



Sustainability Report 2024

www.klavenessmarine.com

Table of contents

Introduction from our CEO	3
2024 at a glance	5
Disclaimer	6
Company structure	7
Materiality and key priority areas	8
Our approach to sustainability	9
Exclusion policy	10
New Energy measures and metrics	11
Finance measures and metrics	14
Real Estate measures and metrics	17
Maritime measures and metrics	20
UN Global Compact Communication on progress	23
Work and reporting on UN Global Compact	24



Introduction from the CEO

Dear reader,

I am pleased to share with you our 2024 Sustainability Report, highlighting our dedication to responsible investments and our continued efforts to help create a more sustainable future.

In recent years, the world has experienced significant setbacks in sustainability efforts. Deforestation continues at alarming rates, global carbon emissions remain high, and biodiversity loss is accelerating. Plastic pollution worsens despite global awareness, while climate action stalls in many regions due to geopolitical tensions. Economic priorities often overshadow environmental commitments, delaying meaningful progress. Notably, 2024 marked the first year in which the global average temperature exceeded 1.5°C above pre-industrial levels—a critical threshold scientists hoped to avoid.

On a more positive note, 2024 also saw the signing of a global agreement to phase out coal at COP29 in Baku. Other encouraging developments include major advancements in energy storage technology, record growth in renewable energy, and Brazil's progress in reducing deforestation.

This year, we aligned our overarching climate goal with the EU's target of achieving climate neutrality by 2050. While accurately measuring greenhouse gas emissions remains a challenge, the process is expected to become easier over time as more companies are required to report their emissions.

Curiosity and an understanding of humanity's impact on nature are essential to driving the motivation to act and contribute to this collective effort to safeguard our planet for future generations. I would therefore like to express my gratitude to those who have shown interest in our sustainability report.



Sincerely,

Carl Arnold Johansen
Chief Executive Officer

Klaveness Marine

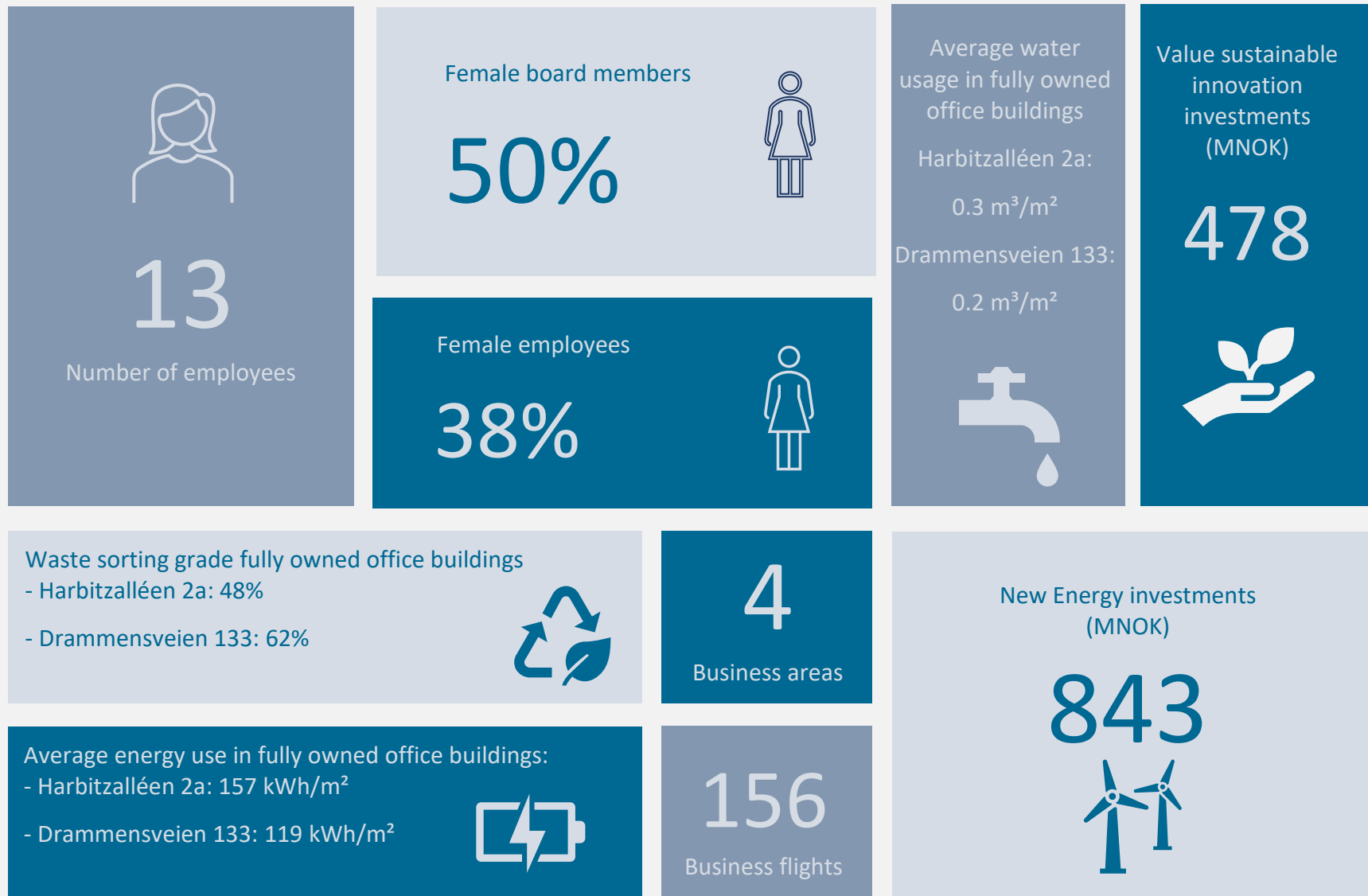
“Our aim is to be an investor that enables and supports our investments in their work towards a more sustainable trajectory”

