



EV
Private Equity

Annual Communication on Progress (COP)

October 2021

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Period covered by our Communication on Progress (COP)

From: January 2020 To: December 2020

1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER (OWNER OR PRESIDENT IN THE CASE OF SMALL BUSINESSES)

Stavanger, 4th October 2021

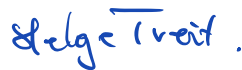
To our stakeholders:

I am pleased to confirm that EV Private Equity ("EV") reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We strongly recommend that our COP is read in conjunction with our [2020 Sustainability Report](#), which further details our actions during the 2020 financial year and our commitments as a responsible investor.

We remain obligated to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Helge Tveit
Managing Partner

2. DESCRIPTION OF ACTIONS

Human Rights

Safety in the Workplace

HSE (Health, Safety and Environment) practices have been at the heart of our activities since inception in 2002. Our exposure to the energy sector means safety is our top priority.

Through our board representations, we seek to ensure our portfolio companies have robust HSE policies, procedures and monitoring in place. Incidents are promptly reported and disclosed to the board of directors and improvement plans, continuously reviewed.

In particular in 2020, EV has made a conscious effort to monitor the pandemic situation and ensure that workers were well protected. During 2020, c. 40%-50% of our portfolio

workforce worked from home. Those required to be at the workplace were advised to follow national rules to stay protected.

Through our ESG program we collect KPIs from portfolio companies related to HSE. Please refer to “3. Measurement of Outcomes” for the full list.

Diversity and Inclusion (D&I)

Inclusion is an EV core value. Our [team](#) comprises 19 people, nine nationalities and three global offices. Our belief is that the collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent is what makes our firm unique.

We practice and encourage diversity not only at firm level but also in our portfolio companies. Research on D&I (Dentons, 2021) shows that companies with a diverse workforce tends to be 35% more profitable, produce 66% more innovation and increase employee engagement by twofold.

With regards to gender diversity, we recognise we have a part to play to improve this situation and create equal opportunities. That’s why, after seeing little improvement in gender equality data coming from our portfolio in 2020 (see p. 21 of our [2020 Sustainability Report](#)), we have set a target that at least one in every three new hires must be female from now on. Monitoring of gender pay gap is also part of our ESG program. Where a gap is identified, it is the responsibility of our investment teams to address.

Lastly, in line with our commitment to improve human rights conditions across our portfolio, we aim to ensure that supporting policies are in place for all portfolio companies on D&I as well as a Code of Conduct including Discrimination, Harassment and Work by end of 2021. We strongly believe that every contributor, no matter the age, race, gender, religion or background has a right to be treated with respect and dignity, as well as have access to equal opportunities when it comes to recruiting, hiring and promoting.

Labour

Adherence to Local and International Laws

EV and its portfolio companies seek to follow local employment laws and regulations, including aspects such as work hours, family leave and minimum wage standards. As of end of 2020, 95% of our portfolio companies had HR policies covering one or more HR issues and 75% had complete HR policies.

Our [Responsible Investment Policy](#) sets out exclusions i.e. where EV will refrain from investing. With regards to labour, these include companies which:

- deliberately and repeatedly violate the laws, rules and regulations laid down by the national authorities in the markets in which such company operates;
- contributes to or is responsible for serious or systematic violations of human rights (such as murder, torture, deprivation of liberty, forced labour, illegal child labour and other forms of child exploitation); or

- contributes to or is responsible for other serious violations of fundamental and internationally recognised ethical principles.

Employee Satisfaction

At EV we strive for the highest standards in labour relations. As such, we established in 2020 that both our firm and portfolio companies must undergo employee satisfaction survey (or equivalent such as 1:1s, focus groups) at least once a year. The survey is aimed at providing employees with the opportunity to provide their feedback on compensation, benefits, management, workload, meaningful work, growth opportunities, productive environment, health & well-being, culture, diversity and inclusion, Covid- related, among others.

