



Presserv

**Sustainability
Report**

2020



About this report

Sustainability is one of the most important and pressing themes of our age. Environmental, Social and Governance (ESG) are the three central factors in measuring the sustainability and ethical impact of a company. ESG factors, though non-financial, have a material impact on the long-term risk and financial performance of a company. Principally, companies that use ESG standards are more conscientious, less risky and are more likely to succeed in the long run.

This report describes the relevance of ESG in the industry that Presserv is operating in. It highlights the key material ESG themes, assesses performance on those themes and provides an action plan identifying value creation opportunities. The report is updated annually to monitor progress and keep the company focused on achieving the goals of becoming a more sustainable and future-proof company over time.

The report is the result of an independent review by the ESG & Sustainability consulting firm MJ Hudson, commissioned and approved by the board and management of Presserv.

Note: All judgements are, where possible, based on or backed by analyses conducted by MJ Hudson. In cases involving across-category comparisons or result classification, judgements are not always based on objective analyses or data. These judgements are intersubjective in the sense that they are agreed between MJ Hudson and management, and in line with the thinking of industry experts and leading NGOs.



Contents

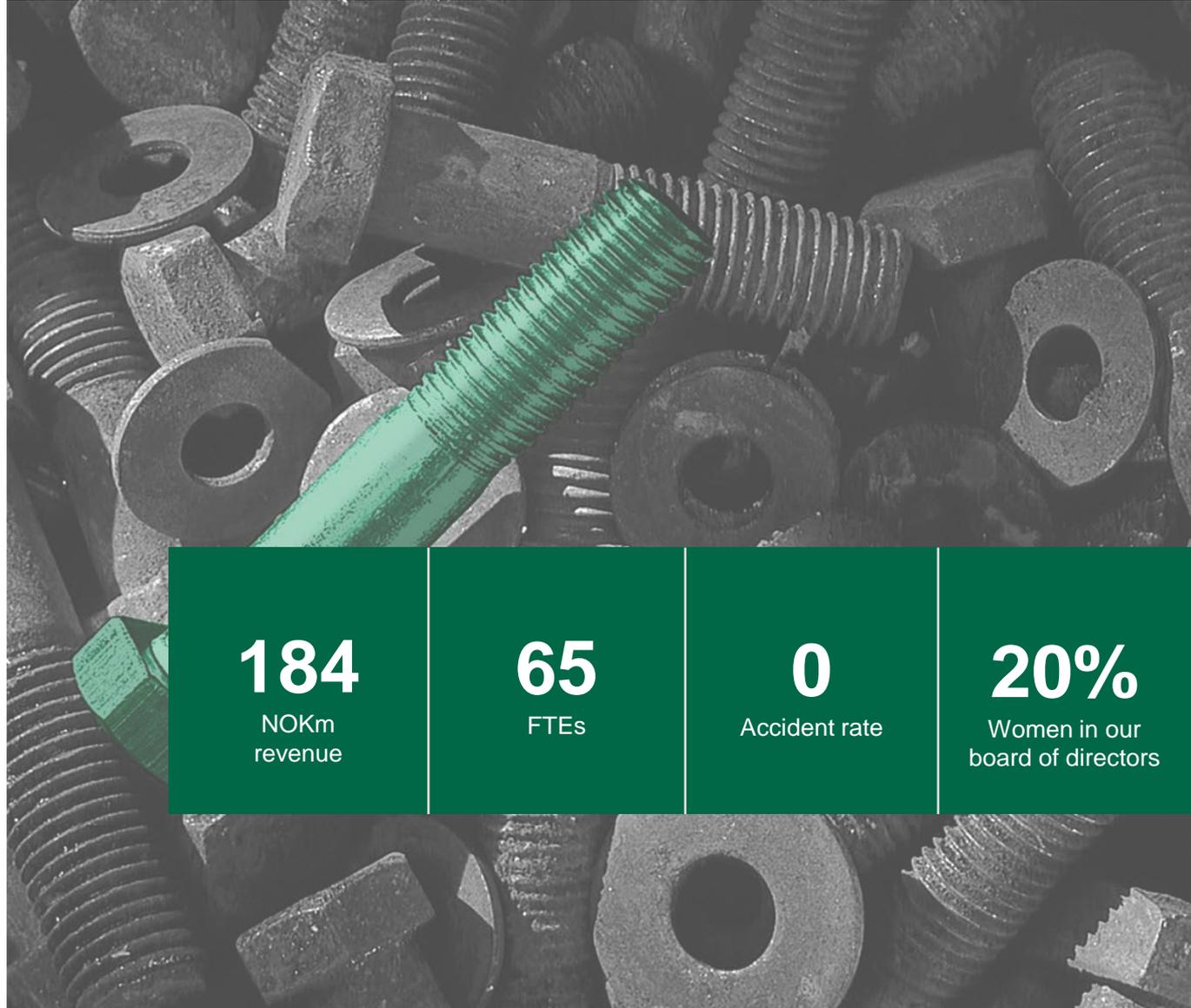
Company at a glance	4
How we look at Sustainability	5
Sustainability in our industry	6
Overview of our key material themes	7
Managing our key material themes	8
Progress on targets set for 2020	9
Targeted UN SDGs for Presserv	10
The UN Sustainable Ocean Principles	11
Priority projects	12
KPI overview	13