Foto: Anne Valeur / Pudder Agency



Foto: Anne Valeur / Pudder Agency

Some key figures 2024



Disclaimer

2024 is our fourth year of creating and publishing a sustainability report at company level and our third year of publishing data on a portfolio level. Our goal is to release new reports annually to demonstrate our progress in meeting our sustainability goals.

However, as regulations and expectations regarding sustainability reporting continue to evolve, our methods and metrics may also change over time. We will strive to provide transparent data that can be compared year-over-year, as sustainability data becomes more and more accessible for our investments. Our guiding principle in all the goals we set will be to contribute to the world's achievement of Net Zero emissions by 2050.

The data in this report reflect our sustainability performance as of December 31, 2024. All information is collected through annual reports from our investments and partners, suppliers of sustainability data (Morningstar), as well as meetings and correspondence with the management and sustainability officials of our investments.

While we have not been able to collect sustainability data for all our investments, we see that more and more firms and funds are reporting on sustainability. This will make it easier going forward to establish rating criteria and compare sustainability measures across different investments.

If you have questions regarding any information laid out in this report, you are welcome to contact us. For contact information go to <https://klavenessmarine.com>

Company structure – integrating sustainability

Within the administration, top management and our sustainability coordinator have been assigned a particular responsibility for monitoring climate-related risks and opportunities relevant to the company's activities in 2024.

Klaveness Marine Holding AS is a privately owned limited company registered in Oslo, Norway and owned by the Klaveness family. The board of Klaveness Marine consists of three family members and three externally elected board members.

Every year, the board carries out a strategic review, building on the vision for the company. The board then decides on KM's overall objectives and corporate strategy.

The administration is responsible for adopting the strategy and to report back on its progress and implementation.

In the corporate strategy, sustainability is defined as a key priority area. Reporting to the board on ESG-related risks and opportunities is carried out through written communication, as integral parts of portfolio presentations and as part of dedicated ESG-presentations at board meetings.



