

Sustainability-related disclosures

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Explore Equity AS

Summary

Explore Equity AS (**Explore**) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement of principal adverse impacts on sustainability factors of Explore.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022.

During this first reference period, Explore has focused on adapting to the new regulations and to assist portfolio companies in implementing processes and procedures to measure and monitor relevant sustainability indicators. There are certain indicators which the portfolio companies have not been able to measure and monitor sufficiently, mainly due to lack of available data and poor data quality. However, Explore has been able to obtain most of the data necessary to report on the mandatory and voluntarily principal adverse impacts indicators. Based on the initial measuring and monitoring conducted in 2022, Explore has established a baseline for the relevant indicators and will, going forward, continue to work with the portfolio companies to increase data availability and quality. In addition, Explore will in particular focus on improving processes and compliance mechanisms and board gender diversity in the portfolio.

Translations of this summary are included in Appendix 1.

Description of the principal adverse impacts on sustainability factors

Adverse sustainability indicator		Metric	Impact 2022	Explanation	Actions taken, actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS – MANDATORY INDICATORS					
Greenhouse gas emissions¹	1. GHG emissions	Scope 1 GHG emissions	126 tCO ₂ e		Explore has obtained knowledge of where GHG

¹ Sources for emission factors applied; DEFRA and Association of Issuing Bodies

					emissions originate and will, going forward, actively work with the portfolio companies to implement actions on how to reduce these emissions.
		Scope 2 GHG emissions	Location-based: 20 tCO ₂ e Market-based: 191 tCO ₂ e		Explore has obtained knowledge of where GHG emissions originate and will, going forward, actively work with the portfolio companies to implement actions on how to reduce these emissions.
		Scope 3 GHG emissions	n.a	Explore has not been able to obtain adequate data to report on this indicator.	Explore encourages each of the portfolio companies to analyse and report their Scope 3 emissions and will focus on establishing new routines to seek to ensure that sufficient data is obtained going forward.
		Total GHG emissions	Location-based: 146 tCO ₂ e Market-based: 317 tCO ₂ e	Includes only Scope 1 and Scope 2 GHG emissions.	

	2. Carbon footprint	Carbon footprint	Location-based: 0.6 tCO2e Market-based: 1.3 tCO2e	Includes only Scope 1 and Scope 2 GHG emissions.	Based on the baseline established in 2022, going forward, Explore will actively work with the portfolio companies to implement plans to reduce the carbon footprint.
	3. GHG intensity of investee companies	GHG intensity of investee companies	Location-based: 1.0 tCO2e Market-based: 1.7 tCO2e	Includes only Scope 1 and Scope 2 GHG emissions.	Based on the baseline established in 2022, going forward, Explore will actively work with the portfolio companies to implement plans to reduce the GHG intensity.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	Explore has no exposure to companies active in the fossil fuel sector.	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	64% (consumption)	The metric is based on data received from 50% of portfolio companies, as the remaining 50% have not provided adequate data. Renewable energy consumption is based on certified renewable electricity (i.e.	Explore will continue to encourage portfolio companies to monitor this indicator on an ongoing basis and seek to enhance share of renewable energy consumption.

				Guarantee of Origin). No portfolio companies are involved in energy production.	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0	None of the portfolio companies generate revenue from a high impact climate sector.	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	No portfolio companies have sites/operations located near biodiversity-sensitive areas.	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	None of the portfolio companies generate emissions to water	
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0	None of the portfolio companies generate hazardous or radioactive waste.	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS – MANDATORY INDICATORS					
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	None of the portfolio companies have been involved in such violations	

