The strong cultural alignment between the founders of Netcompany and FSN Capital was the basis for the joint ownership and also allowed Netcompany to further advance their ESG efforts during the ownership period of FSN Fund IV.»

«Maintaining ESG as a competitive advantage requires continuous focus and improvement. Netcompany was given the support from FSN Capital it needed to continue to create value through their ESG focus. High ESG standards were important in the IPO process and continues to be important in daily operations, especially as Netcompany's customers in the public sector have a strong focus on ESG.»

Mr. Rygaard is proud to share that Netcompany published its first standalone ESG report in March 2020, marking another step in their ESG journey.

4. ESG developments in the Portfolio Companies

In 2019 all Portfolio Companies conducted a climate assessment of their individual value chains based on the FSN Capital Climate Module, in addition to completing the annual review of their ESG strategies. In this chapter we present short versions of the Portfolio Companies' ESG strategies, as well as highlights from the climate analysis.

Three new investments were included in FSN Capital Fund V's portfolio at the end of 2019:

Fellowmind, ViaCon and iMPREG. In this report we have included the outside-in analysis of the ESG impacts throughout the companies' value chains, the first step of the ESG Framework. These three companies will complete the ESG onboarding in 2020, which includes formulating an ESG strategy and defining annual ESG goals. Rameder was also acquired in 2019 but has completed the internal analysis and prepared an ESG strategy.

2019 GHG emissions for FSN Fund IV and V Portfolio Companies*

The Portfolio Companies in FSN Funds IV and V have submitted their first greenhouse gas emissions reports. This being the first year of reporting, we have focused on getting the system in place. A collective ambition for 2020 is to improve the reporting scope and accuracy, and to set ambitions for emission reduction.

		Tonnes CO ₂ eqv.
Annual GHG emissions per scope		2019
Scope 1	Total	17,122
Scope 2	Total	5,376
Scope 3	Total	697,894
Total emissions		720,392

** iMPREG and Fellowmind are not included in the calculation*



ViaCon is a leading engineering, manufacturing and sales organization of corrugated steel structures such as soil steel bridges and water tanks. The company was operationally carved out of the Saferoad Group in 2019, and is a FSN Fund V portfolio company.



Newly carved out from Saferoad

ESG impacts through the value chain

ViaCon is an engineering and manufacturing company for the construction sector. The company's main input materials are steel and plastics as well as geosynthetics, all which are resource intensive to produce. Thus, the company's main environmental impacts stem from material use and production. Moreover, with a large degree of logistics involved, from raw material extraction to production and construction, greenhouse gas emissions from transportation is another significant impact. Issues like local pollution and biodiversity are relevant considerations at the construction site. ViaCon's employees are exposed to health and safety hazards both during production and

installation, making HSE a key social concern. Product safety is also a key impact, as counterfeit materials and construction faults may cause severe damage. Relevant governance issues include sanctions, corruption and bribery, which the construction sector is particularly exposed to, due to large contracts and complicated project structures. At the same time, ViaCon's products actively address environmental issues, such as ground water scarcity with its water management solutions and provide a cost and resource efficient alternative to traditional bridges, with its soil steel bridges. As innovation leader in its field, the company cooperates with local universities and government in developing the infrastructure solutions of the future.



iMPREG is a leading supplier of glass fiber liners for sustainable and environmentally friendly sewage rehabilitation. The company was acquired by FSN Fund V in 2019.



Newly acquired

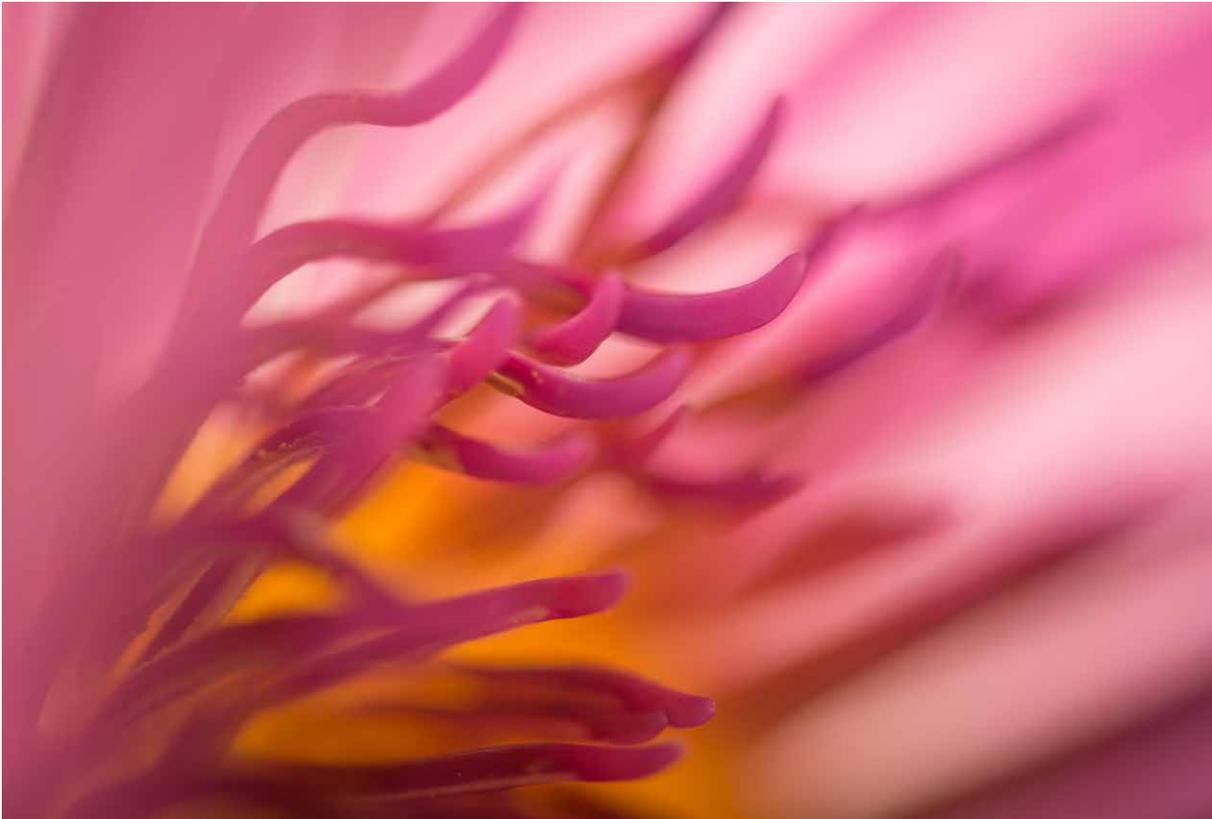
ESG impacts through the value chain

As a manufacturer of liners for sewage rehabilitation, iMPREG’s main environmental impacts stem from greenhouse gas emissions and local pollution that occur in the production process. However, iMPREG uses technology that enables reuse and rehabilitation of existing pipes, which, combined with low energy usage during installation, reduces the overall environmental footprint. iMPREG’s liners can be transported without using refrigerated trucks and the transport is minimized through local sourcing and production, lowering the footprint

even further. iMPREG’s factory employees are exposed to health and safety hazards when they operate heavy machinery and handle input materials, making HSE a key focus area. However, because the technology iMPREG uses (glass reinforced plastic) is associated with lower emissions compared to conventional methods, workers at the construction sites are exposed to lower health risks. Like other companies connected to the construction sector, key governance factors are related to business ethics, anti-corruption and bribery.

Fellowmind

Fellowmind is a leading Microsoft Business Applications partner in Europe. The company was acquired by FSN Fund V in 2019.



Newly acquired

ESG impacts through the value chain

As a business services company, Fellowmind has relatively low environmental impact compared to companies in other sectors. Main emissions stem from business travel and electricity used to run the company's internal IT devices and servers. E-waste and end-of-life product management with regards to servers and employees' IT equipment are other environmental impacts.

The business services industry is characterized by high competition for talent. Thus, employee well-being, health and training are social factors that rank high. Key governance aspects include data integrity, protection and security, as this is at the core of Fellowmind's product offering. Business ethics must also be considered both in relation to procurement and to customers.



Rameder is Europe's largest omni-channel aftermarket distributor of tow bars and wiring kits, and Germany's largest aftermarket-installer of tow bar systems. The company was acquired by FSN Fund V in 2019.



ESG impacts through the value chain

Rameder does not own factories, so products are purchased directly from suppliers and sold in the B2B and B2C markets. With a large proportion of the business being an online shop, Rameder's most important environmental impact is emissions from up- and down-stream logistics. Product packaging and end-of-life management also make up parts of the company's

environmental footprint. The most important social impact is related to customer safety when using Rameder-provided products. Other social impacts include labor conditions and human rights in the supply chain, as well as employee well-being at Rameder's sites. Governance aspects include anti-corruption and integrity and customer data protection and security.



Production and supply chain

- › Raw material sourcing
- › Production energy efficiency
- › Logistics climate impact
- › Sustainable packaging
- › Hazardous waste
- › Working conditions and human rights
- › Production health and safety
- › Hazardous substances (ROHS II)
- › Compliance management



Management and marketing

- › Waste management
- › Energy management and emissions
- › Sustainable packaging
- › Employee health and safety
- › Employee training and development
- › Diversity and anti-discrimination
- › Employee satisfaction
- › Corporate citizenship
- › Procurement and supplier management
- › Business ethics compliance



Customer / end user

- › Climate impact of logistics
- › Recycling
- › Product quality and safety
- › Data protection and information security
- › Customer management
- › Return management

