Equip Capital

Sustainability-related disclosures

Introduction

On 10 March 2021, Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (”SFDR”) entered into force in the European Union. According to the SFDR, alternative investment fund managers are required to provide information to investors with regards to the promotion of environmental or social characteristics and sustainable investments, sustainability risk policies, adverse sustainability impacts and report on indicators related to the adverse sustainability impacts.

Equip Capital AS (“Equip”) is a Norwegian limited company authorized by the Financial Supervisory Authority of Norway (Finanstilsynet) as an alternative investment fund manager. Equip is the alternative investment fund manager for funds registered in both Luxembourg and Norway.

Equip has as its mission to build better companies – for shareholders, employees, customers, and society. Equip is a signatory of the Principles for Responsible Investment as instituted by the United Nations (“UN PRI”). Equip strives to be the best owner for companies and is strongly committed to raise ESG standards during the ownership period, but also to bring the sustainability perspective into our investment analysis and decision-making processes.

This disclosure describes how Equip integrates sustainability risks at entity level. Information on how sustainability risks are integrated at product level, pursuant to Article 6 of SFDR, will be provided to potential investors prior to investment. In accordance with Article 10 of SFDR, the website disclosures for funds managed by Equip are also available here: www.equip.no/responsibility.

Equip’s annual ESG report is also publicly available on www.equip.no/responsibility, which, among other things, reports on identified sustainability risks including with respect to the environmental, social and governance factors detailed as detailed below, as well as actions taken to address these risks through the comprehensive risk framework and KPI monitoring throughout the ownership period of each portfolio company..

Sustainability risk in investment decisions (Article 3)

Sustainability risk is defined as “an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment” in Article 2 (22) of SFDR.

As a signatory to UN PRI, Equip is committed to incorporating ESG considerations into our investment analysis and decision making process. To act on our mission to build better companies and create value for all stakeholders, it is thus key to identify any potential risks that could have a material negative impact on the value of our portfolio.

Sustainability is a key part of Equip’s investment policy which is systematically applied across all investment and ownership activities. Already at the deal sourcing stage, Equip seeks to identify sustainability risk and opportunities in its initial screening phase by applying the proprietary Early Deal Assessment Tool and ESG Assessment Tool. These tools allow us to apply a screening to identify negative ESG characteristics and ensure that the target has implemented adequate action to address any material sustainability risks identified, or has the potential to do so through our active ownership approach.

The Equip ESG Assessment Tool is an integral part of the due diligence of a potential investment. The ESG Assessment Tool is a standardized and comprehensive questionnaire based on the guidelines from Invest Europe, and aims to assess the extent to which a company is exposed to sustainability risks and how effectively the company manages such risks through its ESG policies and practices. The tool includes c. 90 questions in total asked on business level, covering potential sustainability risks related to environmental, social and governance aspects of the business,, including in relation to, inter alia, climate change, emissions, working conditions, employee matters, respect for human rights, anti-corruption and anti-bribery. The questionnaire is typically completed with large involvement from the target company’s management team, which allows for identification and assessment of material sustainability risks and specific discussions on how such risks can be mitigated throughout the acquisition process and ownership period.

The questionnaire will also assist with the identification of potential issues that might require a more detailed technical assessment, as well as opportunities to enhance value and mitigate risks. Based on the output of the tool, Equip considers where deep dive(s) are necessary and whether external resources are required for further investigation.

The tools also allow us to apply negative screening to ensure that no investments conflict with the exclusions in Equip’s Investment Policy. The Investment Policy outlines several activities that could have negative ESG characteristics, including, but not limited to, coal, weapons, firearms and ammunition, nuclear power, companies targeting criminal activities such as money laundering, financing of terrorism, or tax crime, tobacco, drugs, genetic engineering, corruption, animal testing, casinos, internet gambling, pornography, and illegal data access and use.