	Cooperation and Development (OECD) Guidelines for Multinational Enterprises				
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	25%	One portfolio company currently does not have sufficient policies in place in order to fully satisfy the UNGC principles and the OECD guidelines.	Explore will continue to work with the portfolio companies to ensure that sufficient policies are in place, and in particular focus on the portfolio company currently without such sufficient formalization.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15%	The gender pay gap is mainly due to different company positions. Going forward, Explore will work with the portfolio companies to seek to include more females in both the board and the management of the portfolio companies.	Explore will continue to monitor the development of this indicator.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	15%	Currently, only one of the portfolio companies has female board	Diversity and equality are key areas of Explore's work with the portfolio companies and

				members (50%).	will be a focus area for the next reference period. Explore will seek to influence female board member representation in portfolio companies for the next reference period.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	None of the portfolio companies involved with the manufacture or selling of controversial weapons.	
ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Water, waste and material emissions	9. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006	0%	None of the current portfolio companies produce any chemicals	
ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	0%	All portfolio companies have formalised policies on the protection of whistleblowers.	Explore will continue working with the portfolio companies to ensure sufficient whistleblower protection policies.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Explore's policy to identify and prioritise principal adverse impacts on sustainability factors is anchored in the Sustainable Investment and Ownership Policy, approved by the Board of Directors, as well as other internal policies and procedures. The Sustainable Investment and Ownership Policy was adopted by the Board of Directors in May 2021 and is available on Explore's website.

Prior to initiating a full due diligence process, Explore conducts a high-level evaluation of the target company assessing the company against principal adverse impact indicators. During the due diligence phase, Explore will identify actual and/or potential principal adverse impacts and document the findings. Identified principal adverse impacts are used as an integral part of the background for Explore's investment evaluation and decision made by the Investment Committee.

Explore has developed a qualified process to onboard and enhance existing processes in the portfolio companies to ensure compliance with environmental, social and governance laws and regulations and improved performance on prioritised principal adverse impacts. The transformation program is continuously under review for improvement and will be supplemented by ESG policies to be implemented by all portfolio companies.

Explore obtains data on the principal adverse impact indicators directly from the portfolio companies and the metrics may, to some extent, be subjective and based on judgements. With respect to the indicators of which Explore has not been able to obtain sufficient data, Explore has followed up the relevant portfolio companies closely. Explore has also encouraged the portfolio companies to prioritise, analyse and report on these indicators on an ongoing basis going forward.

In addition to the mandatory principal adverse impact indicators, Explore will report on two additional indicators for adverse impacts that are relevant across Explore's portfolio. Explore has selected the following to additional indicators:

- Investments in companies producing chemicals
- Insufficient whistleblower protection

The additional indicators have been selected based on an assessment of Explore's investment strategy as well as the current portfolio, and the probability of occurrence, as well as the severity, including their potentially irremediable character. Production of chemicals is considered to entail severe risks and be potentially relevant across Explore's investment strategy and is therefore considered relevant to monitor. Whistleblowing protection policies are considered a prerequisite to ensure responsibility and transparency related to employees' well-being. Insufficient whistleblower protection policies may, on the other hand, lead to risks of breaching good governance practice and as well as identifying criticisable conditions of any kind. Explore will continue to assess which indicators that are deemed as most relevant and suitable for the portfolio based on its composition for future reference periods.

Engagement policies

Explore has not implemented engagement policies as set out in Article 3g of Directive 2007/36/EC.

Explore proactively engages with its portfolio companies regarding principal adverse impacts on sustainability factors. This is mainly done through representation on the board and continuous dialogue and engagement with management. Through these engagements, portfolio companies measure and report relevant information with respect to principal adverse impacts affecting their businesses. Due diligence of portfolio companies will be conducted on a regular basis to identify

adverse impacts that require a proactive dialogue with the board and/or management of the company.

References to international standards

Explore is a signatory to the UN Principles for Responsible Investment. Explore expects that its portfolio companies adhere to and comply with the principles in the UN Global Compact, UN’s Universal Declaration of Human Rights and guidelines outlined in the Organization for Economic Co-Operation and Development (OECD) for Multinational Enterprises. The portfolio companies’ adherence to these standards are reviewed as part of Explore’s transformation program and ongoing work with the portfolio companies. Adherence to these principles do not independently ensure alignment with the objectives of the Paris Agreement.