Key ESG goals	Efforts 2019	Performance	Ambitions 2020
1. Satisfied customers	<ul style="list-style-type: none"> › Monitored online customer review platforms to track customer satisfaction. › Implemented systematic tracking of service purchases (<i>Service cNPS</i>) and product purchases (<i>Retail cNPS</i>). 	<ul style="list-style-type: none"> › Customer ratings: eKomi.de: 96 % Trustedshops.de: 96 % Ebay: >99 % › Service cNPS: 82 % › Retail cNPS: 52 % 	<ul style="list-style-type: none"> › Maintain high ratings on customer review platforms / marketplaces. › Increase Service and Retail cNPS through continuous optimization of shop systems and customer service.
2. Be an attractive employer	<ul style="list-style-type: none"> › Completed the first employee satisfaction survey, which will be conducted annually going forward. › Support employee well-being by covering kindergarden costs, promoting flexible working hours, and providing fresh fruits and regular health check-ups. › New hires for service stations were mainly male, which lowered overall % of women employees. 	<ul style="list-style-type: none"> › Employee satisfaction: 4.0/5.0 › eNPS: 10 % › Women employees: <ul style="list-style-type: none"> 2019: 26 % 2018: 29 % › Sick leave: <ul style="list-style-type: none"> 2019: 4.3 % 2018: 5.6 % 	<ul style="list-style-type: none"> › Improve participation rate in employee survey from 50 % to >75 %. › Promote diversity awareness among male-dominated workforce in service stations. › Keep sick leave below 4.5 %.
3. Sustainable supply chain	<ul style="list-style-type: none"> › Formulated a Supplier Code of Conduct and distributed it to all main suppliers. 	<ul style="list-style-type: none"> › 23/25 suppliers signed Supplier Code of Conduct, representing 67 % of purchasing volume. 	<ul style="list-style-type: none"> › 100 % of suppliers to sign the Supplier Code of Conduct. › Conduct risk-based supplier audits and introduce annual self-assessment for low-risk suppliers.
4. Sustainable operations	<ul style="list-style-type: none"> › Implemented a CO₂-reporting system and recorded relevant information for German subsidiaries. 	<ul style="list-style-type: none"> › 2018 GHG emissions*: Scope 1: 56 tCO₂ Scope 2: 354 tCO₂ Scope 3: 1,084 tCO₂ <p><i>*2019 figures will be available in Q2 2020.</i></p>	<ul style="list-style-type: none"> › Integrate all subsidiaries in the CO₂-reporting system. › Identify improvement areas and set a GHG emission reduction target.
5. Safe products	<ul style="list-style-type: none"> › Installed ca. 10,000 tow bars in Germany. › Ensuring professional assembly and education of customers in the correct and safe usage of tow bars has been an increasing focus due to strong growth of Rameder's installation business. 	<ul style="list-style-type: none"> › Zero accidents reported to Rameder as a result of faulty installations in Germany. 	<ul style="list-style-type: none"> › Integrate all subsidiaries in tracking safety incidents. › Keep number of reported accidents at zero.



Key risks and opportunities identified in the 2019 climate analysis

- › **Acute physical risk:** Extreme weather events may disturb suppliers and sub-suppliers causing smaller delays, and potentially critical failure to deliver products.
- › **Market risk:** Price fluctuations for raw materials and increased logistics costs may affect the cost structure of the value chain.
- › **Opportunity:** Promote sustainable packaging and logistics as response to changing customer preferences.

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 solutions to those who own, build and maintain roads. Saferoad was acquired by FSN Fund V in 2018.



ESG impacts through the value chain

Saferoad’s vision is *Vision Zero*, zero serious injuries and zero fatalities in road traffic, thereby directly contributing to UN SDG 3.6. To fulfill the vision Saferoad designs, manufactures and installs road safety products securing roads and highways across Europe. Saferoad’s main environmental impact stems from use of raw materials and chemicals in the

production process as well as greenhouse gas emissions from production and transportation. As a manufacturing and installation company, employees are exposed to risks at production and construction sites. Health and safety is therefore of the highest priority to ensure that employees come home safely from work every day. Governance risks relate to anti-corruption, trade sanctions and competition regulations.



Raw material supply

- › Key raw material: Steel, plastic, aluminum
- › Energy consumption in raw material production
- › Workers’ health and safety and labor conditions in the supply chain
- › Supply chain transparency
- › Trade sanctions / restricted persons
- › Human rights



Own operations

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



Management and marketing

- › Anti-corruption and bribery
- › Anti-competitive behavior
- › Trade sanction / restricted persons
- › Attracting and retaining employees
- › Product innovation: product longevity, ease of maintenance and climate resilient



Customer / end user

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

Key ESG goals	Efforts 2019	Performance	Ambitions 2020																		
1. Improve road safety and efficient risk mitigation	<ul style="list-style-type: none"> Following <i>Vision Zero</i>, Saferoad has ramped up the development and launch of new products that reduce accidents and improve road resilience against physical climate risk. 	<ul style="list-style-type: none"> Introduced 8 new products that improve road safety. 	<ul style="list-style-type: none"> Increased group-wide R&D investments and efforts to further implement technology in the product range. Product road maps defined for all Business Areas. 																		
2. Ensure health, safety and satisfaction of own employees	<ul style="list-style-type: none"> Assessed monthly health and safety routines, laying foundation to achieve 2020 ambitions. Implemented action plans to further improve eNPS results. 	<ul style="list-style-type: none"> eNPS average: 28 % Lost Time Injury <table border="1"> <tr> <td>2019:</td> <td>77 *</td> <td>2019 target <62</td> </tr> <tr> <td>2018:</td> <td>65</td> <td></td> </tr> </table> Accidents resulting in at least one day absence (H1) <table border="1"> <tr> <td>2019:</td> <td>14</td> <td>2019 target <11</td> </tr> <tr> <td>2018:</td> <td>12</td> <td></td> </tr> </table> Sick leave <table border="1"> <tr> <td>2019:</td> <td>4.5 %</td> <td>2019 target <5 %</td> </tr> <tr> <td>2018:</td> <td>4.4 %</td> <td></td> </tr> </table> 	2019:	77 *	2019 target <62	2018:	65		2019:	14	2019 target <11	2018:	12		2019:	4.5 %	2019 target <5 %	2018:	4.4 %		<ul style="list-style-type: none"> HSE re-training for all employees and establish an HSE Network. 0 Business Units with negative eNPS. LTI <59** H1 <16 Sick leave <4.6 %
2019:	77 *	2019 target <62																			
2018:	65																				
2019:	14	2019 target <11																			
2018:	12																				
2019:	4.5 %	2019 target <5 %																			
2018:	4.4 %																				
3. Ensure business ethics and sustainable supply chain	<ul style="list-style-type: none"> 2019 results exceed ambitions: Developed and rolled out business ethics eLearning and live training to Group management, group Functions, Export managers and BoD. Implemented screening tool for trade sanction risk. Revised policies and crisis management routines and training. 	<ul style="list-style-type: none"> 93 % key functions completed business ethics eLearning pilot. 2151 screenings of third-party entities. Handled whistleblower cases in accordance with established procedures. 	<ul style="list-style-type: none"> Business ethics eLearning: 100 % of key functions to complete training 100 % employees having access to training Revise whistleblower policy and procedures. Implement ESG-reporting within the group. 																		
4. Be the preferred partner for all our customers	<ul style="list-style-type: none"> Company-wide cNPS survey of top customers. Several local business units have conducted quarterly cNPS surveys. 	<ul style="list-style-type: none"> cNPS average: 33 % 	<ul style="list-style-type: none"> cNPS average: 40 % 0 Business Units with negative cNPS. 																		
5. Reduce climate impact	<ul style="list-style-type: none"> Scope 1 and Scope 2 GHG emissions reported for all Saferoad production facilities. Production facilities with ISO 14001 certification maintained their certificates, two units in certification process. 	<ul style="list-style-type: none"> 0 breaches of local environmental legislation. 9 production facilities are ISO 14001 certified. 2019 GHG emissions: <table border="1"> <tr> <td>Scope 1:</td> <td>13,273.3 tCO₂e</td> </tr> <tr> <td>Scope 2:</td> <td>2,452.5 tCO₂e</td> </tr> </table> 	Scope 1:	13,273.3 tCO ₂ e	Scope 2:	2,452.5 tCO ₂ e	<ul style="list-style-type: none"> 0 breaches of local environmental legislation. 3 additional ISO 14001-certified production facilities. Quarterly scope 1 and 2 GHG reporting, include more scope 2 and scope 3 factors. 														
Scope 1:	13,273.3 tCO ₂ e																				
Scope 2:	2,452.5 tCO ₂ e																				

* As per end December 2019 including ViaCon

** Saferoad only, with 5% reduction target from 2019



Key risks and opportunities identified in the 2019 climate analysis

- Opportunity:** Increased demand for Saferoad products through a) climate adaption projects to prepare for climate change (e.g. water sewage projects to reduce flood risk) and b) increased need for rehabilitation of damaged infrastructure due to extreme weather events.
- Chronic physical risk:** Decreased working efficiency during heatwaves.
- Regulatory risk:** Policies and taxation on non-renewable energy sources increasing the cost of transportation and electricity.

Nordlo is one of the leading digitalization and managed IT services partners for the SME and smaller enterprise segment in the Nordics. The company was acquired by FSN Fund V in 2018.



ESG impacts through the value chain

Nordlo is a newly established brand within IT infrastructure, cloud services, and digitalization for companies and organizations throughout the Nordics. The environmental aspects that are most significant to Nordlo are energy consumption and raw material use of IT infrastructure components. Nordlo can through their focus on long-term improvements guide their customers in making the best possible choices promoting sustainability. Social impacts

relate to supply chain labor conditions and Nordlo employee welfare. Nordlo is committed to treating all employees equally and providing opportunities to evolve and to experience the power of working together in teams. Data integrity, data protection and IT security are the most important governing aspects for Nordlo. Business ethics in both procurement and in relation to customers also are high on the agenda.



Facility & equipment supply

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



Own operations

- › GHG efficiency in own operations (data centers)
- › Water use in data centers
- › E-waste and end-of-life management (data centers and IT equipment)
- › Noise generation from data centers
- › Employee education and development
- › Data security



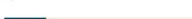
Management and marketing

- › 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 the right employees



Customer / end user

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

Key ESG goals	Efforts 2019	Performance	Ambitions 2020
1. Loyal customers that recommend us	<ul style="list-style-type: none"> › Created one group and brand: Nordlo. › Greater focus on advisory role. › Clarified commitment to business ethics and sustainability. 	<ul style="list-style-type: none"> › cNPS 2019: 40 %  2018: 42 %  	<ul style="list-style-type: none"> › Increase customer satisfaction (cNPS). › Promote products and services from an ESG perspective. › Publish a sustainability report in 2020.
2. Satisfied employees that are passionate for Nordlo and our purpose	<ul style="list-style-type: none"> › Created a Nordlo identity with common values and purpose. › Followed up personal development plans. › Completed employee survey. › Developed internal support for groupwide HR and sustainability issues. 	<ul style="list-style-type: none"> › eNPS 2019: 40 %  2018: 29 %  	<ul style="list-style-type: none"> › Maintain eNPS. › Continue to promote common Nordlo values and purpose. › Develop social and environmental awareness through guidelines, best practices and training.
3. Promote diversity	<ul style="list-style-type: none"> › Identified need for increased diversity, to promote business growth and attractiveness. › Established internal HR management. › Improved follow-up and prevention of harassment incidents, in line with Code of Conduct. 	<ul style="list-style-type: none"> › Total women 2019: 15 %*  2018: 15 %  › Women managers 2019: 22 %*  2018: 21 %  › Women technicians 2019: 4 %*  2018: 5 %  <p><i>*Two new companies were included 2019.</i></p>	<ul style="list-style-type: none"> › Continue to promote a diverse and inclusive culture. › Ensure that recruitment channels have a diverse representation and promote diversity in hiring practices. › Prevent discrimination of any kind and increase knowledge of whistleblower policy to 100 % of employees.
4. Green production	<ul style="list-style-type: none"> › Designed a common group Data Center / hosting strategy to increase overall energy efficiency, thereby reducing climate impact. › All selected Business Units maintained ISO 9001:2015 and 14001:2015 certifications. › Implemented carbon footprint reporting. 	<ul style="list-style-type: none"> › ESG dialogue with the most important suppliers. › More than 50 % of employees work in ISO-certified business units. › 78 % renewable energy in own Data Centers. › 2019 GHG emissions: Scope 1: 65.7 tCO₂e Scope 2: 61.8 tCO₂e Scope 3: 197.8 tCO₂e 	<ul style="list-style-type: none"> › Update hosting architecture and Data Centers according to plan set in 2019. Long term goal of 100 % renewable energy sources for our Data Centers. › Maintain ISO certifications. › Strive to offer, and use, services and products with as little environmental footprint as possible.
5. Ensure highest integrity, information security and GDPR compliance	<ul style="list-style-type: none"> › Conducted data center security audit and developed common group data center strategy and Information Security policies. › All selected Business Units maintained ISO 27001:2013 certifications. 	<ul style="list-style-type: none"> › 70 % of our strategic hosting capacity is ISO 27001 certified. 	<ul style="list-style-type: none"> › Continue to create a consistent approach to Information Security and GDPR. › 100 % of employees to complete GDPR e-learning. › Maintain ISO certifications.