Performance on key material themes

Material use	14
Energy & carbon	15
Employee health & safety	16
Impact of products & services	17
Sustainability principles	18

Company at a glance

- › Presserv is a leading specialist in preservation and corrosion protection. Headquartered in Stavanger, we have additional offices in the UK, Australia, Brazil and the US.
- › Our unique solutions help protect physical assets in several industries, including oil and gas, storage tanks and shipping. Application of our products and anti-corrosion technologies prolongs the lifetime of client assets.
- › Prolonging the useful life of existing steel structures, whether ships, infrastructure or buildings, is critical from a climate-change perspective. Iron and steel production is very carbon-intensive, and a major contributor to global greenhouse gas emissions.
- › Supporting clients to meet their sustainability objectives not only leads to a positive impact on the environment, but also provides business opportunities for Presserv.



184

NOKm
revenue

65

FTEs

0

Accident rate

20%

Women in our
board of directors

How we look at sustainability



Investigate the industry exposure

First, the relevance of ESG is assessed for the industry that we operate in, and a long-term vision for a sustainable industry is defined.



Determine key impact areas

Key material themes are highlighted, taking a perspective on the full value chain. They are reviewed on a yearly basis.



Assessing our performance

The company's performance on the identified key material themes is assessed, reflecting on relevant initiatives and performance metrics.



Position for the future

Finally, opportunities are identified where ESG and value creation coincide, formulated in actionable priority projects to drive progress.



Today's industry

- › **Market demand** – The use of anti-corrosion products will enable assets to remain functional and extend their operational lifetime. As the off-shore industry transitions to more sustainable sources of energy, the need for anti-corrosion products becomes increasingly relevant to the preservation of alternative assets (e.g., wind turbines). Players are increasingly demanding the adoption of eco-friendly anti-corrosion products and transparency on the materials that are used.
- › **Regulations & certifications** – The regulatory environment influencing the industry is shaped by the EU REACH regulation and Solas regulation. The EU REACH regulation mandates transparency regarding the use of Substances of Very High Concern (SVHCs) in products. Industry players with end-clients in the offshore segment must also ensure compliance with the Solas regulation, which sets out performance standards for protective coatings. Relevant certifications include the ISO 14001 for environmental management systems.
- › **Industry initiatives** – Players in the industry are increasingly replacing conventional coatings with green, high-performing coatings (e.g., epoxy and layered double hydroxide). Replacing conventional coatings helps limit the dependence on petro-based chemicals, thereby creating more environmentally friendly products. Peers are formulating waste reduction targets and are focused on getting ISO accredited management systems, especially the ISO 14001.