Explore does not currently use a forward-looking climate scenario, which is mainly due to lack of resources necessary to do so.

Version	Date	Scope
1	2 June 2022	First publication of disclosure
2	1 January 2023	Alignment of disclosure with Commission Delegated Regulation (EU) 2022/1288
3	30 June 2023	Alignment of reporting requirements with Commission Delegated Regulation (EU) 2022/1288

Appendix 1 – Translation of summary

Language	Summary
Norwegian	<p>Explore Equity AS (Explore) vurderer de vesentligste negative konsekvensene på bærekraftsfaktorer som følge av sine investeringsbeslutninger. Denne redegjørelsen utgjør den konsoliderte redegjørelsen for Explores vesentligste negative konsekvensene på bærekraftsfaktorer.</p> <p>Denne redegjørelsen om de vesentligste negative konsekvensene på bærekraftsfaktorer omfatter referanseperioden fra 1. januar 2022 til 31. desember 2022.</p> <p>I løpet av denne første referanseperioden har Explore fokusert på å tilpasse seg det nye regelverket og å bistå porteføljeselskaper med å implementere prosesser og prosedyrer for å måle og overvåke relevante bærekraftsindikatorer. Det er visse indikatorer som porteføljeselskapene ikke har vært i stand til å måle og overvåke tilstrekkelig, hovedsakelig på grunn av mangel på tilgjengelig data og dårlig datakvalitet. Imidlertid har Explore vært i stand til å innhente de fleste dataene som er nødvendige for å rapportere på de obligatoriske og frivillige indikatorer for vesentlig negative konsekvenser. Basert på den innledende målingen og overvåkingen utført i 2022, har Explore etablert en referanseverdi for de relevante indikatorene og vil fremover fortsette å jobbe med porteføljeselskapene for å øke datatilgjengeligheten og kvaliteten. I tillegg vil Explore spesielt fokusere på å forbedre prosesser og compliance-mekanismer samt kjønnsbalanse i styrene i porteføljeselskapene.</p>
German	<p>Explore Equity AS (Explore) betrachtet die wesentlichen nachteiligen Auswirkungen seiner Anlageentscheidungen auf Nachhaltigkeitsfaktoren. Die vorliegende Erklärung ist die konsolidierte Erklärung zu den wesentlichen nachteiligen Auswirkungen von Explore auf Nachhaltigkeitsfaktoren.</p> <p>Diese Erklärung zu den wesentlichen nachteiligen Auswirkungen auf Nachhaltigkeitsfaktoren deckt den Referenzzeitraum vom 1. Januar 2022 bis 31. Dezember 2022 ab.</p> <p>In diesem ersten Referenzzeitraum legte Explore den Schwerpunkt auf die Anpassung an die neuen Verordnungen sowie darauf, Portfoliogesellschaften bei der Umsetzung von Prozessen und Verfahrensweisen zur Messung und Überwachung relevanter Nachhaltigkeitsindikatoren zu unterstützen. Bestimmte Indikatoren konnten von den Portfoliogesellschaften nicht ausreichend gemessen und überwacht werden, was hauptsächlich auf die Nichtverfügbarkeit von Daten und eine schlechte Datenqualität zurückzuführen war. Explore konnte jedoch die meisten der erforderlichen Daten für die Berichterstattung zu den Pflicht- und freiwilligen Indikatoren für die wesentlichen nachteiligen Auswirkungen beschaffen. Auf Grundlage der ersten Messung und Überwachung, die 2022 durchgeführt wurde, hat Explore Ausgangswerte für die relevanten Indikatoren festgelegt und wird in Zukunft weiter mit den Portfoliogesellschaften zusammenarbeiten, um die Verfügbarkeit und Qualität von Daten zu verbessern. Darüber hinaus wird Explore insbesondere die Verbesserung von Prozessen und Compliance-Mechanismen sowie der Geschlechterdiversität bei den Vorständen im Portfolio in den Mittelpunkt stellen.</p>