Key risks and opportunities identified in the 2019 climate analysis



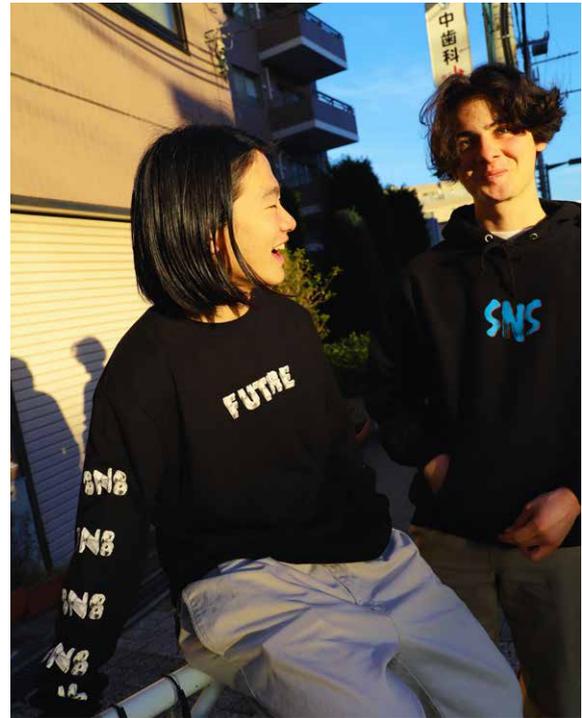
- › **Acute and chronic physical risks:** a) Warmer temperatures resulting in increased electricity consumption for cooling data centers and air-condition in office spaces, and b) extreme weather events (e.g. flooding and storms) causing physical damages to company assets or mobility disruptions.
- › **Regulatory risk:** Regulations on a) energy consumption for electricity intensive operations, such as data centers, and b) taxation on non-renewable energy sources causing a rise in electricity costs.
- › **Opportunity:** Customers preferring the IT vendor with the greenest services.



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

ESG impacts through the value chain

Sneakersnstuff (SNS) does not own factories and all products are purchased directly from suppliers. SNS can therefore impact ESG issues in its value chain through purchasing decisions and supplier policies. Environmental impacts through the value chain mainly relate to shoes' lifecycle and greenhouse gas emissions in distribution and logistics. SNS takes responsibility for its team by providing a safe and motivating work environment. The importance of labor standards and human rights is communicated to suppliers through the Supplier Code of Conduct. Finally, having a global value chain and handling highly demanded and limited-edition items, means SNS must consider integrity risks, as well as the data privacy and security of customers and business partners.



Raw material supply

- > Climate impact supply chain
- > Chemical use and pollution in supply chain
- > Sustainable raw materials (rubber, cotton, etc.)
- > Labor 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



Customer / end user

- > 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 2019	Performance	Ambitions 2020
1. Motivated and satisfied employees	<ul style="list-style-type: none"> › Listened to employees through annual employee satisfaction survey. › Communicated business strategy and performance in quarterly <i>Sharing is Caring Session</i>. › Moved HQ, and hired HR director and mood manager. 	› eNPS 2019: 36 %  2018: 32 % 	› Increase eNPS by 4 % by improving work environment and compensation.
2. Sustainable supply chain	<ul style="list-style-type: none"> › Awarded the warehouse contracts for Hong Kong and Japan to Geodis, a global leader in CSR for logistics. › Awarded gold star from EcoVadis. › Included the Supplier Code of Conduct in the onboarding of new hires. 	› Suppliers that have signed Supplier Code of Conduct: 2019: 51 % (20/39)  2018: 36 % (14/39) 	<ul style="list-style-type: none"> › Track percentage of purchases bought from suppliers that have signed Supplier Code of Conduct. › Have ESG as a primary focus when choosing suppliers for SNS own brand and have 30 % of SNS Brand to be produced in a sustainable manner.
3. Promote high standard business ethics	<ul style="list-style-type: none"> › SNS takes business integrity very seriously; maintaining trust among customers is key. › SNS has a Code of Conduct and policies in place to promote high business ethics, and any deviations can be reported through the Group's Whistle Blower system. 	› Employees that have signed the Code of Conduct: 2019: 100 %  2018: 100 %  › 2 reported Code of Conduct breaches, both resulted in termination of employment.	<ul style="list-style-type: none"> › 100 % of employees having completed training in anti-corruption. › Continue to act on any breaches to the Code of Conduct.
4. Sustainable operations and transports	<ul style="list-style-type: none"> › Identified transport as main contributor to SNS' GHG footprint. › Started to monitor CO₂ emissions for long haul transports and decreased shipping box sizes for efficiency. 	<ul style="list-style-type: none"> › Increased local fulfillment in USA to 40 % of total US sales. › Shipping boxes size reduced by ca. 10 %. 	<ul style="list-style-type: none"> › Start local fulfillment in Japan. › Start a major tender for a Central European warehouse and evaluate possibility of a small warehouse hub on the US West Coast; both initiatives will shorten transportation routes and reduce emissions.
5. High customer trust and loyalty	<ul style="list-style-type: none"> › Loyalty and trust among customers continued to improve as SNS is active at local events in key cities. › Made website compliant for visually impaired customers. › Local customer service introduced in the US. 	<ul style="list-style-type: none"> › 80 % of customer service tickets answered within 24 hours. › 100 % GDPR compliant. 	<ul style="list-style-type: none"> › Launch local customer service in Japan. › 100 % customer service tickets answered within 24h.



Key risks and opportunities identified in the 2019 climate analysis

- › **Regulatory risk:** Increased regulations to promote eco-packaging, end-of-life management and sustainability reporting.
- › **Market risk:** Customers looking to reduce their environmental footprint focusing on product materials and climate impact of product distribution.
- › **Opportunity:** Include new suppliers that provide shoes fit for changing customer preferences.



ESG impacts through the value chain

Mørenot is driving the development of fishing and aquaculture solutions that will help ensure that the oceans can feed future generations in a sustainable manner. Mørenot’s environmental impacts mainly relate to transportation and distribution, products with chemical substances such as copper in anti-fouling treatment of aquaculture nets, waste and end-of-life products, such as used nets and ropes, and greenhouse gas emission at production and service sites.

Employees operating heavy machinery are exposed to health and safety risks. This is a key social impact and Mørenot works to continuously improve efforts made in this area. Potential governance issues are mainly related to operations, suppliers and customers in countries with high ESG risks. Diligence is needed to ensure labor and human rights, integrity, intellectual property protection, and anti-corruption.



Raw material supply

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



Production

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



Management and marketing

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



Customer / end user

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

Key ESG goals	Efforts 2019	Performance	Ambitions 2020
1. Attractive employer	<ul style="list-style-type: none"> › Conducted employee satisfaction survey and evaluated results. › Developed and tested digital ethics training module. › Moved Head Office from Søvik to a central location in Ålesund. 	<ul style="list-style-type: none"> › eNPS: -5 % › Lost Time Injury: 1.0 › Sick-leave (Norway): 5.22 % › Employee turnover (Norway): 8.7 % › 3 % of employees completed digital ethics training. 	<ul style="list-style-type: none"> › Increase eNPS with focus on internal communication and responsibilities. › 100 % employees at major sites to complete digital ethics training. › 100 % employees at major sites to complete digital HSE training.
2. Resource efficient operations	<ul style="list-style-type: none"> › Established 3 return points for recycling of nets. › Introduced CO₂ drying technology that reduces energy consumption when drying aquaculture nets. 	<ul style="list-style-type: none"> › 2019 GHG emissions: Scope 1: 2,658 tCO₂e Scope 2: 1,169 tCO₂e › 1/11 service stations with CO₂ dryers. 	<ul style="list-style-type: none"> › Implement CO₂ dryers for 3 more service stations and at the factory in Lithuania, thereby reducing Scope 3 GHG emissions. › Define KPIs to measure waste management.
3. Supply chain ethics and transparency	<ul style="list-style-type: none"> › Formulated and distributed a Supply Chain Code of Conduct that all suppliers should sign up to, covering human rights, environmental impacts, money laundering and integrity. 	<ul style="list-style-type: none"> › 19 % of purchasing value from suppliers that have signed the Mørenot Supply Chain Code of Conduct. › 10 supplier audits completed with no major findings. 	<ul style="list-style-type: none"> › 50 % of purchase value from suppliers that has signed the Supply Chain Code of Conduct. › 20 supplier audits completed.
4. Sustainable product offering	<ul style="list-style-type: none"> › Released 2 products that fulfill the company definition of <i>sustainable product</i>: Net Robot and Coated Longlines (no tarred). › In process of developing a bio-degradable net, new types of anti-fouling to help replace copper, and steerable trawl doors and deflectors to reduce fishing vessel fuel consumption. 	<ul style="list-style-type: none"> › 2 products fulfill company definition of <i>sustainable product</i>. 	<ul style="list-style-type: none"> › Introduce 3 new <i>sustainable products</i> to the market.



Key risks and opportunities identified in the 2019 climate analysis

- › **Chronic physical risk:** Collapse in certain markets as fish migrate due to warming waters, however potential opportunities for increased demand in new markets.
- › **Acute physical risk:** Extreme weather events (e.g. floods and storms) causing a) physical damaged to company assets, b) supply chain disruptions, and c) increased demand for robust fishing equipment.
- › **Opportunity:** Help reduce customers' footprint by developing environmentally friendly fish nets and technical solutions that reduce fuels consumption.