Long-term vision for a sustainable industry



- › The industry has the potential to reach a future-proof state, yet there are conditions for growth. Preservation and anti-corrosion providers will have to manage the negative environmental impacts by striving for the elimination of hazardous waste/discharge of chemicals. Environmentally friendly products such as replacements for oil/solvent-based coatings will likely play a major role and impact the ability to compete.
- › The industry will need to shift towards zero use of SVHCs. Occupational health and safety risks, especially during surface treatment and products use, will be minimized by the adoption of best-in-class health & safety- and quality management systems.
- › Companies in the industry will need to explore growth pockets in sustainable end-markets (e.g. renewables) to ensure long-term commercial success.

Overview of our key material themes

Highlighting ESG themes that are relevant to our operations using SASB's materiality map



Managing our key material themes

Material use



- › Presserv chooses environmentally friendly and sustainable materials over conventional materials (e.g., visco elastic products vs hazardous protective coating).
- › Our exposure for both chemicals and potential flammable products has been reduced in 2020 as we no longer store large amounts of hazardous coatings.
- › Presserv US has some projects that require the use of hazardous materials. These are managed according to manufacturer's specification as outlined in their Safety Data Sheets.

Energy & carbon



- › Presserv works to ensure that its business activities are energy efficient and that the environmental impacts are reduced wherever possible.
- › Continuous improvements in terms of eco-friendly operations is high on the agenda.
- › We have detailed insight into air travel and related carbon emissions. The entire group offsets travel-related emissions using CHOOOSE (certified 2019). The logistical operations are outsourced to third parties.
- › Presserv has increased use of video-conferencing by >50% for board meetings in 2020.

Employee health & safety



- › Occupational health & safety (H&S) is top priority in the organization with inspections conducted annually.
- › We strive to form a dynamic organization based upon teamwork, with competent and motivated employees who take responsibility for meeting customer requirements and achieving our vision and goals.
- › Absenteeism decreased significantly, from 6.3% to 0.4% in 2017-20. No accidents have occurred from 2017-20.
- › H&S issues are reported and discussed by the board on a quarterly basis. An online handbook gives employees access to H&S policies and regulations.
- › Several initiatives are in place to improve the well-being of employees, including sponsored training and social events.

Impact of products & services



- › At the core of the proposition, Presserv plays a key role in prolonging the useful life of existing steel structures, which is critical from a climate-change perspective.
- › We acknowledge that many traditional methods of asset preservation can be harmful to the environment, especially due to the use of hazardous chemicals.
- › To minimize the environmental impact, we offer green preservation and corrosion-protection solutions, such as STOPAQ, which helps customers extend the life of their asset.
- › In the market landscape, our efforts are widely recognized, and products are generally known to be more durable, more sustainable and of higher quality.

Supply chain control



- › Presserv has long standing, integrated relationships with suppliers, no new supplier has been added over the past few years.
- › Suppliers are carefully selected and must have durable, sustainable materials.
- › Supplier audits are conducted to comply with requirements of the ISO 9001 certification.
- › The biggest supplier, Cortec (USA), is ISO 9001 (quality management), ISO 14001 (environmental management) & ISO 17025 (testing and calibration certified).
- › No product recalls have occurred from 2017-20.

Sustainability principles



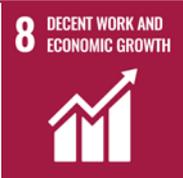
- › Sustainability principles are embedded in our ESG policy and core governance policies.
- › Presserv has dedicated personnel to work with ESG and to make sure this is on the agenda for management meetings as well as Town hall meetings.
- › Top management and the owners of the organization undertake action to promote policies and fully support all objectives, safety measures and procedures as documented in our HSEQ system. All employees are expected to do the same.
- › Presserv is ISO 9001 certified and is a signatory of the UN Sustainable Ocean Principles.
- › A compliance review is established to monitor corruption and bribery risks and prioritizes them accordingly.