The investment committee will have a first review and assessment of the opportunity at the deal sourcing stage, and if approved by the General Partner, a more thorough due diligence process is completed to identify material risks associated with the potential investment, including any sustainability risks. During this phase, Equip will also screen any key people and shareholder in a potential portfolio investment against EU, UN and OFAC sanctions lists before entering business relationships or presenting an investment proposal to the General Partner.

During the due diligence, external risks related to for instance market, politics and macroeconomic factors and internal risks related to for instance financials aspects of the company, human resources, operational risk in the business model and legal compliance are identified and considered.

Equip has established a comprehensive risk framework which seeks to identify and assess all risks for a given investment opportunity. The results from the due diligence and ESG Assessment Tool are fed into our risk framework, allowing us to identify both the impact and the probability for all significant risks. Environmental, social and governance aspect as detailed above, are some of the core risks to be assessed. Based on the assessment, KPIs are established to monitor the risks throughout the ownership period of each portfolio company.

The results of the due diligence are reviewed and assessed by both the investment committee and the compliance committee (consisting of the managing partner, CFO and an external legal representative) before any investment proposal is made to the General Partner, which is responsible for all investment decisions. If material risks, including sustainability risks, related to an investment cannot be satisfactorily resolved or are deemed unacceptable by Equip, Equip will abstain from the potential investment.

Equip also engage with the portfolio companies to develop plans on how to manage, monitor and report on physical climate risks. Identifying and analysing risk and capturing opportunities related to climate change is therefore an integral part of both the due diligence conducted during the acquisition phase and the ongoing risk monitoring and strategy discussions at the board level by all portfolio companies. Each portfolio company must report on its climate change risks and opportunities and the potential financial impacts and relevant mitigating actions.

All portfolio companies report quarterly to Equip on sustainability indicators such as activities negatively affecting biodiversity-sensitive areas, emissions to water, amount of hazardous waste, gender balance, gender pay gap, sick leave, work-related injuries and/or accidents as well as whether the companies have been involved in violations of the UN Global Compact principles or OECD Guidelines for Multinational Enterprises. This data is used to continuously assess and monitor sustainability risks across the portfolio. The companies also report quarterly on company-specific sustainability indicators aligned with their respective business model, risks, and opportunities.

Data for calculating carbon emissions across scope 1, 2 and 3, as well as the share of renewable energy consumption, are currently reported and calculated annually through the third-party software Normative and verified by a dedicated climate advisor, who will also recommend actions with the highest impact to reducing emissions. Annual insight sessions are held between the ESG responsible at each portfolio company and the dedicated climate strategy advisor from Normative, with the Equip investment team and the Equip CFO and Controller also participating in the discussions to set the focus on material carbon-related risks and opportunities.

After making an investment, an onboarding pack with a set of best practice templates is implemented and adopted by the board of directors in the relevant portfolio company. The Equip onboarding pack contains templates for ESG policy, ethical guidelines (Code of Conduct), anti-corruption policy and whistleblowing procedures.

Equip's CFO is responsible for the company's risk management, compliance and sustainability functions. Equip has implemented comprehensive and systematic processes for monitoring ongoing sustainability risk during the ownership period, including regular board oversight, quarterly ESG KPI tracking, annual carbon reporting, dedicated ESG compliance officers at each portfolio company, and regular reviews by Equip's CFO and Controller. Each investment team, typically consisting of a lead partner and one or two investment professionals, is responsible for conducting sustainability risk assessments during due diligence and monitoring portfolio companies throughout the ownership period.

Date	Version	Amendment
3 June 2021	1	Publication of disclosure
23 December 2021	2	Updated to include Equip Capital Fund II SCSp, and to reflect Equip Capital AS as an AIFM licensed by the Norwegian Financial Supervisory Authority
12 January 2023	3	Split of Article 3, 4 and 5 disclosures into separate documents. Updated main heading and heading for Article 3 disclosures
24 June 2025	4	Updated to include new funds under management
15 December 2025	5	Updated to reflect a more detailed description of the sustainability integration, in line with new expectations published by the Norwegian Financial Supervisory Authority