



Presserv Sustainability Report

2021

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.

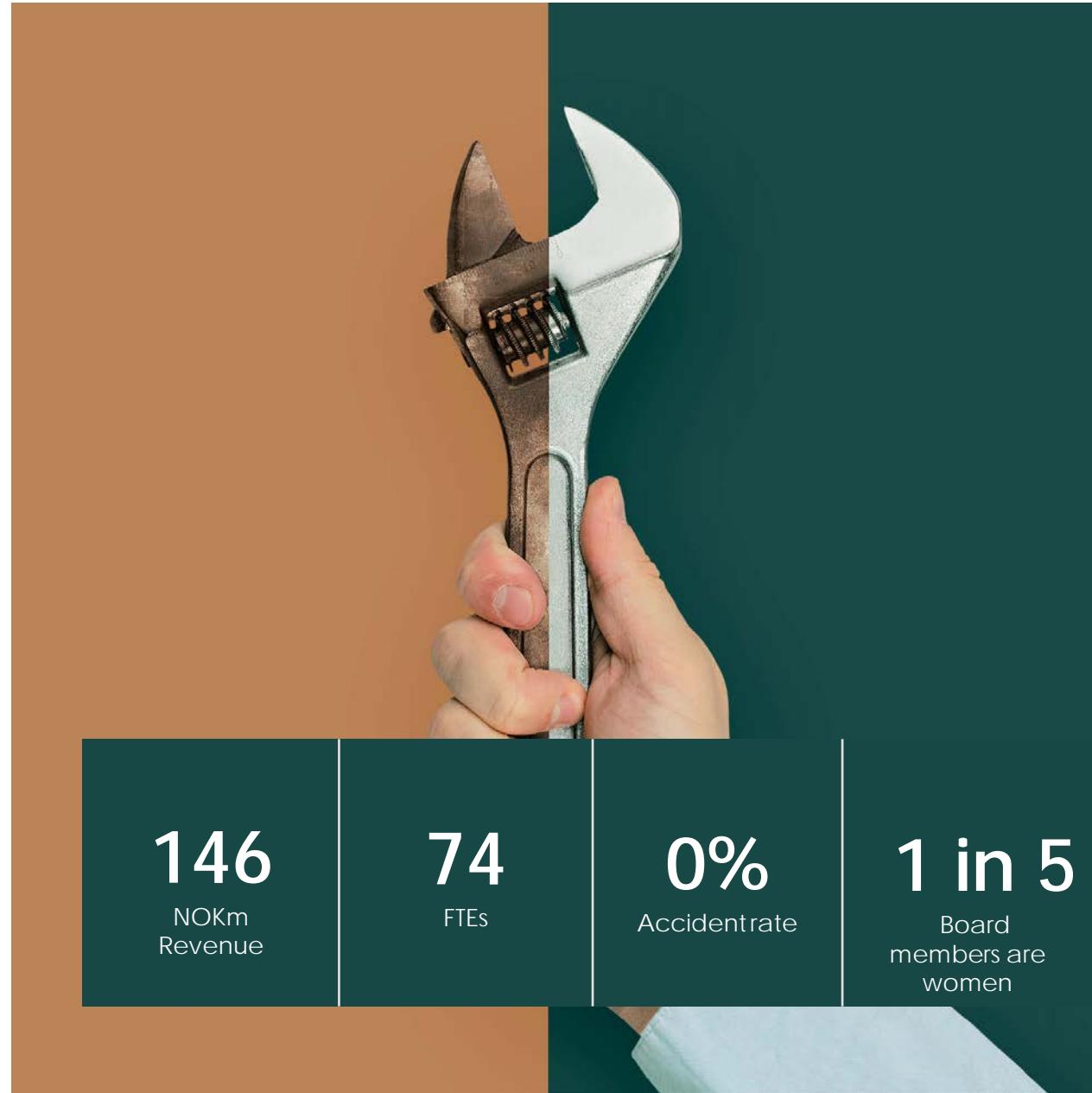


Contents

Company at a glance	4	Annex	
How we look at sustainability	5	Climate risk assessment	15
Sustainability in Presserv's industry	6	UN SDGs for Presserv	19
Overview of key material themes	7	Performance on key material themes	20
Managing key material themes	8	Progress on 2021 projects	21
KPI overview	9	Governance	22
Priority projects	10	Sustainability principles	23
Impact of products and services	11		
The UN Sustainable Ocean Principles	12		