Progress on targets set for 2020

DELAYED 
 IN PROGRESS 
 COMPLETED 

	Targets set	Progress	
 <p>Material use</p>	<ul style="list-style-type: none"> › Monitor the share of hazardous products sold › Continue efforts to encourage the sale of environmentally friendly product solutions 	<ul style="list-style-type: none"> › Done. › During 2020 Presserv experienced an increased willingness to use environmentally friendly product solutions, through E&P company qualifications by including it in their standard technical requirements. 	
 <p>Energy & carbon</p>	<ul style="list-style-type: none"> › Set KPIs and targets for travel and freight logistics › Offset all carbon emissions 	<ul style="list-style-type: none"> › Presserv's KPI is to be carbon neutral for the whole Group. › Emissions offset using CHOOOSE. 	
 <p>Employee health & safety</p>	<ul style="list-style-type: none"> › Implement Motivati satisfaction monitoring company-wide › Maintaining a zero-accident rate annually 	<ul style="list-style-type: none"> › Done. › Zero accidents in 2020. 	
 <p>Impact of products & services</p>	<ul style="list-style-type: none"> › [No targets in place, theme was added in 2021] 		
 <p>Supply chain control</p>	<ul style="list-style-type: none"> › Conduct supplier inspections in accordance with drafted procedures 	<ul style="list-style-type: none"> › Due to COVID-19, this target has been postponed. 	
 <p>Sustainability principles</p>	<ul style="list-style-type: none"> › Implement sanctions policy 	<ul style="list-style-type: none"> › In the process of completion. 	

Targeted UN SDGs* for Presserv

	SDG Goal	SDG Target	Contribution	KPIs
Material use	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure and promote inclusive and sustainable industrialization and innovation	9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean environmentally sound technologies and industrial processes	Presserv aims to contribute positively to SDG 9 by increasing the resource efficiency of offshore structures, which is at the core of the proposition.
	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Ensure sustainable consumption and production patterns	12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle	Presserv aims to promote SDG 12 by maximizing the value of waste in their operations. <ul style="list-style-type: none"> • Recyclable waste
Energy & carbon	 <p>13 CLIMATE ACTION</p>	Take urgent action to combat climate change and its impacts	13.2: Integrate climate change measures into (national) policies, strategies and planning	Presserv aims to decrease negative impact on SDG 13 by offsetting the carbon emissions of own operations. <ul style="list-style-type: none"> • Carbon footprint • Reduced footprint per m²
Employee health & safety	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote Sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.8: Protect labour rights and promote safe and secure working environments for all workers	Presserv aims to increase positive impact on SDG 8 by having practices and policies in place that protect labour rights and promote safety of all workers. <ul style="list-style-type: none"> • Employee satisfaction survey
Impact of products & services	 <p>14 LIFE BELOW WATER</p>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.	Presserv aims to contribute positively to SDG 14 by offer green preservation and corrosion-protection solutions.
Sustainability principles	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.6: Develop effective, accountable and transparent institutions at all levels 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels	Presserv aims to contribute positively to SDG 16 by integrating sustainability principles throughout the organization.

* United Nations Sustainable Development Goals

The UN Sustainable Ocean Principles



Principles

Principle 1: Assess the short and long-term impact of their activities on ocean health and incorporate such impacts into their strategy and policies.

Principle 2: Consider sustainable business opportunities that promote or contribute to restoring, protecting or maintaining ocean health and productivity and livelihoods dependent on the ocean.

Principle 3: Take action to prevent pollution affecting the ocean, reduce greenhouse gas emissions in their operations to prevent ocean warming and acidification, and work towards a circular economy.

Principle 4: Plan and manage their use of and impact on marine resources and space in a manner that ensures long-term sustainability and take precautionary measures where their activities may impact vulnerable marine and coastal areas and the communities that are dependent upon them.