ESG impacts through the value chain

Gram Equipment develops, produces, and assembles food processing equipment for leading ice cream manufacturers. The company has production facilities in Denmark, Turkey and Italy, and sales/service locations in China and the US. The most important social aspects include labor conditions in the supply chain, and both employee and customer health and safety. Environmental impacts are dominated

by sourcing steel and machine components, as well as GHG emissions from production and transportation. Gram is also positioned to reduce customer’s environmental footprint by developing resource efficient solutions. Among other things, Gram collaborates with equipment suppliers to reduce their footprint. Key governance factors are related to business ethics, anti-corruption and bribery.



Raw material supply

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



Production

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



Management and marketing

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



Customer / end user

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

Key ESG goals	Efforts 2019	Performance	Ambitions 2020
1. Satisfied employees	<ul style="list-style-type: none"> › All units, except assembly / warehouse in Denmark, met the 2019 goal for short-term absenteeism. › DK / BC employees have received health insurance to insure fast treatment, and actions have been taken to reduce absenteeism. › SMETA audit resulted in several HSE improvements at production areas. › eNPS survey rolled out globally. 	<ul style="list-style-type: none"> › Short-term absenteeism rates Result (2019 Goal) DK / BC: 5.3 % (3.5 %) DK / WC: 0.9 % (1.8 %) IT / BC: 1.2 % (2.4 %) IT / WC: 0.8 % (1.5 %) TY / BC: 1.6 % (1.8 %) TY / WC: 1.1 % (1.2 %) US / BC: 1.0 % (2.0 %) US / WC: 1.0 % (1.5 %) › eNPS: -8 % 	<ul style="list-style-type: none"> › Roll-out a leadership program to enhance company culture and values. › Short-term absenteeism rates: DK / BC: 3.5 % DK / WC: 1.5 % IT / BC: 2.0 % IT / WC: 1.5 % TY / BC: 1.6 % TY / WC: 1.0 % US / all: 1.5 % › eNPS: 0 %
2. Diversity and inclusion	<ul style="list-style-type: none"> › Continued effort to ensure diverse and talented workforce to drive business performance. › Succeeded in recruiting 2 women automatic technician apprentices in a highly male dominated field, exceeding the goal of 16 % of the workforce being women. 	<ul style="list-style-type: none"> › Women employees: 2019: 17 %  2018: 15 %  › Apprentices in total: 13 (4 women) 	<ul style="list-style-type: none"> › Continue to include diversity factors, including gender and nationality, in the recruitment process. › 22 % of employees are women by 2025.
3. Climate resilient business	<ul style="list-style-type: none"> › Management conducted a climate risk assessment and climate risks and opportunities are included in the strategic work going forward. › Measured and reported GHG emissions for the first time. 	<ul style="list-style-type: none"> › 2019 GHG emissions (Danish site only): Scope 1: 738 tCO₂e Scope 2: 37 tCO₂e Scope 3: 636,916 tCO₂e 	<ul style="list-style-type: none"> › Take action to reduce climate risks and carbon footprint. › Set GHG emission reduction targets in Q2, 2020.
4. Business ethics	<ul style="list-style-type: none"> › Trained employees in anti-corruption and whistleblower policies. › Supplier Code of Conduct re-launched to update signatures of current suppliers and to encourage new suppliers to sign. 	<ul style="list-style-type: none"> › 100 % of employees signed the company Code of Conduct. › 64 % of total supplier spend signed Supplier Code of Conduct. 	<ul style="list-style-type: none"> › A Code of Conduct video to be rolled out as onboarding and training material, reaching 100% of employees. › 70 % of strategic suppliers to be audited on business ethics performance.
5. Product innovation	<ul style="list-style-type: none"> › Cooperation and dialogue with individual customers to meet and understand demand for green products. 	<ul style="list-style-type: none"> › Product development to improve safety, reduce waste and optimize resource efficiency and productivity. 	<ul style="list-style-type: none"> › Continue to explore customer demand for green products. › R&D investments in end-product resource efficiency.



Key risks and opportunities identified in the 2019 climate analysis

- › **Regulatory and market risk:** Increased demand from B2B customers for resource efficient production methods and circular products, partially driven by EU regulations.
- › **Acute and chronic physical risk:** Acute weather events, as well as chronic changes in climate, disrupting Gram's operations and supply chain.
- › **Opportunity:** Extreme weather events (e.g. floods and storms) may cause a) physical damages to company assets, and b) supply chain disruptions.



ESG impacts through the value chain

Holmbergs' vision is to save lives and minimize traffic-related damages through zero defect products. This vision is a direct contribution to UN SDG 3.6 and the company's most important positive social impact. Well-being of own employees, as well as labor standards and human rights in the supply chain are other important areas where Holmbergs has an opportunity to

have a positive social impact. The most important environmental impacts are related to product design and emissions stemming from the production process. Moreover, using non-toxic materials is important both for the environment as well as customer safety. Important governance aspects include risks related to corruption and integrity in own operations and in the supply chain.



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 labor conditions and human rights
- › Supplier health and safety
- › Sanctioned countries



Production

- › Climate impact
- › Chemicals and pollution
- › Resource efficiency
- › Recycling and waste management
- › Sustainable packaging
- › Labor 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



Customer / end user

- › 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 2019	Performance	Ambitions 2020
1. Saving lives and minimizing damages during transport and traffic through innovation and zero defect products	<ul style="list-style-type: none"> › Commitment and structure led to improved production, product quality and product development cycles. 	<ul style="list-style-type: none"> › Zero field failures according to KPI both year 2018 and 2019. 	<ul style="list-style-type: none"> › Maintain zero faults.
2. Sustainable and non-toxic materials in our products	<ul style="list-style-type: none"> › Continued testing, design and supplier audits to limit negative environmental impact and the use of non-toxic products. › Maintained track record of always passing third party product testing. 	<ul style="list-style-type: none"> › Passed the COP test and chemical testing. › Passed annual testing conducted by third party institute. 	<ul style="list-style-type: none"> › Continue product development of new and sustainable products and processes. › All products continue to comply with applicable standards and regulations.
3. Commit to our employees	<ul style="list-style-type: none"> › Continued commitment to maintaining and improving health and safety for employees. › Made strategic decision to close the Hungarian plant and transfer production to the Lithuanian plant. 	<ul style="list-style-type: none"> › eNPS: <ul style="list-style-type: none"> <i>Lithuania</i> 2019: -11 % 2018: -13 % <i>China</i> 2019: -40 % 2018: -41 % <i>Hungary</i> 2019: -73 % 2018: -77 % › 0 health and safety accidents reported in 2019. › Absenteeism: 5 % 	<ul style="list-style-type: none"> › Focus on how to increase the eNPS. › Strive to maintain zero incidents and to further reduce absenteeism.
4. Act ethically towards society	<ul style="list-style-type: none"> › Encouraged employees to comply with and report any breach of the Code of Conduct. › Encouraged suppliers to comply with and report any breach of the Supplier Code of Conduct. 	<ul style="list-style-type: none"> › 0 Code of Conduct incidents reported. › Supplier audits performed by site visits: <ul style="list-style-type: none"> 2019: 28 % (25/89) 2018: 28 % (22/79) 	<ul style="list-style-type: none"> › Always act on breaches of the Code of Conduct. › Maintain zero incident ambition. › 26 supplier audits completed.
5. Environmentally friendly and efficient operations	<ul style="list-style-type: none"> › Introduced a new Key ESG Goal to reflect the climate impact of business operations. › Completed the first GHG emissions report. 	<ul style="list-style-type: none"> › 2019 GHG emissions: Scope 2: 522.5 tCO₂e 	<ul style="list-style-type: none"> › Measure and report energy efficiency. › Determine GHG emissions reduction goals.



Key risks and opportunities identified in the 2019 climate analysis

- › **Market risk:** Changing mobility markets as the transportation sector will be affected by trends such as circularity, sharing economy and artificial intelligence.
- › **Regulatory risk:** Risks from increased EU regulations on Holmbergs' products and operations, including end-of-life product management and non-financial reporting requirements.
- › **Acute physical risk:** Extreme weather events (e.g. floods and storms) may cause a) physical damages to company assets, and b) supply chain disruptions.



Active Brands is a leading Nordic supplier of premium sporting goods brands. The company was acquired by FSN Fund IV in 2017.



ESG impacts through the value chain

Active Brand’s most important ESG impacts are found in the raw materials and production supply chain. The use of chemicals, plastics, and water in textile production may have adverse environmental impacts. Animal welfare and human rights and labor conditions are important social impacts to be considered. The durability and climate footprint of products in the end-

use phase is significant, as well as material use in packaging. Active Brands has an opportunity to positively impact consumer welfare, self-perception, and attitudes through design and marketing that promote an active lifestyle and mental well-being. The company is exposed to risks related to corruption and integrity in own operations and in the supply chain.



Raw material supply

- › Animal welfare in wool and down production
- › Water depletion and pollution in cotton supply chain
- › Chemicals in sourced textiles
- › Labor and human rights
- › Sustainable textiles and materials
- › Sanctioned countries
- › Supply chain transparency
- › Climate impact



Production

- › Chemical use and pollution
- › Climate impact of retail and logistics
- › Sustainable packaging
- › Sustainable stock management
- › Labor 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 behavior



Customer / end user

- › 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 2019	Performance	Ambitions 2020
1. Brand management with focus on consumers' welfare	<ul style="list-style-type: none"> Two new Kari Traa campaigns: <i>Wear You, Be Yourself</i> and the 2XL-4XL baselayer collection. Dæhlie: New Raw 4.0 jacket and pants made of BlueSign fabrics, Responsible Down Standard certified down, and 100 % PFC free treatment for waterproofing. 	<ul style="list-style-type: none"> <i>Wear You</i> reached 2.5 million people. 2XL – 4XL Baselayer campaign reached 26,000 people. Dæhlie Raw 4.0 awarded Gold in the most competitive category of <i>Snow-sports</i> at ISPO 2020, Munich. 	<ul style="list-style-type: none"> Launch campaigns for brands other than Kari Traa and Dæhlie. Explore opportunities related to product take-back for re-use, recycling and repair.
2. Extended usage of materials that don't harm animals or the environment, extend product quality	<ul style="list-style-type: none"> New policy: Only source down from certified suppliers. Participated in Grønt Punkt Norge's <i>Plastløftet</i> and introduced new packaging solutions for Kari Traa, significantly reducing hard plastic use. Involved design and development teams to increase <i>sustainable features</i>. 	<ul style="list-style-type: none"> 100 % down garment suppliers are Responsible Down Standard certified. 70 % reduced plastic waste (from 206 tons in 2018 to 58 tons in 2019). 170/800 styles contain BLUESIGN fabrics. 	<ul style="list-style-type: none"> 20 % of total number of styles shall contain sustainable materials by 2025. Replace all big bulk fabrics (eg. lining fabrics) with BLUESIGN, organic or recycled alternatives.
3. Respect human rights and working conditions for all people involved in making of the products	<ul style="list-style-type: none"> Targeted a BSCI rating of C (or equivalent) for all suppliers. Suppliers in China, EU, Myanmar and Vietnam were audited by Active Brand's Quality Department, resulting in one contract termination and one supplier under monitoring. Extended scope of supply chain monitoring: Self-assessment questionnaire and Supplier Code of Conduct to fabric and yarn suppliers. 	<ul style="list-style-type: none"> BSCI members, first tier suppliers: <ul style="list-style-type: none"> 2019: 70 %  2018: 73 %  35/37 BSCI members had rating C or higher End-product supplier audits: <ul style="list-style-type: none"> 26/28 suppliers rated <i>Acceptable</i> 2/28 suppliers rated <i>Conditional acceptable</i> 50 % fabric and yarn second tier suppliers signed Supplier Code of Conduct. 	<ul style="list-style-type: none"> At least 70 % first tier suppliers to be involved in a 3rd party auditing scheme (BSCI, Sedex or equivalent). Include all critical suppliers in CSR & QA Systems.
4. Active Brands should be amongst the most attractive places to work in the sporting goods industry	<ul style="list-style-type: none"> Major change in organizational structure with aim to increase cooperation between departments and brand. Regular social events. 	<ul style="list-style-type: none"> eNPS <ul style="list-style-type: none"> 2019: 23 %  2018: 30 %  2017: 30 %  	<ul style="list-style-type: none"> eNPS: 30 %
5. Set high standards for business integrity and anti-corruption	<ul style="list-style-type: none"> Trainings on brand and department level: <ul style="list-style-type: none"> Code of Conduct Quality System CSR engagements Anti-corruption policy 	<ul style="list-style-type: none"> Each brand's design and development teams, operational groups' management and employees have similar training. 	<ul style="list-style-type: none"> One full day training for all employees in Oslo and Shanghai.