Through our ESG program we also collect data on number of grievances reported, employee turnover and multiple of CEO compensation (vs. average employee). We encourage our portfolio companies to follow up on employee voluntary departures i.e. resignations, through structured HR exit interviews. It is important for us that our workforce feels safe, respected, valued and engaged.

Environment

Climate Change

Climate change has become central in our strategy planning in recent years. As a public supporter of the Task Force for Climate-Related and Financial Disclosures (TCFD) since 2020, we are committed to the highest governance standards for managing and disclosing climate-related risks. Our investment teams bear the responsibility of mapping and mitigating climate-related risks at portfolio level, with our boards exercising oversight upon these activities. Climate-related metrics (Scope 1, 2 and 3) are collected through our ESG program on a quarterly basis. EV as a firm also tracks its carbon emissions and since 2020 we have a carbon offset program in place.

In addition to the above, in 2020 EV became signatory to The Climate Pledge (TCP), a cross-sector community of companies, organisations, individuals and partners, working together towards the common goal of achieving carbon neutrality by 2040, ten years earlier than the Paris Agreement target. As part of this commitment, we set out targets for our portfolio companies to reduce Scope 1 and Scope 2 carbon intensity by 7% p.a. and within the 80/20 rule, obtain full Scope 3 emissions lifecycle overview beyond the current mandatory items within 2021.

Lastly, 2020 saw the completion of the development of a proprietary framework (EV IQ™) that allows us to assess and document emissions avoidance (which we have labelled as “Scope 4”) enabled by the technologies and services provided by our portfolio companies. We have also established a process to measure progress and audit the figures by a third party on an annual basis.

Land, Water Conservation and Waste Management

Environmental conservation is an important area of concern for EV Private Equity. Since 2018, ESG due diligence (DD) has been mandatory for all new investments. During this phase, the DD provider collects information from the target investment with particular focus on environmental issues. Use of chemicals, disposals to land and water, release of gases, use of hazardous substances and workers safety have been key themes dealt with during the diligence phase. As EV progresses within the energy transition space, we expect to reduce the number of environmental issues dealt with at this stage.

On the ESG monitoring side, our KPIs include metrics related to water conservation and waste management. We see the protection of oceans and rivers as crucial if we are to have a future as a society and allow future generations to thrive. Companies must take responsibility in these areas no matter their size. Please refer to “3. Measurement of Outcomes” for the full KPI list.

Based on our experience, KPI reporting has in many cases led to meaningful debates and call for action. Therefore, it is our aim to continue augmenting our reporting. At the same time, we need to ensure it is consistent with existing regulations. We therefore monitor the developments of the SFDR and RTS to implement accordingly. Currently significant debate amongst sustainability leaders have been around the circular economy and biodiversity protection. As stated in our [2020 Sustainability Report](#) biodiversity is a key focus area for us in 2021, as such we hope to follow this matter more closely in the near future.

Anti-Corruption

Anti-Bribery and Corruption (“ABC”) Policies and Training

Since inception, EV has sought to create and develop a culture of zero tolerance to bribery and corruption. Our staff receives regular training and are therefore well equipped to deal with ABC matters through their board representations. Regular training is also demanded from our portfolio companies. Given frequent enquiries around training sourcing, following some research we opted to sign up with a global online training platform provider at the end of 2019 together with some of our portfolio companies. The myriad of courses has allowed us to stay current with ABC hot topics whilst allowing flexibility as to when and from where to take the courses.

As of end of 2020, 100% of our portfolio companies had ABC policies and procedures in place, whilst 95% had Ethical Conduct policy.

We also track related KPIs on an ongoing basis as highlighted in “3. Measurement of Outcomes”.

Whistleblowing Channels

It is our belief that exemplary conduct must come from the top, permeating all levels of the organisation. Malpractice can however occur at any organisational level. We therefore encourage all members of staff to raise concerns about malpractice, ensuring these are

taken seriously thereby protecting the employee whistleblower who raised the concern in good faith from harassment and victimisation.