Principle 5: Engage responsibly with relevant regulatory or enforcement bodies on ocean-related laws, regulations and other frameworks.

Principle 6: Follow and support the development of standards and best practices that are recognized in the relevant sector or market contributing to a healthy and productive ocean and secure livelihoods.

Principle 7: Respect human-, labour- and indigenous peoples' rights in the company's ocean related activities, including exercise appropriate due diligence in their supply-chain, consult and engage with relevant stakeholders and communities in a timely, transparent and inclusive manner, and address identified impacts.

Principle 8: Where appropriate, share relevant scientific data to support research on and mapping of relevance to the ocean.

Principle 9: Be transparent about their ocean-related activities, impacts and dependencies in line with relevant reporting frameworks.

Our commitment

Presserv is committed to reducing the impact of industries on the health of the oceans. To achieve this and signify our commitment, we are a signatory and align our operations to positively contribute to the UN Global Compact Sustainable Ocean Principles. We align our operations through:

- › Assessing our freight and supply procedures;
- › Continuously marketing and recommending our environmentally products to the market;
- › Introducing restrictions on business trips and increasing the usage of online, video-conferencing meetings;
- › Cooperating with our customers to offer an environmentally friendly versions of our products, helping them to minimize their footprint;
- › Reporting on the usage of our products to local authorities;
- › Using standards and best practice guidelines within our market;
- › Compliance with the Working Environment Act to secure all the human-, labour- and indigenous peoples' rights both for our own employees, but also for our suppliers;
- › Transparent reporting on our business activities.

We have defined a selection of projects that contribute to fulfilling our sustainability ambition(s). At the core of the proposition, Presserv plays a key role in prolonging the useful life of existing steel structures, which is critical from a climate-change perspective. We are committed to monitor and manage other sustainability topics as well.



Impact of products & services

Project

Quantify the positive impact of STOPAQ

Description

- › STOPAQ demonstrates and addresses societal challenges.
- › Focus on quantifying the positive impact and externally communicating it by using case studies.
- › Set KPIs to alleviate the positive impact.

Ambition

- › Quantify the positive impact of STOPAQ as opposed to sand blasting (e.g. reduced footprint per m²).
- › Actively communicate the positive impact of STOPAQ to stakeholders (e.g. by using case studies).



Sustainability principles

Renewable entry strategy

- › Roll-out the positioning vision, strategy and roadmap towards non-oil & gas sectors.
- › Expand the share of revenue from the renewable sector (e.g. wind turbines).

- › Aim to have 15% of revenue streams from the renewable sector by 2023.



Energy & carbon

Beyond carbon neutral

- › Reduce energy consumption and business travel to an absolute minimum.
- › Evaluate possibility to offset employees' personal carbon footprint.
- › Encourage and help suppliers and customers to become carbon neutral.

- › Continue to explore the path for a net-zero carbon footprint.
- › Engage with suppliers and customers.

KPI overview

	KPI	Metric	2019	2020	Target	Comment
Energy & Carbon	Business travel	Flight km (000s)	35	803		› Target: business critical flights only from 2021 onwards
		Passenger driven kms (000s)	58	50		
	Energy consumption	MWh	111	130		
		MWh / NOK m rev.	0.3	0.4		
		Share of renewables	1%	100%	100%	
	CO ₂ footprint	tCO ₂ e	128	294		› Target (achieved in 2020): carbon neutral
		tCO ₂ e / NOK m rev.	0.4	0.4		
Employee health & safety	Absenteeism rate	Total absenteeism rate	0.3%	0.4%		
		Short-term rate	0.3%	0.4%		
		Long-term rate	0	0		
	Accident rate	# Accidents / 1000 FTE	0	0	0	› No accidents in 2020
	Employee satisfaction	Employee satisfaction	[...]	[...]	[...]	
Material use	Hazardous chemicals sold	Share of total sold volumes	26%	[...]	[...]	