Company at a glance

- › Presserv is a leader in environmentally conscious preservation and corrosion protection, headquartered in Stavanger, Norway. It is the only provider of environmentally-friendly viscoelastic solutions in its industry.
- › The company has a global footprint, with Presserv offices in the United Kingdom, Netherlands, Brazil, and under the CGSI brand in the United States and Australia.
- › The company's products offer a green solution to the protection of physical assets in several industries such as transportation, oil and gas, wind turbines, pipeline, public infrastructure, and heavy machinery.
- › This can have indirect positive impact on the environment, as the products and anti-corrosion technologies used can prolong the lifetime of client assets.
- › A reduction in the demand for iron and steel production - a highly carbon-intensive process and a major contributor to global greenhouse gas emissions – through prolonging the life of existing steel structures, is thus critical from a climate-change perspective and provides business opportunities for Presserv.



How we look at sustainability



Investigate the industry exposure

First, the relevance of ESG is assessed for the industry that the company operates 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 an annual basis.



Assessing 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.



Sustainability in the industry

Today's industry

Market demand

- › Anti-corrosion products will allow assets to remain functional and have a longer operational life. Anti-corrosion chemicals are essential for the maintenance of alternative assets as the offshore industry converts to more sustainable energy sources (e.g., wind turbines). Players are demanding eco-friendly anti-corrosion products and transparency on the materials that are used.

Regulations & certifications

- › The regulations influencing the industry are mainly 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 comply with the Solas regulation, which sets out performance standards for protective coatings. Relevant certifications include the ISO 14001 for environmental management systems.

Industry initiatives

- › Compared with the majority of industry players, Presserv leads with respect to its non-hazardous solutions e.g. STOPAQ, Spongejet and others.
- › Players in the industry are 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.
- › Peers are formulating waste reduction targets and are focused on installing 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. Anti-corrosion providers will have to strive for the elimination of hazardous waste/discharge of chemicals. The industry should adopt environmentally friendly products as replacements for oil/solvent-based coatings.
- › The industry will need to shift towards zero use of SVHCs in order to reach a future-proof state. Occupational health and safety risks, especially during surface treatment and product use, will be minimized by the adoption of best-in-class health & safety and quality management systems.
- › Companies in the industry will also need to explore growth pockets in sustainable end-markets (e.g., renewables) to ensure long-term commercial success.

Overview of Presserv's key material themes

Highlighting ESG themes that are relevant to Presserv and the industry across its value chain using SASB's materiality map

	SUPPLIERS	OPERATIONS	DOWNSTREAM
ENVIRONMENTAL			
Climate & energy		Energy & carbon	
Material circularity		Material Use	
Biodiversity & ecosystems impact			Impact of products & services
SOCIAL			
Employee well-being		Employee health & safety	
Customer impact			Impact of products & services
Corporate citizenship			
GOVERNANCE			
Corporate governance		Supply chain control	
Supply chain management			
Business resilience & ESG		Sustainability principles	

Managing the key material themes

One of the few providers of environmentally-friendly corrosion prevention solutions for the marine & energy industry, Presserv sets itself apart in its commitment to annual performance on environmental responsibility.

