



# A better future

ESG REPORT 2020

Contributing towards **a better future** for coming generations is a shared responsibility that Nekkar is proud to take.

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# Disruptive technologies, sustainable results

Contributing towards a better future for coming generations is a shared responsibility that Nekkar is proud to take. By having a conscious approach to sustainability and the effects our operation has on our surroundings, we not only make the world a better place, but also make our company more profitable.



**“A growing global population needs more proteins and the world needs more renewable energy.”**

In this sustainability report, we present the main social, societal, and environmental challenges Nekkar faces, and how we approach them. However, sustainability is not primarily about this report. Sustainability is a business approach that aims to create long-term value for both shareholders and our surroundings by carefully considering the environmental, social and societal landscape we operate within. Because we believe that adopting such strategies fosters company longevity.

Although Nekkar's three priority areas – health and safety, ethics and anti-corruption and the environment – are universal for many companies around the world, I believe it is key for each company to find its own way to integrate sustainability in its business strategy.

In Nekkar we have identified our path. We possess world-leading competence within engineering, electrification, automation and digitalisation. We apply this competence as levers to develop new technologies that can make high growth industry sectors more productive, profitable and sustainable.

In practice, it means that we take the unique competence that our employees have built up in other industries and transfer it across to other high-growth industry sectors, such as aquaculture and renewable energy. A growing global population needs more proteins and the world needs more renewable energy. Our employees' competence can help achieve this in an even more sustainable manner.

To find out more about how Nekkar utilises ESG as topic to generate long-term value creation for society and shareholders, please have a look at the following pages.

*Preben Liltved*

Preben Liltved  
**CEO of Nekkar**

# About this report

This is Nekar ASA's (Nekar) sustainability report for the reporting period 1 January to 31 December 2020.

For information about this report and its content, please contact Nekar's CEO, Preben Liltved.

This report is prepared for Nekar and is inspired by the Oslo Stock Exchange (OSE) Euronext guidelines for sustainability reporting.

The report has been reviewed and approved by Nekar's Board of Directors. It has not been audited by a third party.



# About Nekar

Nekar is a company that utilises electrification, automation and digitalisation competence as levers to make sub-industrialised sectors more efficient, profitable and sustainable.

## Key figures

**359**

REVENUE  
MNOK

**77**

EBITDA  
MNOK

**36.5**

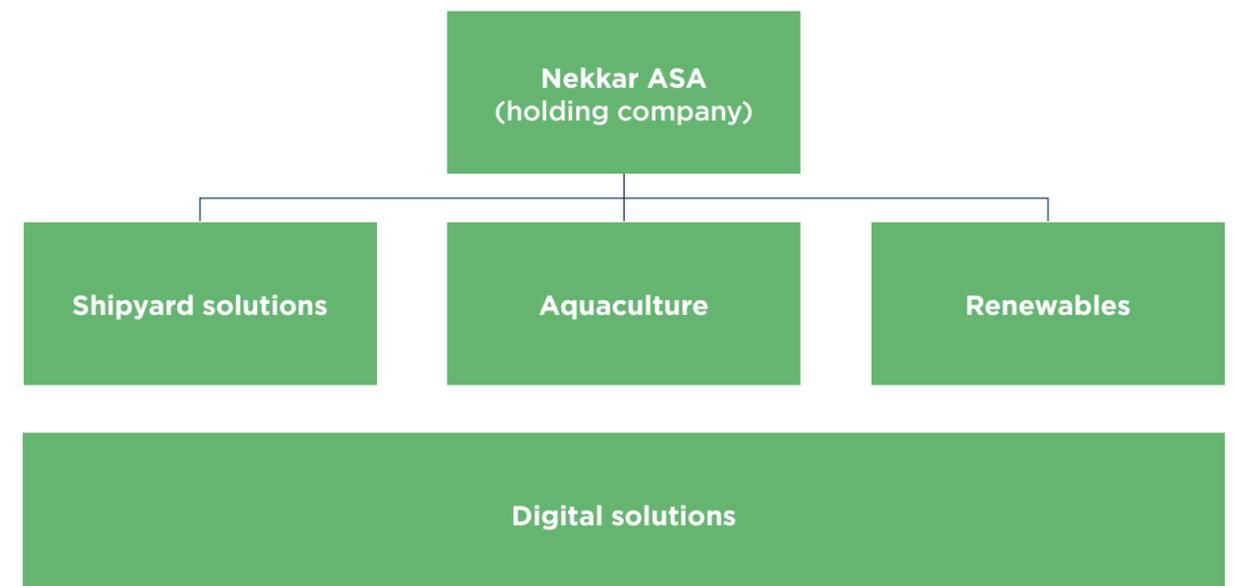
EQUITY RATIO  
PERCENT

The company's operations are divided into three business areas – Shipyard Solutions (Syncrolift), Aquaculture and Renewables – that are all supported by Nekar's Digital Solutions business unit which applies its unique competence within electrification, automation, and digitalisation across the entire Nekar group.