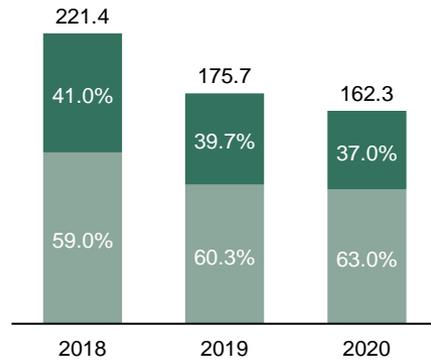
Material use



■ Non-hazardous ■ Hazardous

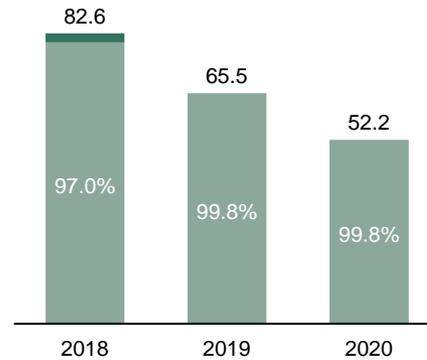
CHEMICALS

Tonnes



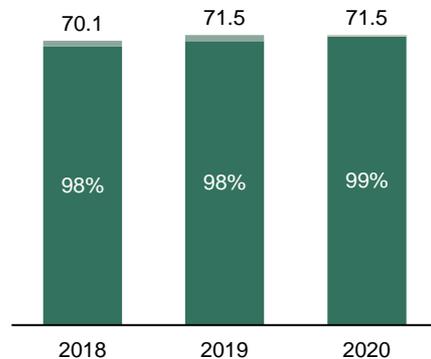
PLASTICS

Tonnes



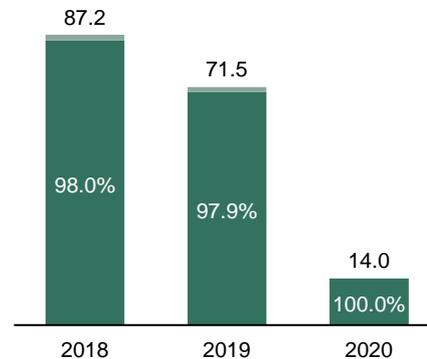
COATINGS

1,000 Liters



THINNERS

1,000 Liters



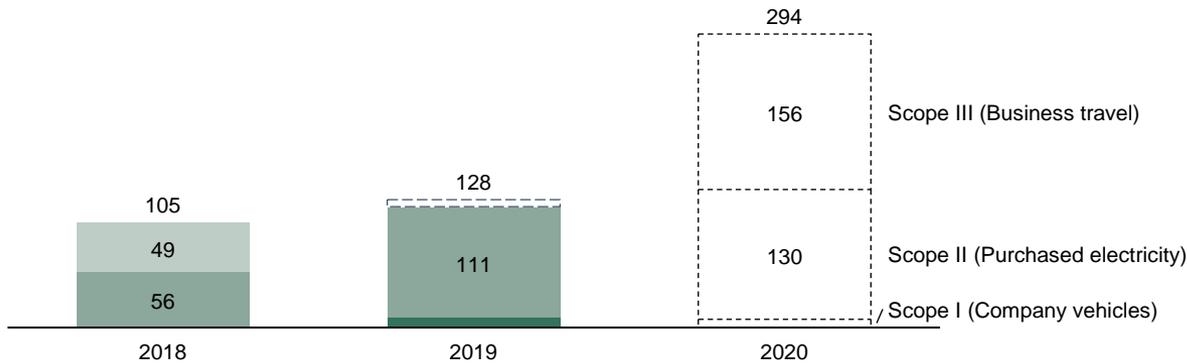
- › Our products are generally categorized into 4 groups: Chemicals, Plastics, Coatings and Thinners. Some products can fit into several categories (e.g., some products listed as chemicals are also a coating, but coatings in 2018 and 2019 only refer to the Jotun line of products).
- › Materials are considered hazardous in accordance with the required waste treatment method.
- › In 2020, we defined a strategy to increase the durability of products. This strategy acknowledges material use and appropriate action has been taken. A clear example of this is that in Norway, we decided to terminate the distribution agreement with Jotun Protective Coatings; a supplier that provided hazardous material.
- › We are committed to encourage the sale of eco-friendly product solutions and seeks sustainable materials accordingly.