Energy & carbon	Material use	Impact of products & services	Employee health & safety	Supply chain control	Sustainability principles
 <ul style="list-style-type: none"> Presserv operates entirely on renewable energy, certified by guarantee of origin certificates as of 2020. Total energy use of the Presserv fell by 12%, due largely to reduced business travel. This was influenced by the prevalence of lockdown restrictions in 2021, restricting travel for non-essential workers. Presserv carefully monitors and offsets travel-related emissions using CHOOOSE (certified 2020). The practical aspects of offsetting are outsourced to third parties. 	 <ul style="list-style-type: none"> As of the end of 2021, Presserv is no longer a distributor of hazardous coatings and thinners. Waste streams across the 'chemicals' and 'plastics' departments have fallen in volume. Chemicals as a percentage of the total products sold have also fallen. This is largely due to a decline in products sold in 2021 as a result of supply chain issues and Covid-19 restrictions affecting the mobility of engineers. CGSI US has some projects that require the use of hazardous materials. These are managed according to manufacturer's specification as outlined in its Safety Data Sheets. 	 <ul style="list-style-type: none"> Where available, Presserv selects environmentally-friendly and sustainable materials before conventional solutions. For example through providing viscoelastic products vs hazardous protective coatings. In 2021, Presserv sold 23.4 tonnes of Viscoelastic Solution. Presserv will also encourage its main suppliers to develop and use sustainable materials. Presserv is continuing its strategy to increase the lifespan of and durability of its products, seeking to be more durable, sustainable and of a higher quality than leading competitors. Presserv uses an online Quality Management (QM) system to maintain quality standards, the system is accessible by all employees at all sites. Presserv has been certified to ISO 9001 since 2015. 	 <ul style="list-style-type: none"> Presserv provides opportunities for training and professional development for all employees. There is a mentor program for new joiners and required training per position. Presserv is committed to a team culture of transparency and has proactively addressed issues arising from employees and providing messaging to the team on the company's approach and future plans. There are annual onsite safety inspections at its offices and warehouses. There were no recorded accidents in the last 5 years. 	 <ul style="list-style-type: none"> Presserv has long-standing relationships with its key suppliers in the US, Netherlands and Germany. Presserv reviews its suppliers annually. In 2021, Presserv was heavily impacted by global supply chain issues, particularly within its Brazilian entity, resulting in significant costs and delays. This is expected to normalise with the recovery of regular international supply chain conditions. Presserv has a system for tracing products sold and recalling batches. The company hasn't recalled any products in the last 3 years As of year-end 2021, the company has a Supplier Code of Conduct in place. 	 <ul style="list-style-type: none"> As of 2021, Presserv has drafted and implemented several new policies to formalize governance within the organisation, including policies on: Compliance, Sanctions, Contract policy checklist, Cybersecurity, Anti-Trust and Social Media. The management group is defined as including three members – the CEO, CFO and Chief of Staff. Presserv has continued its ambition to become more aligned with a sustainable future through providing services to the renewables sector. As of the end of 2021, just the US and Australian offices are not yet serving this sector.

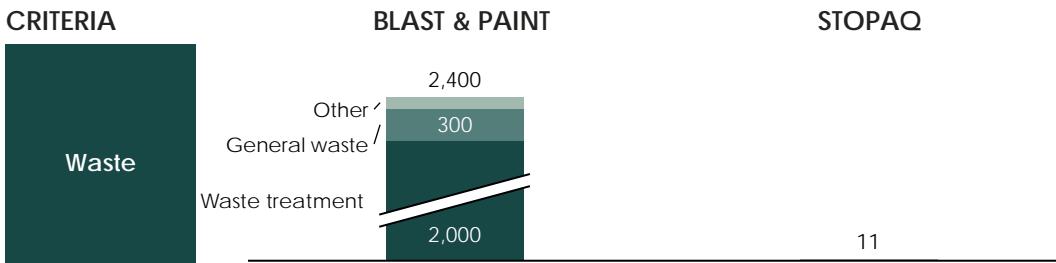
Priority projects 2022

The below projects contribute to developing Presserv's sustainability ambitions. Presserv is committed to monitoring and managing sustainability both in its proposition and externalities it may contribute to as a business.