Our practice also extends to our portfolio companies. As of end of 2020, 90% of our portfolio companies had whistleblowing policies and procedures in place.

3. MEASUREMENT OF OUTCOMES

As mentioned in the previous section, EV has a comprehensive ESG program dedicated, among other things, to collect quarterly data on key sustainability indicators.

Set out below is the full, comparable KPI list.

| ESG KPI | 2019 | 2020 |
|--|-------|-------|
| No. accidental oil spills (> 1bbl)* | 2 | 0 |
| % employees working from home | N/A | 44% |
| % employees on furlough leave/scheme | N/A | 10% |
| Average no. of local SME suppliers (<100 miles) | 651 | 667 |
| Average no. of suppliers from developing countries | 21 | 20 |
| % women on the board | 6.1% | 6.6% |
| % women in management position | 10.5% | 12.4% |
| % female employees | 14.2% | 15.1% |
| No. company supported charities (>\$100)* | 28.0 | 27.0 |
| Number of LTI* | 8 | 8 |
| Average no. training hours in the period per employee per annum | 3.5 | 3.9 |
| No. graduates brought in* | 26 | 12 |
| No. employees who left the organisation* | 270 | 194 |
| % employee turnover | 5.8% | 4.1% |
| Average multiple of CEO compensation vs. average employee compensation** | 2.5x | 2.4x |
| Gender pay gap: % difference | 0.5% | 0.6% |

Table3: EV Portfolio KPI Progression

Note: Abrado, Cereus Downhole, Trainor and WSI excluded from the analysis due to reporting gaps.

* The 2019 data refer to Q3 and Q4 annualised.

** CEO and average employee compensations include salaries and bonuses. Senior Management team excluded from 'average employee' category.

The KPI list was reviewed by a third party during 2020 and implemented in Q4-20. In our next Annual Sustainability Report we aim to show 2020-2021 progression, normalising 2020 data to make it comparable.

Below is the full list which EV and portfolio companies have been reporting on since Q4-20:

- E** Number of accidental oil/ fluids spills (> 1bbl)
- E** CO2 emissions (tonnes) - Scope 1
- E** CO2 emissions (tonnes) - Scope 2
- E** CO2 emissions (tonnes) - Scope 3
- E** Volume of water used (litres)
- E** Volume of water recycled (litres)
- E** Volume of hazardous chemicals used (litres)
- E** Volume of hazardous waste produced (tonnes)
- E** Volume of hazardous waste sent to special treatment (tonnes)
- E** Volume of waste recycled (tonnes)
- S** Number of employees working from home
- S** Number of employees on furlough leave or scheme
- S** Number of local SME suppliers (within 100 miles range)
- S** Number of suppliers from developing countries
- S** Number of women on the board
- S** Total number of board members
- S** Number of women in management position
- S** Total number of people occupying management positions
- S** Number of female employees
- S** Total number of employees
- S** Number of company supported charities (if financially supported, min. \$100 per charity)
- G** Number of health and safety non-conformities
- G** Number of LTI
- G** Number of fatalities
- G** Number of fire risk assessments
- G** Number of fire incidents
- G** Number of health and safety audits in the period
- G** Number of training hours in the period
- G** Number of graduates brought in
- G** Number of employee satisfaction surveys
- G** Number of grievances reported by employees
- G** Number of employees who left the organisation
- G** Multiple of CEO (or highest) annual compensation vs. average employee (i.e. non-Senior Mgmt Team) compensation (salary+bonus)
- G** Gender pay gap: % difference between male and female employee performing same role
- G** Number of suppliers audit undertaken
- G** Number of suppliers that have signed up to company's code of conduct

- G** Number of anti-bribery and corruption incidents
- G** Number of employees that undertook anti-bribery and corruption training
- G** Number of regulatory non-compliances
- G** Number of breaches relating to cyber/data protection policies
- G** Number of employees that undertook cybersecurity training
- G** Number of cyber/data security audits undertaken