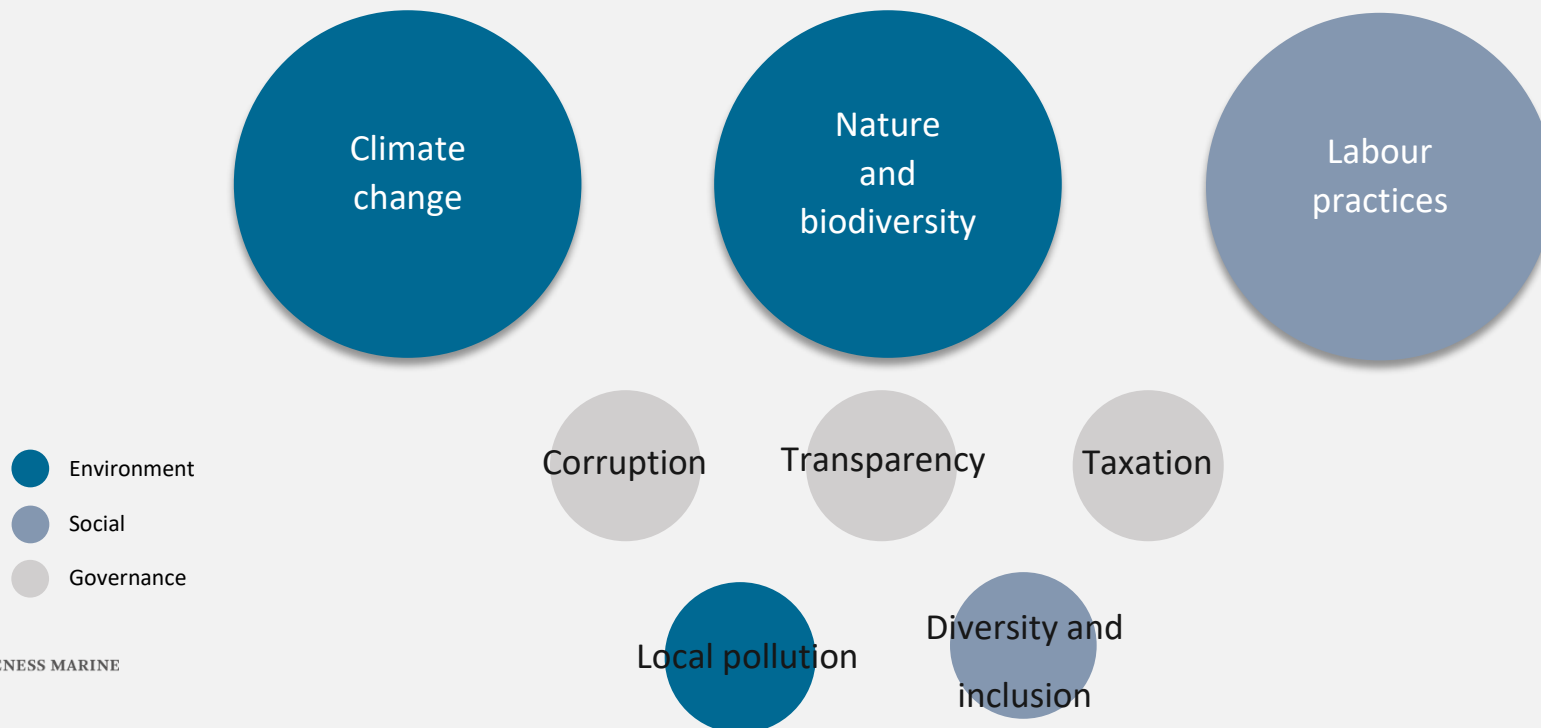
Foto: Anne Valeur / Pudder Agency

Materiality and key priority areas

Materiality recognizes that non-financial information is important in assisting investors in making sustainable investment decisions. In the spring of 2021, we conducted our first ESG materiality assessment. Following this, we identified and prioritized key sustainability areas that are both material to KM's activities and, in our view, essential for the harmonization of the triple bottom line: people, planet and profit. Parts of this strategy has since been reviewed in 2024.

The priority areas are reflected in the ESG-analysis we conduct on all new investments. Our ESG-analysis for all new investments evaluates the positive and negative impact of a company's products and operations on key priority areas. The ESG analysis framework may differ across the portfolios, and the weighting assigned to each priority area can vary from one assessment to another. Some assessments may place greater emphasis on climate change impact, while others may focus more on nature and biodiversity or labor practices.

Our overall goal regarding climate change, is Net Zero within 2050 for our portfolio of investments. Within 2035, a maximum of 10% of our overall portfolio shall be exposed to fossil fuels, where we define fossil exposure as the extent to which an investment relies on or is involved in fossil fuels such as oil, coal, and natural gas. For all practical purposes, this means that we cannot invest directly in exploration, mining and extraction of fossil fuels.



Our approach to sustainability

As a family office, our primary objective is long-term value creation for generations to come. This makes us uniquely well situated to align our portfolios with goals for a more sustainable future. Our sustainability investment framework consists of three core pillars.



Negative screening

We have created an exclusion policy based on the Norwegian Sovereign Wealth Fund's exclusion list, but with further exclusion criteria for fossil fuels, fast fashion and companies negatively affecting biodiversity-sensitive areas. We differentiate between direct and fund investments and enforce a stricter exclusion policy for direct investments where we have more insight and control over each holding.



ESG-assessments

We base our ESG-assessments on information gathered from the company's annual reports, meetings and communication with company officials, and Morningstar published data. Our goal is to make our research process as comprehensive as possible in depth and coverage. However, with limited time and resources we prioritize ESG-data regarding our three key priority areas when doing assessments.