	 Impact of products & services	 Sustainability Principles	 Sustainability principles
Project	Biodegradable product analysis	Renewable energy strategy	Improved sustainability narrative
Description	<ul style="list-style-type: none"> › Analysis of the benefits of Presserv's biodegradable corrosion prevention products to the environment and customers purchasing the product. › An analysis of the sustainability benefits of using Presserv's biodegradable plastic products compared with ordinary plastic for both corrosion prevention and reduction of customer plastic waste. 	<ul style="list-style-type: none"> › Presserv will continue progressing its ambition to have 15% of revenue coming from companies in the renewables sector by 2023. › Progress was made in 2021 to improve the availability of services targeting renewables across its global offices, however a proactive approach to client engagement will be promoted. 	<ul style="list-style-type: none"> › Presserv will focus on developing the impact narrative for its biodegradable and non-toxic products. › This may include impact on the environment, contribution in the context of the UN SDGs. › The sustainability narrative is planned to be publicly available .
Timeline	<ul style="list-style-type: none"> › Q3 2022: Analyse data on the biodegradable plastic in real-life scenarios incl. final waste products › Q4 2022: Conduct an output focused analysis comparing biodegradable to regular plastics › Q1 2023: Client ready information on the benefits of biodegradable plastics on the environment 	<ul style="list-style-type: none"> › H1 2022: Review current renewable clients, understand successful strategies for BD and engagement › H2 2022: Continue to approach renewable energy clients, consider internal incentives for new renewable client contracts 	<ul style="list-style-type: none"> › Q2 2022: develop a strategic plan for the ESG narrative e.g. "how can information be communicated most powerfully?" › Q3 2022: Analysis of the facts available to support the narrative › Q1 2023: Launch ESG narrative for sustainable products
Responsibility	<ul style="list-style-type: none"> › Veslemøy Schjelderup Sæveland 	<ul style="list-style-type: none"> › Veslemøy Schjelderup Sæveland 	<ul style="list-style-type: none"> › Veslemøy Schjelderup Sæveland

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.



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
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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
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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
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The UN Sustainable Ocean Principles



Principles

Principle 1: Assess the short and long-term impact of its activities on ocean health and incorporate such impacts into its 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 its operations to prevent ocean warming and acidification, and work towards a circular economy.

Principle 4: Plan and manage its use of and impact on marine resources and space in a manner that ensures long-term sustainability and take precautionary measures where its 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 its 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 its ocean-related activities, impacts and dependencies in line with relevant reporting frameworks.

