

SFDR Compliance statement

1. ESG as part of the investment process

HitecVision seeks to identify ESG issues and risks in its pre-investment evaluation and due diligence process, using a pre-investment ESG assessment tool for new investments, supported by an ESG due diligence checklist and questionnaire which must be signed off by management and/or sellers of the target company. The process covers risks related to the environment, climate, working conditions, labour rights, human rights, corruption, money laundering, and more.

All new platform investments and significant add-ons are subject to a compliance review prior to a final investment decision, including ESG compliance. These checks are carried out by the investment team followed by an approval process conducted by the internal compliance function and the Compliance Committee.

ESG issues and risks identified in the pre-investment evaluation and due diligence process form the basis of our subsequent engagement with each portfolio company aimed at managing their ESG risks, thereby reducing the sustainability risks in HitecVision's investments.

2. Principal adverse impacts

HitecVision considers principal adverse impacts of our investment decisions on sustainability factors. This statement provides an overview of the policies on the identification and prioritisation of principal adverse sustainability impacts and a description of the principal adverse impacts and actions taken to reduce such impacts. This statement will be updated to reflect the final requirements for the principal adverse impact statement as this will be set out in the Regulatory Technical Standards, and HitecVision will report principal adverse impacts in accordance with the sustainability indicators when these requirements enter into force.

HitecVision carries out identification and prioritisation of principal adverse sustainability impacts through our investment process, governed by our investment procedures, including the use of ESG assessment tools.

For each portfolio company, we have developed a materiality analysis, ranking each company's most important ESG issues. In creating the materiality matrices we analyse and grade each potential ESG issue based on its importance to a range of stakeholders, and to the company itself. Since we specialise in investments in only one industry and one geography, many issues are common between the companies within each sub-segment, and we have developed a standard set of common materiality factors that helps us pinpoint relevant issues.

Based on the materiality analysis performed in our portfolio companies, the principal adverse sustainability impacts of our investment decisions are environmental impacts, including exposure to fossil fuel industries, greenhouse gas emissions and emissions to the sea; workplace health and safety; and corruption risk. In addition, we consider diversity and inclusion important factors. HitecVision has continuous focus on these sustainability factors, monitoring for adverse impacts, and identifying potential for contributing to reducing these through our investments.

Actions taken post investment are based on two main pillars:

- Ensuring, primarily through the boards of the portfolio companies, that they have the necessary strategies, policies and actions in place; and
- Engaging with them on a continuous basis to help guide their priorities and discuss outcomes.

Where relevant, we implement HitecVision's governance model, including guidelines for the board (which include a requirement that they address ESG issues on a regular basis), and a comprehensive compliance program. We perform training for portfolio company non-executive directors and management, covering our compliance program as well as other ESG and reporting requirements.

We monitor key ESG KPIs across the portfolio, setting targets and measuring improvement across the portfolio as a whole. KPIs include direct and indirect greenhouse gas emissions, revenue and value creation carbon intensity, sick leave, diversity and anti-corruption efforts.

All our portfolio companies are required to report to us on a quarterly basis on ESG issues, based on a comprehensive reporting template. The template features a number of ESG related KPIs. Carbon footprint and greenhouse gas emissions reporting is a mandatory part of this quarterly reporting. The quarterly reporting encourages the portfolio companies to set targets for their ESG efforts and track the outcomes of relevant and material issues.

We ensure a continuous follow-up of ESG issues and reported KPIs in biannual ESG meetings with each portfolio company.

HitecVision is a signatory to the UN Principles for Responsible Investment.

3. Remuneration policies

HitecVision has adopted a remuneration policy in accordance with the AIFMD. Certain employees may be entitled to variable remuneration based on a discretionary assessment. Performance of the employee under our Responsible Investment Policy is an assessment criterion both under award of variable remuneration, and ex-post risk adjustment.

Under the award process, the assessment is discretionary and among other factors based on how the employee integrates sustainability risks into relevant business decisions and the extent to which the employee promotes the firm's objectives and principles relating to ESG and sustainability as set out in our policy and strategy documents.