Impact investing

Our impact focus seeks to channel capital towards businesses contributing substantially to one or more of the UN Sustainable Development goals, without negatively affecting other goals. In addition, we consider EU taxonomy-alignment a relevant impact metric for our portfolios, given its indispensability in delivering EU climate targets.

While we do align all new investments with our sustainability ambitions, we recognize the need to phase out some of our existing positions. In addition, due to rapid expansion of the ESG-universe, we will review, and if necessary, adjust, our metrics and targets on an annual basis in an effort to stay up to date with current developments and regulations.

Exclusion policy

All of KM's investments shall follow the Norwegian Sovereign Wealth Fund's list for the observation and exclusion of companies. In addition, we shall adhere to the below exclusion criteria for new investments. We shall also carefully plan a responsible de-integration of current holdings that are not in accordance with the following:

We will not invest in funds where

- more than 10% of the fund is invested in companies whose activities negatively affect biodiversity-sensitive areas.*
- more than 5% of the fund is invested in companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.

We will not invest directly in companies generating more than 5% of their revenue from

- the issuance of consumer loans
- the production or distribution of adult entertainment
- activities involving gambling or betting
- the sale of "fast fashion" clothing
- the extraction or production of palm oil
- private and commercial aviation
- activities negatively affecting biodiversity-sensitive areas*
- activities violating the UNGC principles or OECD Guidelines for Multinational Enterprises

**'biodiversity-sensitive areas means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas ('KBAs'), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139.*

New Energy Sustainability Measures

Negative screening

1. The following criteria applies to the New Energy portfolio's direct investments:
 - More than 75% of average CAPEX for the current and two following years must stem from activities with a clear link to renewable energy/decarbonization technology, or
 - More than 50% of average income from the last three years must stem from activities with a clear link to renewable energy
2. A maximum of 20% of the total New Energy portfolio can be exempt from the above criteria in order to enable investments in transition cases. The following criteria must be met for all transition cases:
 - <0,1% of the company's income stem from oil sand, shale oil and shale gas.
 - The company has a clear and quantifiable transition plan to the low carbon economy.

Monitoring

1. We will check and evaluate reporting on negative impacts on biodiversity in accordance with SFDR PAI no. 7, Table 1 and PAI no 14 and 15, Table 2.
2. We will check and evaluate reporting on negative impacts on land degradation, soil sealing and desertification for all investments in accordance with PAI no 10, Table 2.

Positive screening

1. The portfolio shall be invested in Article 8 and 9 funds, with an ambition of holding mostly Article 9 funds.
2. We will evaluate our investments according to the EU Taxonomy.



Sustainability efforts in portfolio

Enabling the energy transition

Our New Energy portfolio is designed to capitalize on opportunities presented by the energy transition. Investments are particularly focused towards generation and storage of sustainable energy and the electrification and efficiency of energy demand.

We have a diverse portfolio of investments in various fund vehicles, big public companies and small start-ups, as we think the energy transition will need both new innovations and significant shifts in attention and consciousness from large corporates. As of 31.12.24 non-listed companies account for 23% of the New Energy portfolio. In 2024 Kyoto Group, a Norwegian listed technology company utilizing molten salt in energy storage for industrial clients, was taken private by the Danish private equity investor Glentra. Together with the two largest shareholders Iberdrola and Spirax Sarco, we chose to continue to support the company by rolling our investment forward in the private structure together with Glentra and the two other owners.

We believe that real impact requires widespread adoption in the business

world and we acknowledge that traditional energy companies have some of the largest opportunities for reducing carbon emissions. As such, we dedicate a proportion of the New Energy portfolio to investments in energy companies currently transitioning to greener operations, so called “transition cases”.







Renewables and nature

Accelerating the expansion of renewable energy supply is essential for reducing greenhouse gas emissions, but clean energy sources can also have other negative environmental impacts, such as on land and wildlife preservation.

Solar and wind farms can have an impact on biodiversity by harming and displacing wildlife, creating noise pollution, hitting birds and other secondary effects. They also take up much more land than coal or nuclear plants.

Understanding the total actual effect an investment has on environment is not easy. The SFDR regulation has however made monitoring a bit easier, as we can track the progress and status of our sustainability efforts through PAI KPIs for some of our investments. As more market participants start reporting on SFDR, the quality of the data will improve further.