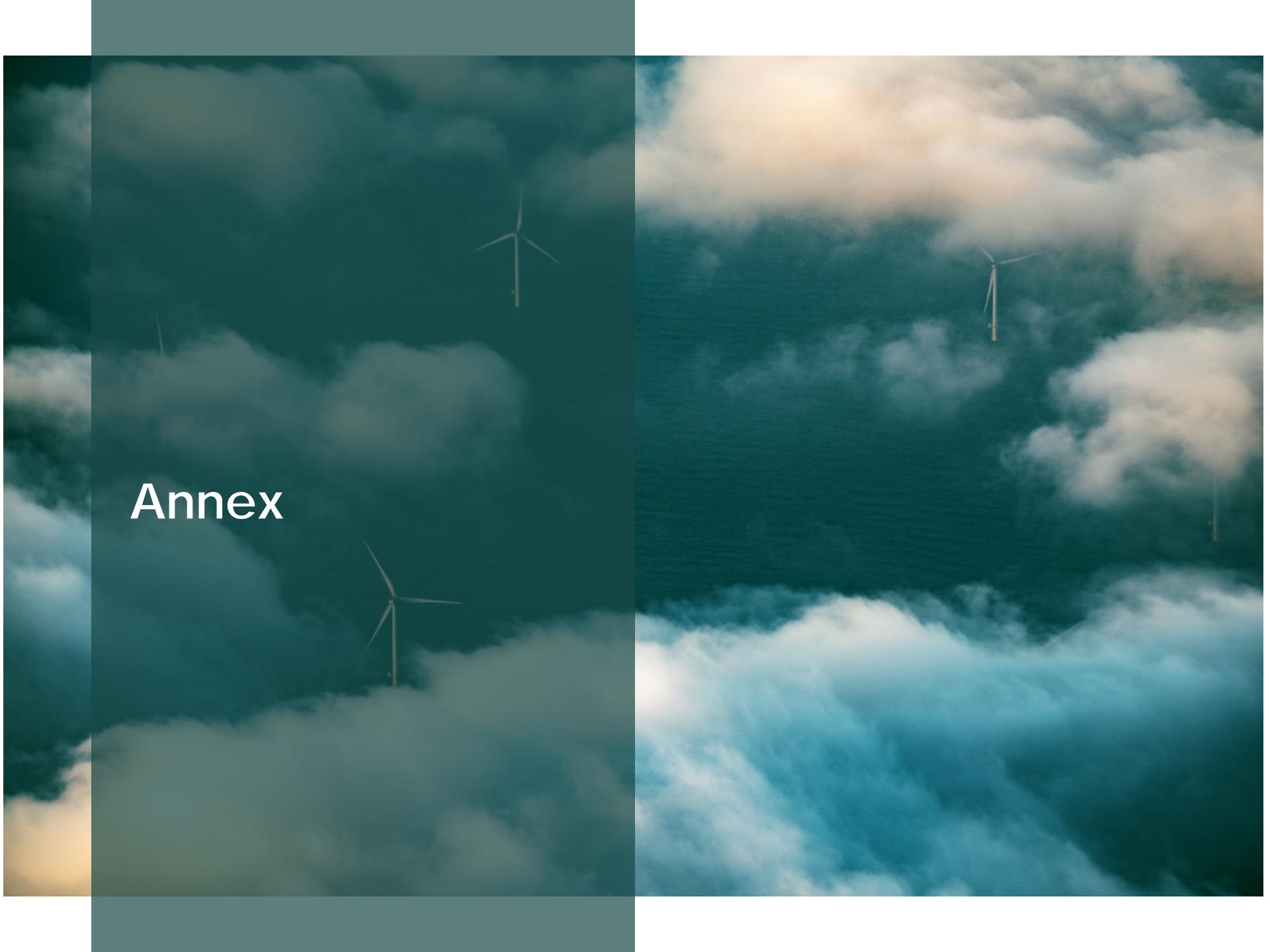
Presserv's commitment

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

- › Assessment of freight and supply chains;
- › Continuously marketing 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 environmentally friendly versions of our products, helping them to minimize its footprint;
- › Reporting on the usage of products to local authorities;
- › Using standards and best practice guidelines within the market;
- › Compliance with the Working Environment Act to secure all the human-, labour- and indigenous peoples' rights both for its own employees, but also for its suppliers;
- › Transparent reporting on business activities.



Annex



Climate risk assessment

Type of risk

Physical climate risks

To assess exposure to physical climate risks, our geographical presence across the value chain is considered. The data for risk scoring is sourced from the Aqueduct Water Risk Atlas - a TCFD recognized tool for physical climate risk assessment¹.

Description

Exposure

Geographical presence: Presserv



Legend ⬤ Operations

⬤ Upstream exposure

⬤ Downstream exposure

Risk score

	SUPPLIERS	OPERATIONS	DOWNTREAM
LOW	MEDIUM	HIGH	
LOW	MEDIUM	HIGH	

Physical climate risks in Germany, the Netherlands and the US are considered low. The nations are deemed to have a robust institutional and socio-economic coping capacity.

Norway, the UK, Brazil, and the US have low or low-medium physical risk. Australia however, has high climate risk. Most have institutional and economic coping capacity.

Clients are mainly located in areas of operation, where exposure to climate risk is low or low – medium. Besides Australia which is considered to have high climate risks.

Source: TCFD, MJ Hudson analysis

Transition risks and opportunities

Transition risks and opportunities capture how aligned a company and its respective industry is to a global shift to a low-carbon economy. The below risk and opportunity categories are defined by TCFD guidance. An example of a transition risk element would be high costs associated with the transition to lower emission technology.

Transition risks

- Market
- Technology
- Policy & legal
- Reputation

Legend ⬤ In focus

⬤ Not in focus

Transition opportunities

- Energy source
- Resource efficiency
- Products / services
- Markets

Legend ⬤ In focus

⬤ Not in focus

TRANSITION RISKS

- LOW
- MEDIUM
- HIGH

- **Market risk** – dependency on clients within carbon-intensive industries may pose a financial risk in the global shift to lower-carbon technologies.
- **Policy & Legal** – Stricter climate regulations in the EU and worldwide (e.g EU Taxonomy) may increase operational costs due to compliance costs and supply chain interruptions.
- **Products / services** - With the increasing price of carbon impacting costs of acquisition and repair of steel assets, there is a possibility of growth in eco-friendly preservation solutions.
- **Resource efficiency** - Integrating circularity principles can lead to efficiency gains and cost reduction.