Spanish	<p>Explore Equity AS (Explore) tiene en cuenta los principales efectos adversos de sus decisiones de inversión sobre los factores de sostenibilidad. La presente exposición es la declaración unificada de los principales efectos adversos sobre los factores de sostenibilidad de Explore.</p> <p>La presente declaración sobre los principales efectos adversos en los factores de sostenibilidad abarca el periodo de referencia comprendido entre el 1 de enero de 2022 y el 31 de diciembre de 2022.</p> <p>Durante este primer periodo de referencia, Explore se ha centrado en adaptarse a la nueva normativa y en ayudar a las empresas de su cartera a implantar procesos y procedimientos para medir y supervisar los indicadores de sostenibilidad pertinentes. Hay ciertos indicadores que las empresas de la cartera no han podido medir y supervisar de manera satisfactoria, debido sobre todo a la carencia de información disponible y a la insuficiente calidad de esta. Sin embargo, Explore ha podido obtener la mayoría de los datos necesarios para informar sobre los indicadores obligatorios y voluntarios de los principales impactos adversos. A partir de la medición y el seguimiento iniciales efectuados en 2022, Explore ha establecido una base de referencia para los indicadores pertinentes y, en el futuro, seguirá trabajando con las empresas en cartera para aumentar la disponibilidad y la calidad de los datos. Además, Explore se centrará especialmente en mejorar los procesos y mecanismos de cumplimiento y de diversidad de género en los consejos de administración de la cartera.</p>
French	<p>Explore Equity AS (Explore) tient compte des principaux impacts négatifs de ses décisions d'investissement sur le développement durable. La présente déclaration est une déclaration consolidée des principaux impacts négatifs d'Explore sur le développement durable.</p> <p>La présente déclaration sur les principaux impacts négatifs sur le développement durable couvre la période de référence du 1er janvier 2022 au 31 décembre 2022.</p> <p>Au cours de cette première période de référence, Explore s'est axée sur l'adaptation aux nouvelles réglementations et sur l'assistance aux entreprises du portefeuille dans la mise en œuvre de processus et de procédures visant à mesurer et à assurer le suivi des indicateurs de développement durable pertinents. Les entreprises du portefeuille n'ont pas été à même de mesurer et d'assurer un suivi suffisant pour certains indicateurs, principalement en raison du manque de données disponibles et de la mauvaise qualité des données. Toutefois, Explore a pu obtenir la plupart des données nécessaires pour rendre compte des indicateurs des principaux impacts négatifs obligatoires et facultatifs. Sur la base de la mesure et du suivi initiaux réalisés en 2022, Explore a établi une base de référence pour les indicateurs pertinents et continuera, à l'avenir, à collaborer avec les entreprises du portefeuille en vue d'améliorer la disponibilité et la qualité des données. En outre, Explore entend se concentrer sur l'amélioration des processus et des mécanismes de conformité, ainsi que sur la diversité des genres au sein des conseils d'administration des entreprises de son portefeuille.</p>
Dutch	<p>Explore Equity AS (Explore) houdt rekening met de belangrijkste negatieve effecten van zijn investeringsbeslissingen op duurzaamheidsfactoren. Dit overzicht is het geconsolideerde overzicht van de belangrijkste negatieve effecten op de duurzaamheidsfactoren van Explore.</p>