Energy & carbon

CARBON FOOTPRINT¹

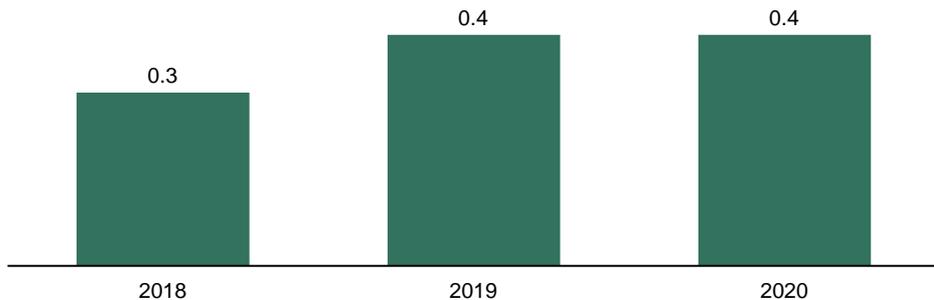
tCO₂e

 Offset emissions



CARBON INTENSITY

tCO₂e / NOKm

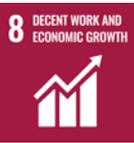


- › Scope I is based on limited petrol/gas fuel consumption for company vehicles.
- › Scope II is based on electricity consumption.
- › Most of the carbon footprint in 2020 can be attributed to Scope III emissions resulting from air travel. We offset travel-related emissions with CHOOOSE since 2019.
- › Since 2020, we offset the total amount of carbon emissions.
- › Presserv US is looking to move the office to a new building in 2021; sustainability of the building will be considered (e.g. solar panels, power saver switches).



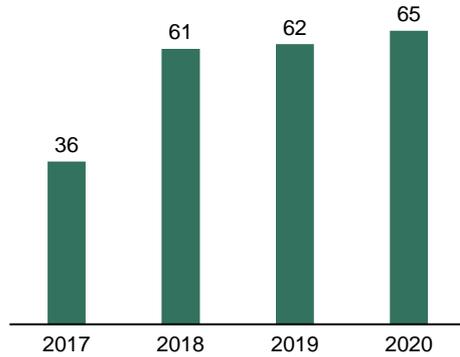
¹ As defined by The Greenhouse Gas Protocol; The carbon footprint includes the GHG emissions CO₂, and is expressed in equivalent tonnes of carbon dioxide (tCO₂e).
Source: Greenhouse Gas Protocol, CO₂emissiefactoren.nl, Carbonfootprint.com, Company data, MJ Hudson assessment

