

Sustainability disclosures

Dovetail

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Dovetail AS - Integration of sustainability risk

Introduction

Dovetail AS (“**Dovetail**”) is an alternative investment fund manager registered with the Norwegian Financial Supervisory Authority. Dovetail is subject to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

In accordance with article 3 of SFDR, Dovetail is required to disclose on its website the manner in which sustainability risks are integrated into our investment decisions.

Integration of sustainability risk

Sustainability risk refers to an event or condition related to environmental, social, or governance factors that could potentially have a negative impact on the value of an investment. Dovetail takes sustainability risks into account when making investment decisions for funds under management.

Before making investment decisions, Dovetail identifies risks through a due diligence process. This relates to legal, financial, ESG, technology, commercial and other key topics. Regarding ESG, Dovetail considers topics such as environmental impact, social and employee matters, diversity, governance and legal related issues. Dovetail identifies the most significant sustainability risks associated with an investment, and evaluates the sustainability risks alongside other potential risks that could impact the investment's value through its internally developed Investment Scorecard.

If sustainability risks are considered unmanageable, or not in line with the investment strategy, Dovetail will refrain from making the investment.

Introduction

Dovetail is an alternative investment fund manager registered with the Norwegian Financial Supervisory Authority. Dovetail is subject to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

In accordance with article 4 of SFDR, Dovetail is required to disclose on its website whether principal adverse impacts of investment decisions on sustainability factors are taken into account or not.

No consideration of adverse impacts of investment decisions on sustainability factors

Dovetail does not currently take into account principal adverse impacts of its investment decisions on sustainability factors as defined by SFDR.

Asset managers that commit to considering principal adverse impacts will likely have to gather and report on data related to 14 mandatory sustainability indicators, which will require significant data collection efforts. As Dovetail primarily invests in smaller companies, it is unlikely that these companies will have precise data readily available, and implementing data collection and reporting requirements may be disproportionately burdensome for them.

Dovetail will continue to monitor developments related to the regulatory technical standards and may reconsider its position in the future.

Introduction

Dovetail is an alternative investment fund manager registered with the Norwegian Financial Supervisory Authority. Dovetail is subject to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

In accordance with article 5 of SFDR, Dovetail is required to disclose on its website information on how the remuneration policy is compatible with the integration of sustainability risks.

Dovetail is an alternative investment fund manager subject to registration in accordance with Act on the management of alternative investment funds § 1-4 (2), and has therefore not drawn up guidelines on remuneration.

Updated 17.4.2023

Summary

Dovetail is focused on investing in and developing sustainable companies, in a transparent and responsible manner. For us, sustainability is based on three pillars, people, profit and planet, where a positive development for all is key to success.

The Fund will only invest in Ditio AS (“Ditio” or the “**Portfolio Company**”), which provides software to the civil construction industry. The software promotes environmental, social and governance characteristics directly and indirectly to its customers, i.a. through enabling improved resource management. An understanding of how the company can influence these characteristics was important in the due diligence process and investment decision.

As an active investor, Dovetail will take a seat at the Board of the company, influence and support the company in working with ESG related activities and targets. Since the portfolio company is a relatively early stage company and product, it will be decided over time on how to best monitor and measure the characteristics.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The Fund will only invest in the Portfolio Company. It contributes positively to environment, social and governance sustainability goals in the civil construction industry.

Customers may directly reduce their climate footprint as a result of i.a. optimization of mass transportation or other use or resources. Indirectly, customers may improve environmental and social characteristics through better control of data and the possibility to make rapid adjustments based on insight from the product. For an environmental perspective this includes e.g. full control and detailed overview of masses transported, where contamination could be an issue. This is also important from a governance perspective. The company’s tools also help in social characteristics, e.g. by making sure employees are tracking HSE incidents, overtime etc.

Investment strategy

The Fund will only invest in the Portfolio Company. When considering the investment, it was key to understand exactly how the company and its product and services may have a positive impact on sustainability metrics, and especially environmental characteristics. Furthermore, making sure the offering is truly scalable and could have a strongly growing impact was important both from a financial and sustainability point of view. The Fund has also had thorough conversations with management in the Portfolio Company, and with other major owners, making sure they are aligned with the Fund when it comes to ambitions regarding a sustainability impact. The fact that Ditio can help an industry where there is large room for improvement has also come into consideration.

Proportion of investments

Since the Fund only invests in the Portfolio Company, all investments made by the Fund will be aligned with the environmental and social characteristics promoted by the Fund.

Monitoring of environmental or social characteristics

Dovetail will have a close dialogue with the Portfolio Company on how to monitor environmental and social characteristics, and how it shall be reported to Dovetail. Since it is a relatively early stage company and product it will be decided over time on how to best report and monitor the characteristics.

Methodologies

Dovetail will work together with the Portfolio company on how to develop methodologies to measure environmental and social characteristics promoted by the company and its product. Since it is a relatively early stage company and product it will be decided over time on what methodologies are best used to measure the characteristics.

Data sourcing and processing

Dovetail will work together with the Portfolio company on how to source and process the data required. Dovetail may assist in the technical execution of the sourcing and processing, and will regardless perform quality checks of gathered data. Dovetail will engage with the company if the data is lacking or insufficient quality.