TRANSITION OPPORTUNITIES

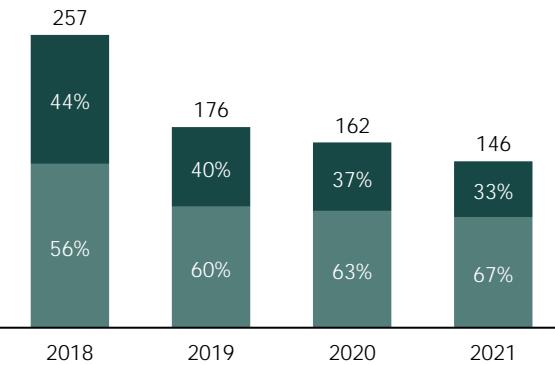
- LOW
- MEDIUM
- HIGH

Material use

Non-hazardous
Hazardous

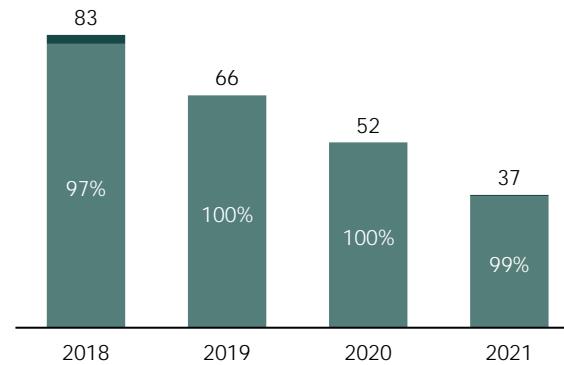
CHEMICALS

Tonnes



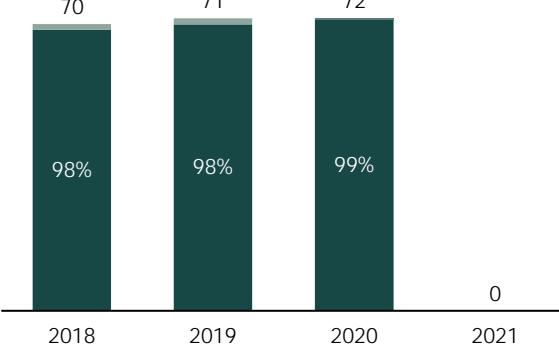
PLASTICS

Tonnes



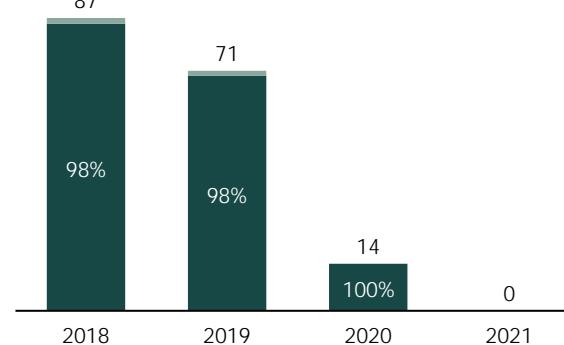
COATINGS

1,000 Liters



THINNERS

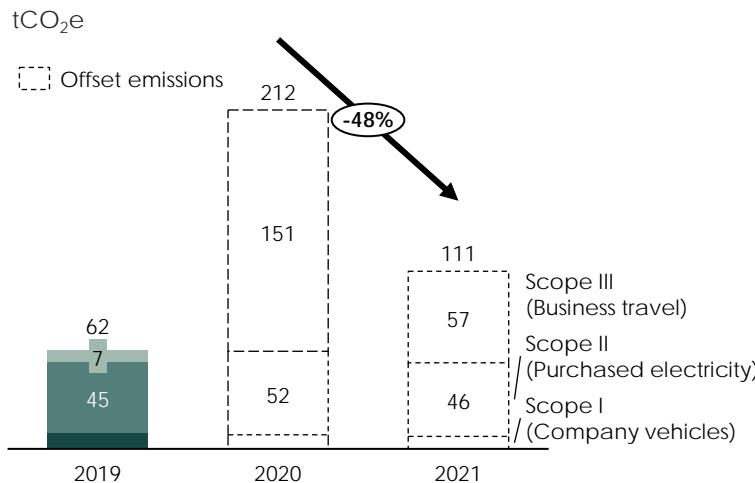
1,000 Liters



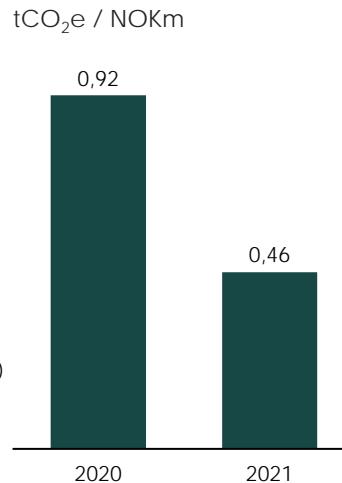
- › In 2021, Presserv eliminated its sale of coatings and thinners, departments heavy with respect to use of hazardous chemicals in the preparation of products.
- › Overall, as a result of continued travel and supply chain issues within the firm, there has been a reduction in volumes of product sold across all material divisions. Although hazardous materials are low, it may be expected that volumes would rise upon the re-normalization of global supply chains and working restrictions post-covid.

Energy & carbon

CARBON FOOTPRINT¹