New Energy Sustainability Metrics

	PAI Carbon Footprint Scope 1, 2 & 3 CO2 Tonnes Per EURm Invested	155 ¹
	PAI Carbon Intensity Scope 1, 2 & 3 EURm in Revenue	361 ²
	PAI Negative Effect on Biodiversity % of Covered Portfolio Involved (listed funds, capital-weighted)	3.2%
	PAI Activities Negatively affecting Biodiversity Areas	None ²
	PAI Ungc Principles/OECD Guidelines Violations % of Eligible Portfolio Involved (listed funds, capital-weighted)	0%
	Share of portfolio investments with a UN Global Compact membership	31% ²
	Share of Article 9 funds in Portfolio	11%
	Transition cases (capital-weighted)	7%

¹ Listed and private funds. 50% of funds have reported. The number is capital-weighted. PAI stands for Principle Adverse Impact.

² This number is relevant for the companies in our portfolio, and 33% of the companies have reported. The number is capital-weighted.

Finance Sustainability Measures

Negative screening

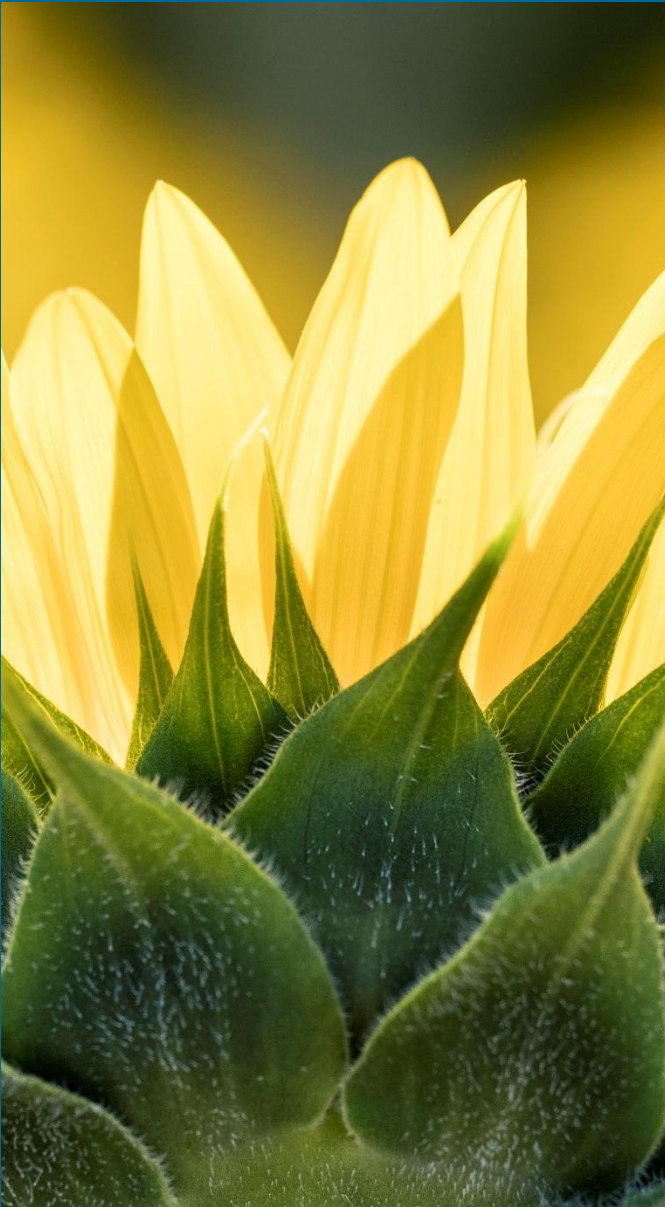
1. The financial investments portfolio follows KM's Exclusion Policy. We strive to implement KM's extended criteria for all direct investments. These extended exclusion criteria apply to investments involved in:
 - The production or distribution of adult entertainment
 - Activities involving gambling or betting
 - The issuance of consumer loans
 - Private and commercial aviation
 - The production and sale of "fast fashion" clothing
 - The extraction or production of palm oil
 - Activities negatively affecting biodiversity-sensitive areas
 - Activities violating the UNGC principles of OECD Guidelines for Multinational Enterprises

In addition, we will engage with portfolio managers in all our funds and encourage them to follow same exclusions if possible.

Positive screening

1. 10% of the financial investment portfolio shall be invested in companies or funds classified as impact investments.
 - Funds in this category must be either Article 8 or 9 funds, and they must have a clear sustainable investment strategy which targets companies contributing to the UN Sustainable Development Goals.
 - Companies in this category must generate >50% of their income from activities which contribute to the UN Sustainable Development Goals.
2. By 31.12.2025, 5% of our portfolio shall be aligned with the EU taxonomy. We will, however, conduct a review to assess whether this is a suitable in 2025, as rules and reporting standards are under constant revisions. By 31.12.2030, 10% of the portfolio shall be aligned with the EU Taxonomy.
3. By 31.12.2030, the carbon intensity of the portfolio (Scope 1,2 &3) shall be reduced by 40% compared to 2023 levels.