Key risks and opportunities identified in the 2019 climate analysis

- Market risk:** Changes in customer preferences and seasonal purchasing needs.
- Regulatory risk:** Fast fashion is prone to regulatory and reputational risk.
- Acute physical risk:** Extreme weather events will affect supply chain reliability, both with regards to raw materials supply and manufacturing and logistics.



ESG impacts through the value chain

The most significant environmental impacts in Fibo's value chain relate to energy usage and waste in the company's production facility, in addition to the lumbering and production of plywood. Outbound logistics from the production facility in Lyngdal, Norway, to customers across the Nordics, UK and Northern Europe also carry certain adverse environmental effects. From a social perspective, Fibo's impact stretches from job creation and local community engagement

as a key local employer in Lyngdal, to labor conditions and human rights across the company's global supply chain (with suppliers in Asia, Latin America and Europe). The global supply chain also puts requirements on supplier evaluation and selection as well as material certification. Other governance aspects include sanctioned countries, anti-corruption, and integrity both in relation to suppliers and to 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)



Customer / end user

- › 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 2019	Performance	Ambitions 2020
1. Practical, durable and decorative panels	<ul style="list-style-type: none"> Worked to customize customer communication and product development, based on customer satisfaction surveys and market research. The Sales and Marketing department has worked to understand customer target groups' needs. 	> cNPS 2019: 72 % 2018: 50 % 2017: 49 % 2016: 47 % 2015: 37 %	<ul style="list-style-type: none"> Continuously improve Fibo's ability to serve customer needs. cNPS: 72 %
2. Satisfied employees that are passionate about Fibo	<ul style="list-style-type: none"> Continued efforts to create a <i>one firm culture</i> across all geographies. HSE and working conditions improvements in the factory through lean daily management. Collected input for improvements from employee satisfaction survey. 	> eNPS 2019: 21 % 2018: 13 % 2017: 11 % 2016: 13 %	<ul style="list-style-type: none"> Continue efforts to raise employee satisfaction through focus on leadership, HSE, corporate culture and a clear vision. eNPS: 23 %
3. Resource efficiency	<ul style="list-style-type: none"> The 2015 factory expansion has resulted in lower energy use per m² panel. 	> Energy usage (kWh/m ²) 2019: 1.96 2018: 2.07 2017: 2.35 2016: 2.17 2015: 2.28 1.75	<ul style="list-style-type: none"> Continue efforts to reduce energy consumption in the factory. KWh/m²: 1.95
4. Waste management	<ul style="list-style-type: none"> Intensified efforts to reduce waste in production. Several project teams worked to identify improvement areas in e.g. material selection, temperature control and humidity adjustments. Ran a Circular Economy project to identify potential customers of waste from production. Completed a report on emissions from own boiler. 	> Waste (% of produced m ²) 2019: 3.95 2018: 5.00 2017: 5.20 2016: 4.05 2015: 2.80 2.00	<ul style="list-style-type: none"> Continue the trend of reduced production waste. Waste (% of produced m²): 3.7 %



Key risks and opportunities identified in the 2019 climate analysis

- > **Acute physical risks:** Extreme weather events (e.g. floods and storms) may cause a) physical damages to company assets and b) supply chain disruptions.
- > **Opportunity:** Existing focus on product longevity, end-of-life management, labelling, and transportation is an opportunity to serve increasing market of environmentally conscious customers.
- > **Regulatory risk:** Regulations to protect greater forest areas may reduce raw material availability, potentially increasing prices.



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. Hence, EET contributes to improve sustainability in a growing technology hardware market. The most important environmental impacts in the value chain are electronic waste among suppliers and emissions from production

and distribution. Social impacts are related to sourcing raw material (particularly conflict minerals), supply chain labor conditions, as well as end-customer health and safety. Due to the nature of the products the potential impact of dual use products for unethical purposes must be monitored. Other important governance aspects are anti-corruption, sanctioned countries and customer data privacy.



Raw material supply

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



Production

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



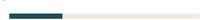
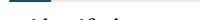
Management and marketing

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

Key ESG goals	Efforts 2019	Performance	Ambitions 2020
1. Responsible and active supply chain management	<ul style="list-style-type: none"> Updated standard vendor contracts with requirements related to labor conditions, human rights, conflict minerals and dual-use products. Reviewed supplier risk assessment model to map and categorize risk of conflict minerals and dual-use products. High risk vendors to complete self-assessment questionnaire and 34 suppliers were selected for physical audit. 	<ul style="list-style-type: none"> 80 % of 80 largest vendors have signed the updated vendor requirements. 35 third-party vendors and 46 private label vendors have responded to the self-assessment. 	<ul style="list-style-type: none"> 95 % of largest vendors to sign new contracts and perform self-assessment. Intensify work with private label vendors to provide environmentally friendly packaging. Audit 20 private label suppliers.
2. A trusted and ethical business partner and a great place to work	<ul style="list-style-type: none"> Code of Conduct, Anti-corruption, and Whistleblower policies translated to local languages and accepted by all employees. Continued to work for higher levels of trust in fair treatment and to increase diversity. Increased frequency of individual development conversations and local dialogue. 	<ul style="list-style-type: none"> eNPS <ul style="list-style-type: none"> 2019: 20 %  2018: 20 %  Absenteeism <ul style="list-style-type: none"> 2019: 2.5 %  2018: 2.5 %  Women employees <ul style="list-style-type: none"> 2019: 28 %  2018: 26 %  Trust in fair treatment score <ul style="list-style-type: none"> 2019: 8.8 2018: 8.7 	<ul style="list-style-type: none"> Address areas of employee frustration to maintain or increase eNPS. Increase share of female employees. Maintain or increase trust in fair treatment score.
3. Minimize the environmental impact through the value chain	<ul style="list-style-type: none"> Implemented system to map GHG footprint of both direct and indirect emissions. Updated risk materiality with climate topics. Introduced more sustainable products in our smart home category. Initiated dialogue with largest vendors about climate-friendly packaging. 	<ul style="list-style-type: none"> GHG emissions <ul style="list-style-type: none"> Scope 1: 121 tCO₂e Scope 2: 351 tCO₂e Scope 3: 55,454 tCO₂e 35 % increase in sale of smart home products. 80 % reduced energy consumption from servers. 100 % outbound packaging is FSC certified and plastic-free. 	<ul style="list-style-type: none"> Improve GHG report to include larger part of emissions and define relevant long-term environmental KPIs. Reduce annual waste pickups from 45 to 7 by introducing new compressors.
4. Ensure safe and satisfied customers and consumers	<ul style="list-style-type: none"> Increased the customer satisfaction rates across all customer segments. Initiated work on a Product Information Management (PIM) structure. Moved additional servers and applications to a new host center to increase data security. 	<ul style="list-style-type: none"> cNPS <ul style="list-style-type: none"> 2019: 27 %  2018: 22 %  No data breaches identified. 	<ul style="list-style-type: none"> Increase cNPS across all customer segments. 100 % of stock keeping units fully data enriched and available in PIM system. Update IT Policy, IT Security Policy and IT Disaster & Recovery Policy.



Key risks and opportunities identified in the 2019 climate analysis

- Acute physical risk:** Supply chain disruptions due to extreme weather events.
- Regulatory risk:** That a) increase responsibility for online vendors under the EU Waste Electrical and Electronic Equipment Directive and b) promotes climate friendly delivery and packaging.
- Opportunity:** Customers looking to reduce their environmental footprint by requesting spare parts and repairs or products that increase energy efficiency and reduce waste.



Kjell & Company is Sweden's largest retailer of accessories for home electronics. The 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 105 stores in Sweden and 19 in Norway, with an e-commerce offering in both markets. The company is headquartered in Malmö, Sweden, and runs a purchasing office in Shanghai, China. The most significant environmental impacts in the value chain stem from raw materials used in home electronics products, transportation from Asia

to Europe, and in packaging and e-waste from end products. Social impacts in the value chain include labor and human rights, particularly in Asia, but also within Kjell's stores and operations. Customer health and safety is also an important social aspect to consider. As a large part of products are imported from Asia, the company is exposed to risks related to corruption and integrity.