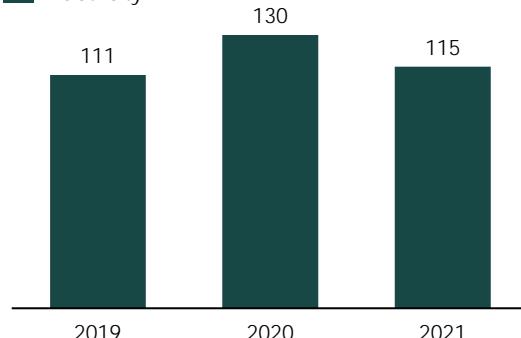
CARBON INTENSITY



ENERGY CONSUMPTION

MWh

Electricity

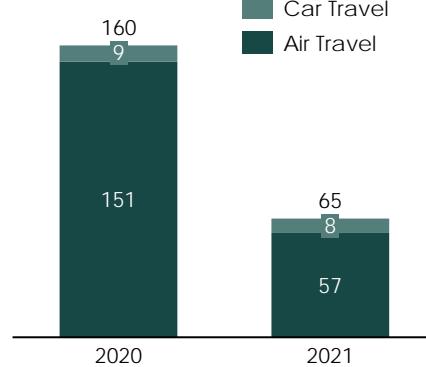


AIR TRAVEL EMISSIONS¹

(tCO₂e)

Car Travel

Air Travel



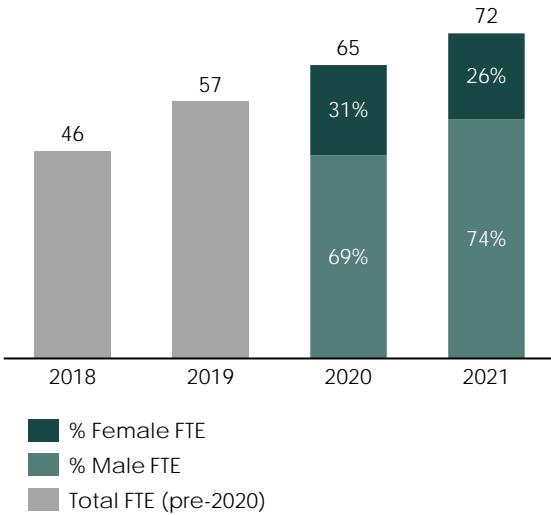
- In 2020, the switch to renewable energy and the incorporation of CHOOOSE, offset tCO₂e emissions entirely. While offsetting tCO₂e is effective temporarily, Presserv should focus on continually reducing overall carbon footprint in order to function more sustainably.
- Business travel fell in 2021, largely due to the reduction in business travel of engineers due to lockdown restrictions and weaker client demand.
- A reduction in total emissions of 48% from 2020 to 2021 reflection of both efforts on increasing the sustainability profile of Presserv, as well as a weaker market for anti-corrosion products in 2021. It is expected that the easing of travel restrictions and an uptick in client activity would result in a correction to the carbon footprint.