We engage with all investees on matters of sustainability and conduct an annual review of the fund or company's ESG-profile.



Sustainability in the Finance portfolio

In 2024 we shifted the criteria with regards to negative screening on fossil fuels, and we opened up for investments in companies contributing to the production of fossil fuels in the Finance portfolio. Going forward we will instead measure the total exposure towards investments exposed to fossil fuels on KM as a whole. This makes sense as the world still depends on fossil fuels and energy security had a heightened focus in our society. This also opens up for us to invest in mutual funds in our home market on Oslo Børs.








As the world has entered a more uncertain period with regards to geopolitics and energy security it is important that we still focus on transition from fossil fuels towards renewables, but still this transition needs to happen at the right pace and with the right economic framework.

Even though parts of the market has reversed its focus on sustainability we still believe this is an important topic to follow up with our external fund managers.

Impact allocation

It is our ambition to always hold at least 10% impact investments in the Finance portfolio. As of 31.12.2024, 14% of the portfolio is defined as impact investments, mainly consisting of private equity and venture funds, credit funds. In 2024 we committed new capital to the a private equity fund investing in companies that work on sustainability improvements in the seafood sector.

Finance Sustainability Metrics

	PAI Carbon Footprint Scope 1, 2 & 3 CO2 Tonnes Per EURm Invested	396 ¹
	PAI Negative Effect on Biodiversity % of Covered Portfolio Involved	2.0% ¹
	Share of our listed funds with reported PAIs in Morningstar (data per May 2024)	81%
	PAI UNGC Principles/OECD Guidelines Violations % of Eligible Portfolio Involved	0.2% ¹
	Share of portfolio investments with a UN Global Compact membership	38%
	Impact investments (all funds, capital-weighted)	14%
	Investments that do not align with strategy	2 ²

¹ Listed funds, and capital-weighted.

² When publishing this report, we hold in total 2 indexes that do not align with the exclusion policy regarding violations of the UNGC principles or OECD Guidelines. These are all emerging markets equity funds, whereof one is a passive MSCI index fund, and the other is an active equity fund investing in Asia. We have replaced the active fund in the beginning of 2025, and we are looking for alternative funds with similar exposure as the emerging markets index. We do not make any new investments with breaches, and all new investments made after 01.06.2022 are in line with the exclusion policy.

Real Estate Sustainability Measures

Cash-generating portfolio:

1. All fully owned office buildings shall be BREEAM-certified, with a level of Good or above. We will work to further improve the ESG-profile of our portfolio.
2. We will use low-carbon or certified materials and products for renovations in fully owned buildings where this is considered possible from a cost-benefit perspective.
3. We shall carry out energy efficiency analysis periodically in all properties within the cash-generating portfolio.
4. By the end of 2025, we shall have identified and implemented measures to improve energy efficiency in buildings within the cash-generating portfolio.
5. By the end of 2024, we will review the potential for local energy production, surface water management, biodiversity or recreational areas on the roofs of all buildings in the cash generating portfolio. By 2030, we will ensure that all properties considered «suitable» for responsible roof utilization have the necessary installments to do so.

Development portfolio:

1. All our newbuilds and large renovation projects shall qualify for green bank financing.

We are committed to following the Norwegian Green Building Council's recommended immediate measures 1-20 for all fully owned properties. We will also encourage our partners in our partially owned project companies to do the same. We have also implemented signatory status to the immediate measures 1-10 of the Norwegian Green Building Council as a condition for new investments with current and future partners. During the strategy period running up to 2030, we shall take part in at least one project aimed at fueling sustainable innovation in the real estate sector. This could for example include a development project using extensive amounts of reused or recycled materials in the construction process.

Sustainability efforts in portfolio

We believe increasing energy efficiency in our buildings is the most pressing matter to address and improve, and we have improved this further in 2024. We own a diverse portfolio of commercial, residential, and retail properties in both Norway, Sweden and Denmark, and as a result of our diverse portfolio, the energy efficiency naturally varies. Our goal is therefore to implement customized measures tailored each property. To achieve this, we periodically perform energy efficiency analysis (ENØK) for our properties. We also implement measures to improve energy efficiency based on the analysis performed.