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 labor conditions and human rights
- › Supplier health and safety
- › Labor conditions and culture of own operations
- › Employee health and safety
- › Internal waste



Management and marketing

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



Customer / end user

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

Key ESG goals	Efforts 2019	Performance	Ambitions 2020
1. Consumption: Product quality and safety	<ul style="list-style-type: none"> Met ambitions to hold 100 % documentation verifying private label compliance (3039 unique items) and inspected majority of shipments leaving China. Hired one additional inspector and an online inspection tool was implemented to streamline the inspection process. 	<ul style="list-style-type: none"> Private label compliance documents: 2019: 100 %  2018: 84 %  Private label orders inspected (value): 2019: 90 %  2018: 76 %  Private label return rate 2019: 1.67 % 	<ul style="list-style-type: none"> Verify documentation of 100 % of new items, regardless of origin, for compliance. Analyze returns of private label assortment and implement corrective actions to decrease return rate to 1.5 %.
2. Production: Labor conditions and human rights in the supply chain	<ul style="list-style-type: none"> Exceeded ambitions to have 98 % and 50 % of active Chinese and other suppliers respectively sign the Supplier Code of Conduct. Defined remediation plans for non-compliance incidents. Implemented online audit tool to streamline inspection process. 	<ul style="list-style-type: none"> Supplier Code of Conduct signed by private label suppliers 2019: 100 %  2018: 81 %  Supplier Code of Conduct signed by European suppliers 2019: 61 %  2018: 0 %  211 audits resulted in 24,859 check items and 3,079 corrective action plans; no suppliers were disqualified. 	<ul style="list-style-type: none"> Audit all new private label suppliers for compliance against the Supplier Code of Conduct and follow up on 100 % of the existing suppliers' corrective action plans. 90 % of European suppliers to sign the Supplier Code of Conduct.
3. Production: Reduce environmental footprint	<ul style="list-style-type: none"> Exceeded ambitions to reduce air freight to 4 % of total volume by, among other things, forecasting orders for items recurrently shipped by air. Exceeded ambitions to reduce plastic bag usage by 40 % year-on-year by introducing a SEK2 charge per bag. Completed climate risk assessment and GHG accounting. 	<ul style="list-style-type: none"> Total volume shipped by air 2019: 1.3 % 2018: 5.0 % Climate compensated e-commerce 2019: 15 % Plastic bags purchased by customers 2019: 250K 2018: 1,066K 	<ul style="list-style-type: none"> 100 % of e-commerce shipments are climate compensated. Start measuring private label materials used in packaging to minimize use of plastic in production.
4. Relationships: Motivated and satisfied employees in a diverse environment	<ul style="list-style-type: none"> Despite ambition to reach eNPS of 60, the score decreased, mainly due to a change in the bonus system for salespeople. Worked to enhance job listings and refine the recruitment process to attract women, but did not achieve ambition of 20 % women leaders. 	<ul style="list-style-type: none"> eNPS 2019: 44 %  2018: 57 %  2017: 47 %  Women leaders 2019: 15 %  2018: 14 %  Women employees 2019: 19 %  2018: 17 %  	<ul style="list-style-type: none"> Launch a new platform for education and career path advice. eNPS : 60 % Women employees: 21 % Maintain absenteeism of 3 %.
5. Relationships: Business integrity and transparency	<ul style="list-style-type: none"> Achieved ambition to maintain 100 % of employees signed Code of Conduct and Whistleblower policy. 	<ul style="list-style-type: none"> 100 % of employees signed the internal Code of Conduct and Whistleblower policy. 	<ul style="list-style-type: none"> Improve the relationship with our customers by implementing a new way to measure customer satisfaction in all channels. Annual review of business ethics material scheduled for January 2020.



Key risks and opportunities identified in the 2019 climate analysis

- Acute physical risk:** Extreme weather events (e.g. floods and storms) may cause physical damages to company assets and disrupts supply chains.
- Regulatory risk:** Stricter environmental regulations in China as well as requirements for increased sustainability reporting and sustainable packaging for companies under EU regulation. Customers looking to reduce their environmental footprint opting for retailers with the greenest products and services.
- Opportunity:**



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



ESG impacts through the value chain

Skamol provides insulation systems, which have a positive impact on the customer’s environmental footprint by reducing their energy consumption. Within the Building Division, Skamol delivers insulation systems for new buildings and renovation projects. Within the Industry division, the company delivers specialty insulation systems for hot face and back-up insulation that

lowers energy costs in the production processes. Negative environmental impact are mainly related to raw material sourcing, emissions from production plants, and transportation. Important social impacts are employee health and safety, particularly in production facilities. Relevant governance issues include anti-corruption and integrity.



Raw material supply

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



Production

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



Management and marketing

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



Customer / end user

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

Key ESG goals	Efforts 2019	Performance	Ambitions 2020
1. Loyal customers	<ul style="list-style-type: none"> › Increased focus on structural customer interaction and needs, as well as sales staff training. › Launched <i>Skamol All In One</i> campaign to clarify product offering. › Implemented new ERP system to centralize and standardize labelling and packaging. 	› cNPS 2019: NA* 2018: 29 % 2017: 52 % 2016: 42 % <i>*In the process of changing provider.</i>	› One annual training of all sales staff in market, branding, processes, systems, products and performance.
2. Loyal and motivated employees	<ul style="list-style-type: none"> › Skamol Leadership Program partly implemented through theme <i>Leadership and Communication</i>. › Skamol Business Systems (SBS) fully implemented. › Quality Improvement Program (QIP) partly implemented. 	› eNPS 2019: NA* 2018: 27 % 2017: 30 % 2016: 30 % <i>*In the process of changing provider.</i>	› All Skamol departments implement monthly training in using Skamol Business System.
3. Caring about people	<ul style="list-style-type: none"> › Implemented the following: <ul style="list-style-type: none"> - Global system for handling supplier material safety data and workplace instructions. - Online solution for sharing work instructions. - Standardized workplace organization methods. - International safety training. 	› Incidents per million worked hours 2019: 4.2 2018: 5.0 2017: 4.3 2016: 6.1 3.00	› Zero lost-time incidents by continuing safety training and safety walks in all locations.
4. Integrity	<ul style="list-style-type: none"> › Implemented integrity process, including sanctions screening. 	<ul style="list-style-type: none"> › Code of Conduct signed with 100 % of employees and 100 % of suppliers. › Integrity process implemented. 	<ul style="list-style-type: none"> › 100 % employees have signed Code of Conduct. › 100 % suppliers have signed Supplier Code of Conduct. › Sanctions screening conducted for all customers and suppliers.
5. Energy efficient systems	<ul style="list-style-type: none"> › Developed several products and systems, which support energy reductions: <ul style="list-style-type: none"> - Inside house insulation: Energy savings of 18 % (average house of 133 m²). - Insulation of aluminum pots (1 % energy savings =130KWH per ton aluminium produced). - Energy consumption in own production: Waste heat recovery at plants with energy saving of 14 % of total plant consumption. 	<ul style="list-style-type: none"> › New product for inside insulation of houses: 18 % energy savings. › New products for insulation of aluminium pots: 1 % energy savings. › Waste heat: 14 % energy recovery of total plant consumption. 	<ul style="list-style-type: none"> › Implement energy accounting system for all sites. › Define energy reduction targets.



Key risks and opportunities identified in the 2019 climate analysis

- › **Acute physical risk:** Flooding, earth slides and heavy precipitation could create adverse effects for regional production facilities and transportation routes.
- › **Regulatory risk:** Increased demand for energy efficient products requires technology and product development, competition might increase.
- › **Regulatory risk:** In a high-temperature scenario, global economic slowdown and sociopolitical instability may result in low market growth and decline in global trade, with clear regional effects.



ESG impacts through the value chain

Aura Light’s most important environmental impact and key competitive advantage is the energy savings from long-life lighting products. The products do not contain harmful chemicals, which is another important environmental impact in the value chain. Social impacts in the value chain include labor and human rights and are important in relation to Asian suppliers.

Customer satisfaction is a key success factor, and thus their health and safety and product quality and safety go hand-in-hand. As Aura Light purchases many of its products from suppliers in Asia and has substantial contracts and frame agreements with Nordic municipalities and German state-owned companies, anti-corruption and integrity are topics high on the governance agenda.



Raw material supply

- › Anti-corruption and integrity
- › Supply chain climate impact
- › Raw material use
- › Labor conditions and human rights
- › Health and safety



Production

- › Labor 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



Customer/end user

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

Key ESG goals	Efforts 2019	Performance	Ambitions 2020
1. Loyal and content customer	<ul style="list-style-type: none"> › Focused on streamlining operations to secure on-time and accurate deliveries. › Annual customer survey showed that approximately 20 % of respondents believe Aura Light has improved its performance compared to last year. 	<ul style="list-style-type: none"> › cNPS: 2019: 15 % * 2018: 15 % *Survey sent to a larger number of customers. 	<ul style="list-style-type: none"> › Increase NPS for key customers in core markets through: <ul style="list-style-type: none"> - Enhance delivery performance. - Increase customer interactions by increase number of sales employees. - Improve and extend product portfolio.
2. Attractive employer	<ul style="list-style-type: none"> › Organizational turbulence negatively impacted employees. › Implemented a system for continuous eNPS updates to facilitate quick action. › Launched a mentoring system and an onboarding program. 	<ul style="list-style-type: none"> › eNPS 2019: -22 % 2018: -18 % 2017: -11 % 2016: -16 % 	<ul style="list-style-type: none"> › Improve eNPS to a minimum of 0. › Establish an equality plan for employees. › Keep turnover below 10 % in all countries.
3. Supply chain transparency	<ul style="list-style-type: none"> › Continued focus to increase proportion of suppliers who have signed the Supplier Code of Conduct, as well as assessing suppliers' sustainability performance. › Conducted CSR audits of strategic suppliers. 	<ul style="list-style-type: none"> › Completed CSR audits on suppliers covering 70 % of total purchasing volume. 	<ul style="list-style-type: none"> › Ensure that Aura Light's compliance policies are an integral part of all supplier agreements. › Increase volumes with approved suppliers.
4. Compliance and business ethics	<ul style="list-style-type: none"> › Continued to build the underlying motivation for its whole staff to drive sustainability in day-to-day operations. › Continued to implement reinforced prohibition of any inappropriate means of sales promotion. 	<ul style="list-style-type: none"> › 100 % employees have signed the Code of Conduct. › No whistleblower incidents reported. 	<ul style="list-style-type: none"> › 100 % of all new employees have signed the Code of Conduct and completed Code of Conduct and business ethics training. › Code of Conduct and Business Ethics on agenda of all major staff meetings, internal conferences and supplier interactions.
5. Low impact throughout the product life cycle	<ul style="list-style-type: none"> › Mapped key areas in the supply chain where Aura Light can reduce environmental impact. › Defined key success factors for all business units, as well as a sustainability vision and missions to guide the way. 	<ul style="list-style-type: none"> › Defined strategic initiatives for all business units, and assigned sponsors to follow up each project. 	<ul style="list-style-type: none"> › Continue implementation of strategic initiatives and establish a list of 2025 goals and targets. › Work dedicated throughout the year towards reaching the 2020 targets set for each business area.



Key risks and opportunities identified in the 2019 climate analysis

- › **Opportunity:** Demand for environmentally friendly products, with focus on energy efficiency, longevity and circularity.
- › **Acute physical risk:** Extreme weather events (e.g. floods and storms) may cause physical damages to company assets and supply chain disruptions.
- › **Regulatory risk:** Potential environmental legislations imposed in China, which could increase costs.

