

SFDR Article 3

Transparency of sustainability risk policies

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Pursuant to Art. 3 of Regulation (EU) 2019/2088, financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process.

Havn believes that ESG is not just about compliance and risk management, but that it is also a strategic necessity for companies seeking to create long-term value and generate sustainable growth. This is particularly pertinent for private equity, a long-hold asset class, known for its extended investment horizons compared to other asset classes. This extended holding period mandates a comprehensive understanding of all material ESG risks and opportunities. Failure to do so could result in materialisation of risks during the holding period or negatively impacted exit prospects.

By integrating sustainability risks into our decision-making process, we seek to identify companies that are not only financially sound but also demonstrate strong environmental, social, and governance practices. This approach aligns with our core values and helps us to identify companies that are well-positioned for growth and success.

Sustainability is holistically integrated into Havn's strategy, from identifying investment opportunities to setting companies up for success long after our ownership period.

In the initial screening phase, Havn implement early exclusions based on a pre-defined list of excluded sectors. We then perform a high-level desktop review using an ESG checklist for initial red flags. These are in line with the SFDR's Principal Adverse Impacts ("PAI")¹, as well as other ESG KPIs bespoke to Havn.

Every investment that Havn makes will have to meet both financial and elevated impact criteria, with our definition of impact being meaningful CO₂e avoidance potential, quantified through the use of the emissions quantification platform MoreScope.

PAI risks are considered in the pre-investment process. Some indicators are material by nature, so exposure will render the investment incompatible with Havn investment, whereas other PAI indicators form part of a materiality assessment to understand whether any exposure is compatible with sustainable investment. As the investment process progresses, a pro-forma PAI table will be completed at the confirmative due diligence ("DD") stage.

Havn also leverage the International Sustainability Standards Board ("ISSB") inaugural IFRS Sustainability Disclosure Standards that were issued in June 2023. These two IFRS Sustainability Disclosure Standard have application guidance on identifying sustainability-related risks, opportunities and material information.

As part of our investment process, all potential Havn investments undergo rigorous third-party DD, including mandatory expert ESG assessments designed to identify adverse sustainability impacts and indicators. This comprehensive DD evaluates potential investments from an ESG management perspective, addressing both risks and opportunities. Havn also employ other diverse methods to identify sustainability risks prior to investment: management interviews, industry research, track record review, environmental and HR data analysis, and organisational/strategic assessments. Havn prioritise addressing material ESG risks prior to investment completion or within the 100-day plan. Value-linked ESG development opportunities are integrated into Havn's ongoing stewardship phase.

¹ Principal adverse impacts, according to the (EU) Sustainable Finance Disclosure Regulation ('SFDR'), are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.