	<p>Dit overzicht aangaande de belangrijkste negatieve effecten op de duurzaamheidsfactoren heeft betrekking op de referentieperiode van 1 januari 2022 tot 31 december 2022.</p> <p>Tijdens deze eerste referentieperiode heeft Explore zich toegespitst op de aanpassing aan de nieuwe regelgeving en op het bijstaan van de portefeuillebedrijven bij het implementeren van processen en procedures om relevante duurzaamheidsindicatoren te meten en op te volgen. Bepaalde indicatoren werden door de portefeuillebedrijven onvoldoende gemeten en opgevolgd, voornamelijk door gebrek aan beschikbare gegevens en tevens de slechte kwaliteit ervan. Explore is er echter wel in geslaagd om de meeste gegevens te verkrijgen die nodig zijn om verslag uit te brengen over de verplichte en vrijwillige opgenomen nadelige impactindicatoren. Op basis van de eerste metingen en de monitoring in 2022 heeft Explore een uitgangswaarde opgesteld voor de relevante indicatoren en zal in de toekomst blijven samenwerken met de portefeuillebedrijven om de beschikbaarheid en kwaliteit van de gegevens op te drijven. Daarnaast zal Explore zich in het bijzonder toeleggen op het verbeteren van processen en nalevingsmechanismen en van de genderdiversiteit binnen het bestuur van de portefeuille.</p>
Swedish	<p>Explore Equity AS (Explore) reflekterar över de huvudsakliga negativa effekterna av sina investeringsbeslut på hållbarhetsfaktorer. Detta uttalande är den konsoliderade redogörelsen för de viktigaste negativa effekterna på hållbarhetsfaktorer för Explore.</p> <p>Detta uttalande om huvudsakliga negativa effekter på hållbarhetsfaktorer täcker referensperioden från 1 januari 2022 till 31 december 2022.</p> <p>Under denna första referensperiod har Explore fokuserat på att anpassa sig till de nya regelverken och att hjälpa portföljbolag att implementera processer och procedurer för att mäta och övervaka relevanta hållbarhetsindikatorer. Det finns vissa indikatorer som portföljbolagen inte har kunnat mäta och övervaka tillräckligt, främst på grund av brist på tillgänglig data och undermålig datakvalitet. Explore har dock kunnat erhålla de flesta av de uppgifter som är nödvändiga för att rapportera om de obligatoriska och frivilligt huvudsakliga indikatorerna för negativa effekter. Baserat på den initiala mätningen och övervakningen som genomfördes 2022, har Explore etablerat en baslinje för relevanta indikatorer och kommer framgent att fortsätta arbeta med portföljbolagen för att öka datatillgänglighet och kvalitet. Dessutom kommer Explore särskilt fokusera på att förbättra processer och efterlevnadsmekanismer samt styra köns mångfald i portföljen.</p>
Danish	<p>Explore Equity AS (Explore) ser nærmere på de vigtigste negative indvirkninger af sine investeringsbeslutninger på bæredygtighedsfaktorer. Denne redegørelse udgør den konsoliderede redegørelse for Explores væsentligste negative indvirkninger på bæredygtighedsfaktorer.</p> <p>Denne redegørelse for de væsentligste negative indvirkninger på bæredygtighedsfaktorer omfatter referenceperioden fra 1. januar 2022 til 31. december 2022.</p> <p>I denne første referenceperiode har Explore fokuseret på at tilpasse sig de nye regler og på at hjælpe virksomhederne i porteføljen med at implementere processer og procedurer, der kan måle og føre tilsyn med relevante bæredygtighedsindikatorer. Der er visse indikatorer, som virksomhederne i porteføljen ikke har været i stand til at måle og føre tilstrækkeligt tilsyn med, hvilket primært skyldes mangel på tilgængelige data og dårlig datakvalitet. Explore har dog været i stand til at indhente de fleste af de data, der er nødvendige for at aflægge beretning om de obligatoriske og frivillige hovedindikatorer for negative påvirkninger. På grundlag af den indledende måling og</p>

	<p>de tilsyn, der blev gennemført i 2022, har Explore etableret en referenceværdi for de relevante indikatorer og vil fremover fortsætte med at arbejde med virksomhederne i porteføljen for at øge tilgængeligheden og kvaliteten af data. Derudover har Explore for porteføljens vedkommende særlig fokus på at forbedre processer og foranstaltninger angående overholdelse af reglerne samt kønsdiversitet i bestyrelserne.</p>
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