Governance in FSN Funds II, III, IV and V

Status per 31 December 2019

	Articles of Association	Rules & Procedures for the BoD	CEO instructions	Code of Conduct	Short version CoC	Supply Chain CoC	Whistleblower protection	Evaluation CEO	Agreement covering executive shareholding	Employment contracts for executives	
Aura Light	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	●
Skamol	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	●
Fibo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	●
EET Europarts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	●
Kjell & Company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	●
Active Brands	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	●
Holmbergs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	●
Gram	✓	✓	✓	✓	✓	✓	✓	×	✓	✓	●
Mørenot	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	●
SNS	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	●
Nordlo	✓	✓	✓	✓	✓	✓	✓	~	✓	✓	●
Saferoad	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	●
Rameder	✓	✓	✓	✓	✓	✓	✓	×	✓	✓	●
Fellowmind	~	~	~	~	~	~	~	~	✓	✓	●
iMPREG	✓	~	~	~	~	~	~	~	✓	✓	●
ViaCon	✓	✓	✓	✓	✓	✓	✓	~	✓	✓	●
	●	●	●	●	●	●	●	●	●	●	

- ✓ Completed
- × Not completed
- ~ In progress

Actual ESG KPI Figures

Status per 31 December 2019

	Revenue (SEKm)	Employees	% Women total workforce	% Women BoD	% Women C-suite positions	Absenteeism	Employee satisfaction (eNPS)	Customer satisfaction (cNPS)	GHG emissions Scope 1 (tCO ₂ e)	GHG emissions Scope 2 (tCO ₂ e)	GHG emissions Scope 3 (tCO ₂ e)
Aura Light	434	177	37 %	33%	29 %	3 %	- 22 %	15 %	~	~	~
Skamol	568	448	32 %	0 %	0 %	4.2 %	NA*	NA*	~	~	~
Fibo	648	129	26 %	40 %	11 %	6 %	21 %	72 %	83	172	1657
EET Europarts	4,542	561	28 %	0 %	25 %	3 %	20 %	27 %	121	351	55,454
Kjell & Company	1,872	744	19 %	50 %	0 %	2 %	44 %	69 %	~	172	~
Active Brands	1,240	209	69 %	20 %	17 %	3 %	23 %	69 %	114	55	239
Holmbergs	624	383	66 %	25 %	20 %	5 %	33 %	33 %	~	523	~
Gram	830	423	17 %	0 %	0 %	2 %	- 8 %	NA	738	37	636,916
Mørenot	1,307	758	38 %	17 %	0 %	6 %	- 5 %	NA	2,658	1,169	~
SNS	879	153	45 %	33 %	NA	2 %	36 %	NA	-	58	5
Nordlo	1,251	595	15 %	29 %	25 %	2 %	40 %	40 %	66	62	198
Saferoad**	6,952	2,968	17 %	33 %	0 %	4 %	28 %	33 %	13,273	2,453	~
Rameder	941	279	26 %	20 %	0 %	4 %	10 %	59 %	68	326	3,425
Fellowmind	1,287	1,000	NA	0 %	20 %	NA	NA	NA	~	~	~
iMPREG	567	212	NA	25 %	NA	NA	NA	NA	~	~	~
	23,942	9,038	33 %	20 %	12 %	4 %	18 %	46 %	17,122	5,376	697,894

*In the process of changing provider

**Including ViaCon

5.

FSN Capital Funds

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 consists of five independent Jersey resident 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

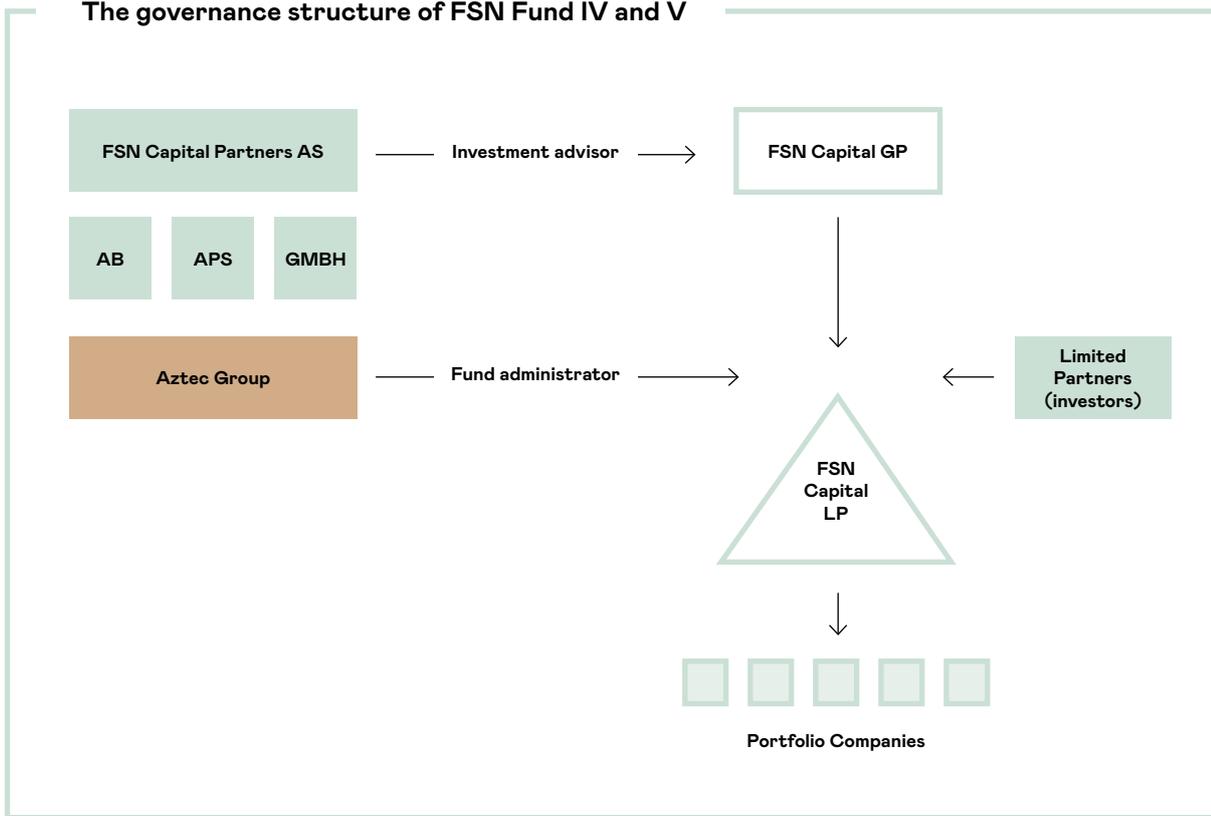
The boards of the FSN Funds are committed to upholding the highest standards of corporate governance. They endeavor to follow corporate governance best practice procedures, in accordance with the UK Corporate Governance Code and the new Jersey Substance Law. In 2019 a new and detailed overview of Matters Reserved for the board was implemented to further detail FSN Capital Fund's governance.

The board monitors the financial performance, ESG, compliance and risk, sets risk appetite and ensures the Funds maintain an effective system of internal controls. From 2020 ESG will be a standard separate agenda item in every quarterly meeting.

During the year there are weekly meetings and quarterly board meetings. Portfolio updates, pipe-line progress, drawdowns / 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 has 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, the spirit of the board meetings is collaborative, but with a focus on the continuous improvement of the boards, service providers, and the FSN Capital Partners team.

The governance structure of FSN Fund IV and V



The FSN Funds' jurisdiction and investor base

In order to facilitate an international investor base, the FSN Funds are all tax resident in Jersey.

Jersey has a historical reputation as a tax heaven. However, in 2019 Jersey brought into force the Taxation (Companies – Economic Substance) (Jersey) Law 2019 (the Substance Law) in order to address EU's historic concerns. EU Finance Ministers signaled their approval of the Substance Law by whitelisting Jersey on 12 March 2019.

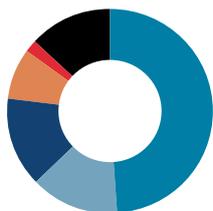
The FSN Funds invest in multiple countries with the support of an increasingly international investor base (*see p. 82*).

As part of investing in the FSN Funds, all investors are subject to 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.

Providing clear and predictable structures for long-term investments

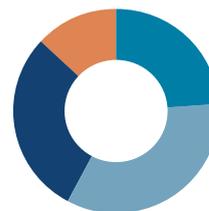
Fund V – SEK 9.7 billion

Investors by type



■ Pension Funds	49 %
■ Endowments / Family Offices	14 %
■ Insurance	14 %
■ Fund of funds	8 %
■ Banks	2 %
■ Other	13 %

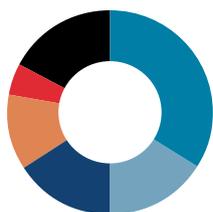
Investors by geography



■ Nordic	24 %
■ Europe	34 %
■ USA / Canada	29 %
■ Asia	13 %

Fund IV – SEK 5.4 billion

Investors by type



■ Pension Funds	34 %
■ Endowments / Family Offices	16 %
■ Insurance	16 %
■ Fund of funds	12 %
■ Banks	5 %
■ Other	17 %

Investors by geography



■ Nordic	35 %
■ Europe	30 %
■ USA / Canada	21 %
■ Asia	14 %

Providing clear and predictable structures for long-term investments

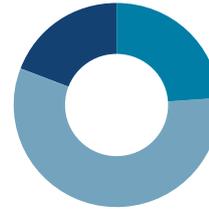
Fund III – EUR 380 million

Investors by type



■ Pension Funds	23 %
■ Endowments / Family Offices	8 %
■ Insurance	11 %
■ Fund of funds	29 %
■ Banks	6 %
■ Other	23 %

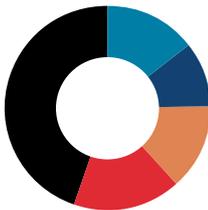
Investors by geography



■ Nordic	24 %
■ Europe	57 %
■ USA / Canada	19 %

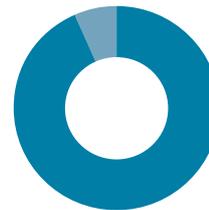
Fund II – EUR 151 million

Investors by type



■ Pension Funds	14 %
■ Insurance	10 %
■ Fund of funds	14 %
■ Banks	17 %
■ Other	45 %

Investors by geography



■ Nordic	93 %
■ Europe	7 %





Appendix I

FSN Capital's Values

1. 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 characterized 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 organizations 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, 2019

Introduction

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

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

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

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

Code of conduct for FSN Capital

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

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

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

1. Personal Conduct

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

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

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

FSN Capital team members must not use assets of the Firm or the FSN Capital 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 Capital 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, differential treatment or other conduct which may be interpreted as threatening or degrading shall take place.

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

4. Conflicts of interest

Board members and employees must behave impartially in all business dealings and not give other individuals, companies or organisations improper advantages. Everyone shall avoid situations where conflicts of interest may arise between their personal and/or financial interests and those of FSN Capital 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 fulfill their obligations to FSN Capital is compromised, such approval will be evaluated and could be withdrawn.