We have installed solar panels on our fully owned building in Drammensveien 133, and have investigated the possibility to install solar panels also in other projects. For our fully owned properties, we have guarantees of origin for the energy use, meaning that the energy used comes from sustainable production in Norway. We have also installed LED lights in many buildings over the past year, and the work is ongoing.

Learning and improvement

Our approach includes gaining in-house experience with smaller-scale projects in our fully owned buildings and advocating the same initiatives in the board rooms of our much larger portfolio of partly owned properties. We also seek investment partners with complementary competence





and strategies that align with our sustainability ambitions. We are constantly seeking knowledge from partners and other real estate companies on sustainable measures in their portfolios, for inspiration and potential implementation in our own portfolio.

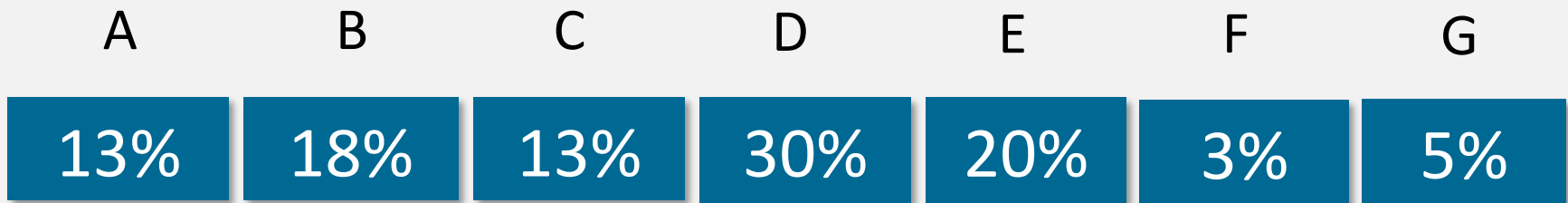
Development Projects

In development projects, we heavily rely on partners with extensive expertise in property construction and development. Out of yearly emissions from our sector, 70% comes from newbuild-activities. Therefore we only engage in development projects with partners who possess strong competence and high ambitions regarding sustainability.



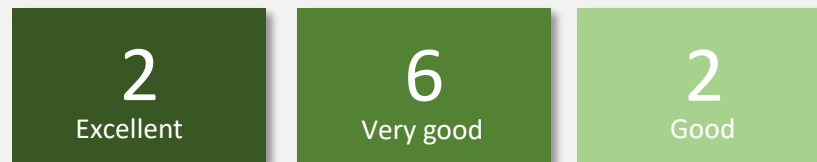
Real Estate Sustainability Metrics

	Partners who have signed the Green Building Council's immediate actions	100%
	BREEAM certified buildings	10
	Use of rooftops	4 buildings
	Energy produced from solar panels in fully owned building 2024	18 620 kWh



*Energy efficiency classification

BREEAM®



Maritime Sustainability Measures

Existing portfolio:

1. By 2030, the carbon intensity of the maritime portfolio shall be reduced compared to 2023 levels. The level of reduction is yet to be concluded.
2. By 2025, at least 25% of the ships in the portfolio are to comply with the EU taxonomy sub-criteria stating that vessels must have an attained Energy Efficiency Design Index (EEDI) value 10% below the EEDI requirements applicable on 1 April 2022.
3. By 2030, we shall be invested in/have been invested in at least one ship capable of running on zero direct (tailpipe) CO2 emission fuels or on fuel from renewable sources.

New Investments:

1. All new investments will be in ships with a Carbon Intensity Indicator rating of C or above.
2. All new investments in new-builds will be in “zero-emission ready” vessels.

We will prefer partners and suppliers in the maritime value chain that comply with our Maritime Investment Criteria. We will implement compliance with these criteria as a requirement for all existing and new investments.

During the strategy period running up to 2030, we shall take part in at least one project (newbuild or retrofitting) which meets the standards of maritime green bank loans.



Sustainability efforts in portfolio

Exploring our potential

While ships are considered the most energy-efficient way of moving internationally traded goods, the magnitude of the maritime transport means that the shipping sector has a significant impact on global emissions. The sector also faces other sustainability challenges such as workers rights, safety, marine pollution, and local air pollution. Our partners therefore have to comply with our Maritime Investment Criterias, addressing these kinds of matters.

In 2024, we have increased our focus on fuel efficiency and general sustainability in our portfolio.

We have held multiple meetings with shipowners to explore potential investments in zero emission vessels, but we have not yet finalized any such investments due to uncertainties regarding time charter coverage. We have also increased our exposure in companies with ammonia ready vessels with LNG dual-fuel engines.