Climate positive
with
CHOOOSE

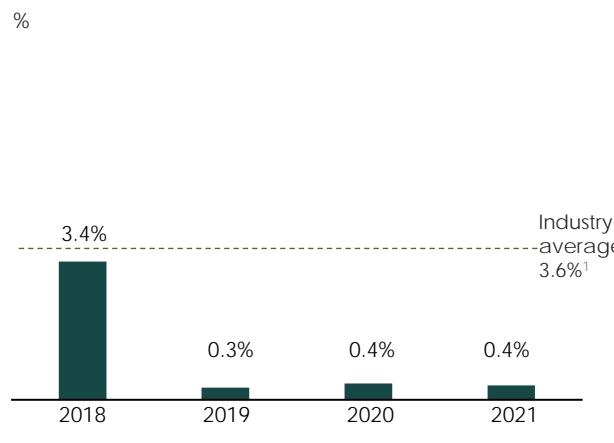
¹ As defined by The Greenhouse Gas Protocol; The carbon footprint includes the GHG emissions CO₂, and is expressed in equivalent tonnes of carbon dioxide (tCO₂e).
Source: Greenhouse Gas Protocol, CO₂emissiefactoren.nl, Carbonfootprint.com, Company data, MJ Hudson assessment

Employee health & safety

**EMPLOYEES
(FTE)**



ABSENTEEISM RATE



ACCIDENT RATE

Accidents / 1,000 FTE

0	0	0	0
2018	2019	2020	2021

- › FTE has grown steadily from 2017 – 2021, implying high levels of retention within the firm.
- › There has been a significant decrease in absenteeism rate since 2017 and the firm is operating below the industry average.
- › Presserv uses a digital solution for monitoring employee working conditions. An annual company culture survey allows employees to raise concerns they have about its workplace.
- › Presserv has maintained its record of zero accidents for the 5th year running.

¹The industry average is the average for Norway, UK and USA sickness absence rates within the energy services and related sectors in 2020/21 (6.4%, 1.2% and 3.2% respectively)

Sustainability principles

<p>Sustainability policies, certificates and targets</p> <ul style="list-style-type: none"> Multiple ESG-related polices are in place, including CoC, ABC, whistleblowing, and H&S. Data Privacy Policy to comply with the GDPR in progress. Signatory of the UN Sustainable Ocean Principles. 	<p>Engagement & responsibility of the Board of Directors</p> <ul style="list-style-type: none"> ESG 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. its chief of staff is the dedicated position responsible for ESG. Dedicated employees work on ESG and make sure this is on the agenda for management meetings as well as in Town hall meetings. 	<p>Risk inventory and evaluation</p> <ul style="list-style-type: none"> A compliance review that describes corruption issues and prioritizes them accordingly. Risk assessment guidelines are given in the H&S handbook. 
<p>Quality of monitoring systems</p> <ul style="list-style-type: none"> The company is ISO 9001 certified. Norway HQ, UK and Brazil ensures quality through its QMS, internal audits and has dedicated staff to monitor quality. 	<p>Ensuring supplier compliance to Sustainability standards</p> <ul style="list-style-type: none"> Supplier audits are conducted to the extent required to maintain and comply with requirements of the ISO 9001:2015 certification. Presserv does not currently undertake an ESG assessment of suppliers, however no issues on sustainability performance have been identified. 	<p>Transparency and reporting</p> <ul style="list-style-type: none"> All products and environmental impacts are listed online. Social events are arranged for employees, customers and suppliers locally, with the goal to contribute to the local society.