Limitations to methodologies and data

Limitations to the methodologies and data sourcing and processing related to monitoring and measurement of environmental and social characteristics are primarily expected to come from a lack of processes, resources or experience on these tasks. Access to data could also potentially be a challenge, since the main product of the Portfolio Company is a software that enables its customers to improve their ESG characteristics, and they may be unwilling to share information. Dovetail does not expect that the limitations will impact the attainment of the environmental and social characteristics of the Fund, and Dovetail will work closely with the Portfolio Company on challenges identified.

Due diligence

Dovetail conducted a thorough due diligence process prior to investing in the Portfolio Company. This included an assessment of the overall ESG characteristics of the company and how it may influence these through its product offering and business model. The due diligence process included i.a. relevant aspects such as a legal assessment, customer interviews, in-depth product review, and management conversations. Furthermore, the findings were used in an overall assessment of the Portfolio Company when deciding whether to invest.

Engagement policies

As an active investor, Dovetail will take a seat at the Board of the Portfolio Company. It will influence, guide, and support the company in working with ESG related activities and targets. It will actively follow-up related issues or concerns.

Designated reference benchmark

The Fund does not have a specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental or social characteristics that it promotes.

Updated 5.9.2023

Summary

Dovetail is focused on investing in and developing sustainable companies, in a transparent and responsible manner. For us, sustainability is based on three pillars, people, profit and planet, where a positive development for all is key to success.

The Fund will only invest in Metizoft AS (“**Metizoft**” or the “**Portfolio Company**”), which provides compliance and reporting software to the maritime industry. The software promotes environmental, social and governance characteristics directly and indirectly to its customers. An understanding of how the company can influence these characteristics was important in the due diligence process and investment decision.

Metizoft offers services to detect, monitor, and reduce hazardous materials on ships, including asbestos removal, which improves crew safety and lowers environmental impact. Additionally, Metizoft provides an ESG software platform that helps customers track, report, and improve their environmental and social performance, supporting sustainability goal-setting and compliance with regulations.

As an active investor, Dovetail will take a seat on the Board of the company, influence and support the company in working with ESG related activities and targets.

Metizoft is undergoing its first own ESG reporting period, to be performed using its own platform. As such, the company is still working on finalizing its sustainability goals and own ESG metrics.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The Fund will only invest in the Portfolio Company. It contributes positively to environment, social and governance sustainability goals in the maritime industry.

From an environmental perspective, Metizoft helps shipping companies get an accurate picture of their Scope 1-3 carbon emissions, including but not limited to voyage fuel consumption data, and emissions throughout a vessel’s lifecycle - from the newbuild phase to maintenance and asset components renewal and recycling. Through its IHM and LCA software modules, Metizoft enables the push towards circularity in the maritime industry.

By creating awareness and helping maritime customers navigate the regulatory landscape and take real action to decarbonize operations, improve social conditions and increase transparency in the supply chain, Metizoft plays an active role in making the maritime industry more sustainable.

Metizoft’s tools also help track and improve social characteristics, e.g. crew health and safety, gender equity, chemicals exposure, etc.

Investment strategy

The Fund will only invest in the Portfolio Company. When considering the investment, it was key to understand exactly how the company and its product and services may have a positive impact on sustainability metrics, and especially environmental characteristics. Furthermore, making sure the offering is truly scalable and could have a strongly growing impact was important both from a financial and sustainability point of view. The Fund has also had thorough

conversations with management in the Portfolio Company, and with other major owners, making sure they are aligned with the Fund when it comes to ambitions regarding a sustainability impact. The fact that Metizoft can help an industry where there is large room for improvement has also come into consideration.

Proportion of investments

Since the Fund only invests in the Portfolio Company, all investments made by the Fund will be aligned with the environmental and social characteristics promoted by the Fund.

Monitoring of environmental or social characteristics

Dovetail will have a close dialogue with the Portfolio Company on how to monitor environmental and social characteristics, and how it shall be reported to Dovetail. Since the company is currently in the process of performing its climate risk assessment it will be decided over time on how to best report and monitor the characteristics.

Methodologies

Dovetail will work together with the Portfolio company on how to develop methodologies to measure environmental and social characteristics promoted by the company and its product. Since the company is currently in the process of performing its climate risk assessment it will be decided over time on what methodologies are best used to measure the characteristics.

Data sourcing and processing

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Due diligence

Dovetail conducted a thorough due diligence process prior to investing in the Portfolio Company. This included an assessment of the overall ESG characteristics of the company and how it may influence these through its product offering and business model. The due diligence process included i.a. relevant aspects such as a legal assessment, customer interviews, in-depth product review, and management conversations. Furthermore, the findings were used in an overall assessment of the Portfolio Company when deciding whether to invest.

Engagement policies

As an active investor, Dovetail will take a seat at the Board of the Portfolio Company. It will influence, guide, and support the company in working with ESG related activities and targets. It will actively follow-up related issues or concerns.

Designated reference benchmark

The Fund does not have a specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental or social characteristics that it promotes.