6. Investment in publicly traded shares and funds

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

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

7. Confidentiality

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

Proprietary and confidential information generated and gathered in the Firm's business is a valuable FSN Capital asset. Protecting this information is critical to FSN Capital's reputation for integrity and 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 indi-

viduals 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 process or transaction) is not uncommon, but FSN Capital does not accept this as a way of doing business.

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

FSN Capital Partners' policy for gifts is as follows:

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

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

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

10. Fair Competition

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

11. Correct information

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

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

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

Appendix III

FSN Capital Partners' Code of Conduct - short version

Purpose and main principle

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

Whistleblower policy

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

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

Contact

<i>Compliance Officer FSNC</i>		
Rebecca Svensøy	+47 924 97 857	rcs@fsmcapital.com
<i>Managing Partner FSNC</i>		
Frode Strand-Nielsen	+47 917 31 364	fsm@fsmcapital.com
<i>Chairperson FSNC</i>		
Knut Kjær	+47 901 00 438	knk@fsmcapital.com
<i>External contact person</i>		
Pål Lønseth at PwC	+47 965 01 616	pall.lonseth@pwc.com

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

Always

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

Never

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

Appendix IV

The ten principles of the UN Global Compact

Human Rights

- Principle 1:* Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2:* make sure that they are not complicit in human rights abuses.

Labor

- Principle 3:* 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 labor;
- Principle 5:* the effective abolition of child labor; and
- Principle 6:* the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7:* Businesses should support a precautionary approach to environmental challenges;
- Principle 8:* undertake initiatives to promote greater environmental responsibility; and
- Principle 9:* encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10:* Businesses should work against corruption in all its forms, including extortion and bribery.

Appendix V

FSN Capital's Whistleblower Policy

*Adopted by the board of directors
on 7 February 2020*

FSN Capital Partners expects employees to speak up about “censurable conditions” within the organization. This Whistleblower Policy outlines FSN Capital Partners’ procedure for reporting and handling of non-conformities. FSN Capital Partners believes that openness and good communication throughout the organization ensures a good business practice and promotes a better work culture. This policy guides employees on how to report concerns about possible illegal actions and violations of FSN Capital Partners’ Code of Conduct and other applicable policies or guidelines.

The management of each subsidiary is responsible for the implementation of the procedures including an effective communication to all employees making sure all staff have the proper knowledge of the procedures.

What is whistleblowing?

Whistleblowing is the notification of “censurable conditions” (Nw. ”kritikkverdige forhold”) within an organization.

Censurable conditions are any violation of applicable laws and regulations in the countries in which FSN Capital Partners operates. It also includes breaches of company policies or commonly approved ethical norms. Examples of violations include, but is not limited to:

- › Circumstances that endanger employees’ lives or health
- › Damage to the climate or environment (hazardous products, pollution etc.)
- › Corruption or other economic crimes (such as embezzlement, theft, fraud, etc.)
- › Breach of sanctions
- › Abuse of authority
- › Unsound working environment (harassment, bullying, sexual harassment, discrimination, racism, etc.)
- › Breaches of Personal Data Protection legislation
- › Other violations of the Code of Conduct, Supplier Code of Conduct, this Whistleblower Policy and other applicable policies or guidelines.

Typical HR related problems such as internal conflicts between personnel, will normally not be considered as a violation relevant for whistleblowing.

Who can whistleblow?

These guidelines apply to all employees in FSN Capital Partners, including permanent, temporary and hired personnel. Workers hired from temporary-work agencies also have a right to report breaches at the hirer’s undertaking.

Reports in accordance with this Whistleblower Policy may also be made by any person affiliated with FSN Capital Partners, including business partners, suppliers etc. External persons who have no connection with FSN Capital Partners may also report any circumstances they find un-

acceptable. In such cases these guidelines apply insofar as they are applicable.

Right and duty to report

All employees in FSN Capital Partners have the right to report violations within the organization.

All employees have a duty to report about criminal offenses and circumstances where life or health is endangered, and breaches of the Code of Conduct. Questions relating to the interpretation of the Code of Conduct or their practical application should be addressed to the head of relevant local office or the Compliance Officer.

Anyone reporting concerns in good faith can do so without fear of reprisals.

We encourage employees to make whistleblowing reports without undue delay from the incident occurring, so that the violation can be halted or investigated as soon as possible.

How to report concerns?

Internal whistleblowing

At FSN Capital Partners 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 individual's involvement or the severity of the breach in question, the breach should be reported to the head of relevant local office or directly to the Compliance Officer or alternatively the Managing Partner (Frode Strand-Nielsen) and/or the Chairperson of the Board of FSN Capital Partners (Knut Kjær).

In exceptional circumstances where it would be inappropriate to approach any of the above, Pål Lønseth at PwC may be contacted. FSN Capital Partners has mandated Pål Lønseth to be our external whistleblower recipient. He will assess if and whom to inform in FSN Capital Partners.

FSN Capital Partners has established an electronic whistleblower channel:

<https://trustcom.pwc.no/fsncapital?language=en>

Contact list

<i>Head of Norwegian office</i>		
Morten Welo	+47 924 48 555	mw@fsncapital.com
<i>Head of Swedish office</i>		
Patrice Jabet	+46 708178970	fsn@fsncapital.com
<i>Head of Danish office</i>		
Lars Denkov	+45 53658510	knk@fsncapital.com
<i>Head of German office</i>		
Robin Mürer	+49 1718617968	rm@fsncapital.com
<i>Compliance Officer FSNC</i>		
Rebecca Svensøy	+47 924 97 857	rsc@fsncapital.com
<i>Managing Partner FSNC</i>		
Frode Strand-Nielsen	+47 917 31 364	fsn@fsncapital.com
<i>Chairperson FSNC</i>		
Knut Kjær	+47 901 00 438	knk@fsncapital.com
<i>External contact person</i>		
Pål Lønseth at PwC	+47 965 01 616	pal.lonseth@pwc.com

However, at FSN Capital Partners a whistleblower report can be forwarded by letter, email, phone call or in person, openly or anonymously. There are no requirements as to the form of the report, but FSN Capital Partners encourages employees to whistleblow in writing and through the electronic whistleblower channel, due to notoriety. The whistleblower decides what information is to be provided. However, to ensure sufficient information to be able to perform adequate follow-up actions, the report should include as many details as possible and available supporting evidence, such as:

- › The period, and date and time if applicable, of the circumstances concerned
- › The employees' observations
- › The place where the incident occurred
- › Other witnesses
- › Any supporting documentation

Whistleblowing to supervisory body or public authority

FSN Capital Partners' aim is to arrange its procedures so that internal whistleblowing will always be sufficient. However, the whistleblower always has the right to whistleblow to a supervisory body or other public authority (for example the Norwegian Labour Inspection Authority, the Data Inspectorate or the Police). The whistleblower can in certain instances report to the media or public, limited to situations when it is done in good faith, the concern has public interest and internal whistleblowing has been exhausted or been deemed not suitable.

Anonymous whistleblowing

The whistleblower may report anonymously but must be aware that the receiver may not give feedback when doing so. Furthermore, proper investigation may prove difficult if the information provided cannot be tested or verified and the investigator is unable to obtain further information from the whistleblower.

Ground principles for handling reports of concerns

FSN Capital Partners' basic principles for handling reports are:

- › All reports are taken seriously
- › All reports will be sufficiently investigated within reasonable time in a fair, open minded and objective manner
- › Confidentiality and information security
- › Protection of whistleblowers

- › Whistleblowers reporting in good faith will not be subject to reprisals
- › Non-anonymous whistleblowers will get timely feedback and information about the process
- › Right to be informed of the nature and cause of the accusation against oneself and to be heard (contradiction)
- › Process to be documented in writing (notoriety)

Below is a summary of the main steps in handling of whistleblower reports received. More details about the standard procedure, including guidance, are found in FSN Capital Partners' procedures for handling reported issues of concerns.

FSN Capital Partners will conduct a preliminary evaluation and quality assurance of all whistleblower reports received. If the report reveals conditions that require investigation, an investigation team will be appointed. External advisors or internal resources may be used to conduct the investigation. The decision regarding who will conduct the investigation will be based upon the nature of the violation reported and the resources available to conduct the investigation.

The Whistleblower, unless chosen to remain anonymous, and the person who has been reported on shall as a minimum receive information that the case is considered and concluded, also in the case that no irregularities or issues of non-compliance are found in the investigation. Whistleblowers that are not parties to the case are in principle not entitled to any information about the execution of the investigation or to the conclusion in the summary report, and information provided will be decided on a case to case basis.

A summary report with the final results of the investigation will be completed within a reasonable time and will be reviewed by the Managing Partner and/or the Chairperson and/or external advisor as appropriate. The summary report shall be filed according to the internal archive routine and data protection acts.

Based on the outcome of such investigation, the Compliance Officer and/or Managing Partner and/or Chairperson of the board of FSN Capital Partners as appropriate shall take any such action and/or impose such sanctions as are deemed appropriate and/or necessary, including any preventative measures, disciplinary sanctions or termination of supplier contract etc. For employees, consequences may involve verbal or written warnings or, if the matter is very serious, termination of or summary dismissal from their employment. An employee who deliberately makes a false report may also be subject to disciplinary action.

Protection of whistleblowers

It is as important for FSN Capital Partners to provide a mechanism to safely report illegal activities and/or serious misconduct, as it is for the company 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 Partners will conduct its investigations of any reported violation as discreetly as possible and in a confidential manner to the greatest extent possible commensurate with carrying out a thorough and adequate investigation. Furthermore, to the extent possible, all reasonable efforts will be made to treat the whistleblower's identity as confidential, unless permission in writing (including email) has been obtained from the whistleblower. The protection

of identity shall also be taken into consideration during the initial evaluation and the subsequent risk assessment when scoping the investigation, hereunder the existing level of risk exposure without disclosing the name of the whistleblower. All investigations will be conducted in a confidential manner, so that information will be disclosed only as needed to facilitate review of the investigation or otherwise as required by law.

FSN Capital Partners prohibits any retaliation against whistleblowers and will provide adequate measures to prevent retaliation within the organization. Retaliation is in itself a breach of the company's policy and any such acts may lead to appropriate sanctions as described above. Retaliation is any negative action, practice or neglect as a consequence of or reaction to the whistleblow, e.g. victimization, threats, harassment, discrimination, social exclusion, warnings, deprivation of work tasks, groundless relocation, degradation, poor wage development, suspension, dismissal, summary dismissal and/or disciplinary punishment.

Anyone who experiences retaliation must report this according to this policy.

Personal data

Handling of reports of concerns will be done in accordance with internal governing documents and applicable local laws and regulations, hereunder:

- › the Norwegian Personal Data Act of 15 June 2018
- › the German Federal Data Protection Act of 30 June 2017
- › the Swedish Data Protection Act (2018:218)
- › the Danish Data Protection Act of 23 May 2018
- › the Norwegian Working Environment Act of 17 June 2005.

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



FSN **CAPITAL**

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