Employee health & safety



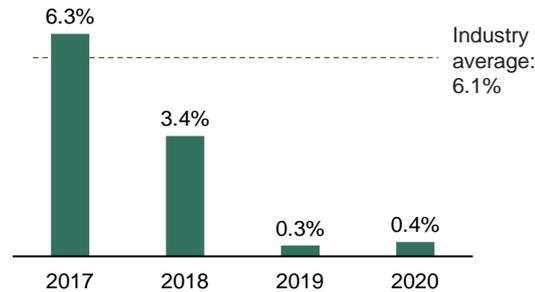
EMPLOYEES

FTE



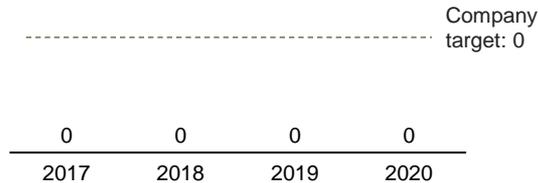
ABSENTEEISM RATE

%



ACCIDENT RATE

Accidents / 1,000 FTE



- › We conduct annual fire and safety inspections together with external auditors and local authorities.
- › A HSE manual is in place, which covers routines regarding fires and emergency procedures.
- › Resulting from an expansion of Presserv USA, we have had a significant increase in personnel.
- › Absenteeism figures decreased in 2019-20. The high rate in 2017 was caused by a few long-term absenteeism cases who are now back at work or have left the company.
- › No accidents were reported over the past four years.
- › We stimulate the physical activity of employees and offer exercising schemes.
- › Employee satisfaction is monitored company-wide using Motivati, resulting in 8.56/10 pt for 2020.
- › Our new employees get enrolled in the company's internal training/introduction program. For current employees training and development has included various programs (e.g., ERP and CRM). We budget 1% of the total payroll for training in 2020.

Impact of products & services

STOPAQ significantly minimizes the waste treatment end-clients deal with, compared to traditional methods. Alongside higher performance, STOPAQ also brings significant environmental and safety benefits.

CRITERIA	BLAST & PAINT	STOPAQ
Waste	<p>2,400 300 2,000</p>	11
Carbon emissions	<ul style="list-style-type: none"> › Sourced from beach or mining in India or Australia; requires 22,000km transport by bulk carrier › Special transport (separate A+B) 	<ul style="list-style-type: none"> › EU/Norwegian origin › Regular cargo
Safety	<ul style="list-style-type: none"> › Hazard labeled › Flammable › Allergic reaction to skin due to high chemical exposure › Requires respirator mask given the dust content and exposure 	<ul style="list-style-type: none"> › VOC / CMR free › Non-flammable › No chemical exposure › No dust content nor exposure
Performance	<ul style="list-style-type: none"> › 10+ years maintenance interval › 24 months shelf life › Full coating setup mandatory prior to application 	<ul style="list-style-type: none"> › 30+ years maintenance interval › Unlimited shelf life › No need of pre-coating, inbound corrosion protection

STOPAQ PERFORMANCE

>99%
Waste reduction per m2 treated area¹

~92-95%
Lower carbon footprint per m2 treated area¹

Non-hazardous materials exposure

3X
Extended maintenance interval

¹ Estimate based on company data and assumptions

Sustainability principles

Sustainability policies, certificates and targets

- › Multiple ESG-related policies are in place, including CoC, ABC, whistleblowing, and H&S.
- › We are in progress of making a Data Privacy Policy to comply with the GDPR.
- › We are a proud Signatory of the UN Sustainable Ocean Principles.

Engagement & responsibility of the Board of Directors

- › ESG is high on our agenda and is discussed in board meetings (e.g., data IT risk for cybercrime).
- › Management is engaged with ESG and HSE topics are reported and discussed on a monthly basis.
- › Our chief of staff is the dedicated position responsible for ESG.
- › We have dedicated employees to work on ESG and to make sure this is on the agenda for management meetings as well as in Town hall meetings.

Risk inventory and evaluation

- › We have a compliance review that describes corruption issues and prioritizes them accordingly.
- › Risk assessment guidelines are given in the H&S handbook.



Quality of monitoring systems

- › Our company is ISO 9001 certified.
- › Norway HQ, UK and Brazil ensures quality through its QMS, internal audits and has dedicated staff to monitor quality.

Ensuring supplier compliance to Sustainability standards

- › Supplier audits are conducted to the extent required to maintain and comply with requirements of the ISO 9001:2015 certification.
- › There are no issues regarding the ESG performance of our suppliers.

Transparency and reporting

- › Our website lists all products including the environmental impacts of products.
- › We engage with our community in various ways. This year we participated in the "TV-AKSJON" where we took part in the *Clean Ocean* project by spending time cleaning up in the streets in our office neighborhood.
- › We arrange social events for employees, customers and suppliers locally, with the goal to contribute to the local society.