Supporting collaboration

We are proud members of the Norwegian Green Shipping Programme, a public-private partnership which provides a collaborative platform for the establishment of the world's most energy-efficient and environmentally friendly shipping. We believe that one of the most efficient ways for us to support the transition of the maritime industry is to connect with likeminded peers and collaborate with partners with strong environmental ambitions.

Maritime Sustainability metrics

	Share of portfolio with EEDI value 10% below EEDI requirement	92% ¹
	"Zero emission ready" vessels (capital-weighted)	3%
	Partners who comply with our Maritime investment criteria	100% ²
	Average Annual Emissions Ratio (AER)	7.2 ³
	Average Carbon Intensity Indicator rating (CII)	C ⁴
	Direct investments in vessels dedicated to the transportation of fossil fuels (capital-weighted, all investments)	61%

¹ 84% of relevant investments have reported numbers or are relevant to measure, capital-weighted. ² Our partners are defined as PMF Maritime Fund, Knutsen Group and Tailwind.

³ 76% of relevant investments have reported numbers, capital-weighted. ⁴ 87% of relevant investments have reported letter, capital-weighted.

A significant portion of our maritime investments consists of LNG vessels, which are commonly regarded as a preferable alternative to conventional oil, but that still emits CO₂ and contributes to climate change. However, due to the increased significance of LNG imports to Europe, particularly Germany, following the Russian attack on Ukraine, LNG vessels will still be an important part of our fleet for the next few years. Nevertheless, it is still our long-term goal to decrease this part of our portfolio and increase the part that is in line with the net zero future.

UN Global Compact (UNGC)

Communication on progress Report 2024/2025



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Klaveness Marine has been a member of the UNGC and signatories to their Ten Principles for Corporate Sustainability since 2021. In this annual Communication on Progress (CoP), we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. The four areas included in this CoP are human rights, labour, environment, and anti-corruption.

Human rights

We expect all our investee companies to integrate human rights into their policies, corporate strategy, risk management and reporting. In addition, we have specifically included the UN Declaration of Human Rights as part of our Maritime Investment Criteria. In 2022, we committed to our exclusion policy, which includes companies involved in violations of human rights. We have also included all companies producing or selling “fast fashion” in the exclusions, given the industry’s historically high human cost and the continued high risk of human rights violations in the supply chain.

Labour

It is our ambition to engage with all investee companies on matters such as living wages, diversity, and worker health and safety. In 2022 we began doing ESG-assessments of all current investments where we also investigate the companies labour policies. We use these assessments when engaging with investee companies, and we divest from companies who do not show willingness to discuss and improve these subjects with us.

Environment










KM has increased its efforts to protect the environment in 2024. Following the integration of emission and biodiversity objectives in all our portfolios, we evaluate the environmental impact of all investments. Within our ESG assessments,

we analyze the influence of each company on climate change and biodiversity while identifying areas of improvement. In the coming years we plan to engage further with all our investee companies on their goals and ambitions to decrease their environmental footprint. We have also aligned our overall goal on emissions with amongst others the EU, and set a target for Net Zero by 2050.

Anti-corruption

In KM, we have a zero-tolerance policy for corruption, bribery, and extortion, and we work to promote ethical business practices through all our investments. Following the Norwegian Sovereign Wealth Fund’s exclusion list, we will not invest in any companies marked as involved in gross corruption of any kind.

KM's work and reporting on the UNGC Principles

UNGC Principle	Description of implementation and outcomes	UN SDGs
Human rights <ul style="list-style-type: none"> Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights Principle 2: make sure that they are not complicit in human rights abuses 	<ul style="list-style-type: none"> KMs exclusion policy, p. 10 Communication on progress Report, p. 23 	 
Labour <ul style="list-style-type: none"> 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 labour Principle 5: The effective abolition of child labour and Principle 6: The elimination of discrimination in respect of employment and occupation 	<ul style="list-style-type: none"> KMs exclusion policy, p. 10 Communication on progress Report, p. 23 	  
Environment <ul style="list-style-type: none"> Principle 7: Businesses should support a precautionary approach to environmental challenges Principle 8: Undertake initiatives to promote greater environmental responsibility Principle 9: Encourage the development and diffusion of environmentally friendly technologies 	<ul style="list-style-type: none"> KMs exclusion policy, p.10 KMs business areas measures and metrics, p. 11-22 Communication on progress report, p. 23 	   
Anti-Corruption <ul style="list-style-type: none"> Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. 	<ul style="list-style-type: none"> KMs exclusion policy, p. 10 Communication on progress report, p. 23 	