Nekar has extensive industrial experience and a strong legacy within product development and project execution from both the former TTS brand, which grew from a small business to a multi-billion global company, and the internationally recognised “drilling bay” in Kristiansand, Norway. Our highly competent employees have a long track record of innovation and product development.

Nekar is an ASA company listed on the Oslo Stock Exchange (ticker: NKR).

## Nekar company structure



# Locations

Nekkar (the holding company, as well as the Aquaculture, and Renewables and Digital business areas) is headquartered in Kristiansand, on the South coast of Norway. Shipyard Solutions is located in Vestby, with subsidiaries in Singapore and the US. The company also has a sales and service representative in Dubai.



At the end of 2020, Nekkar had 54 employees and 8 hired personnel (project-based). 17% of the company's employees are women and 83% are men.

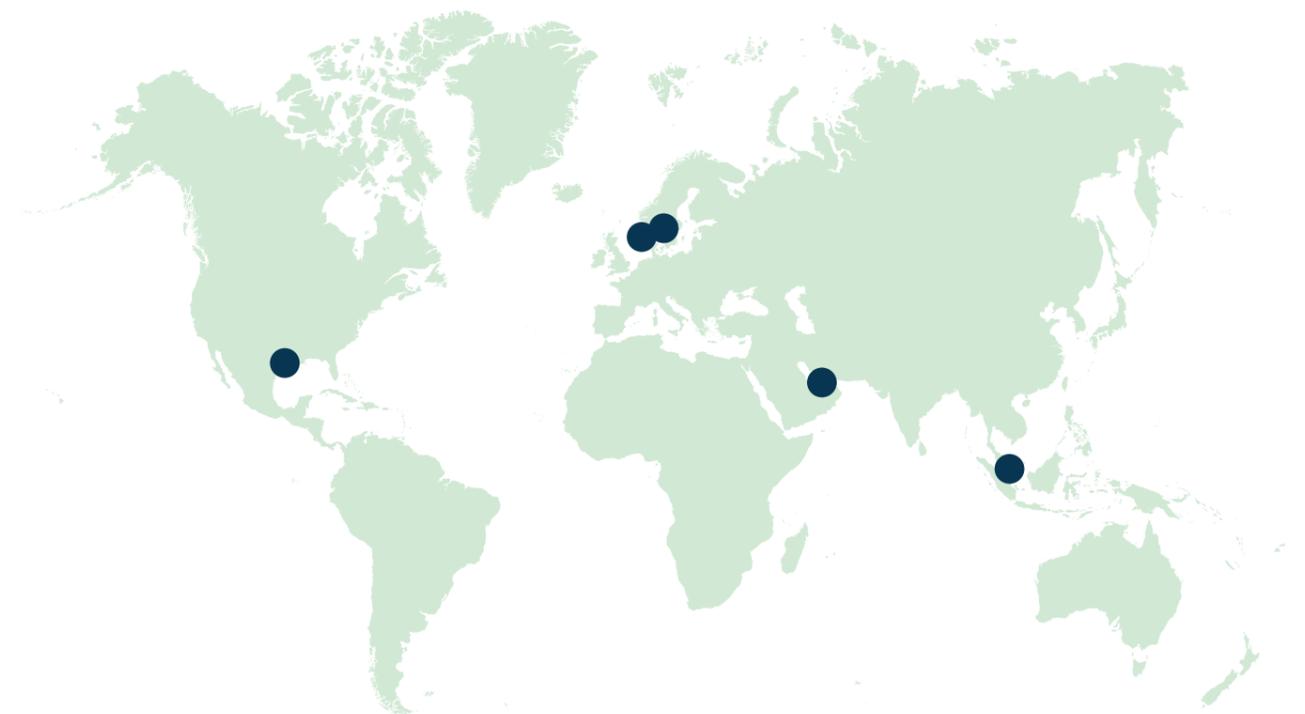
## Employees by location

Location	Employee total
Kristiansand (Aquaculture, Renewables and Digital)	23
Vestby (Shipyard Solutions)	27 + 7 (project based)
Singapore (Shipyard Solutions subsidiary)	3
US (Shipyard Solutions subsidiary)	1
Dubai (Shipyard Solutions)	1 (project based)

**54**  
EMPLOYEES

**17**  
FEMALE EMPLOYEES  
PERCENT

**83**  
MALE EMPLOYEES  
PERCENT



# Corporate governance and sustainability approach

For Nekkar, adhering to good corporate governance standards is a prerequisite for long-term value creation.

The company strives to ensure that its internal control mechanisms, organisation and management structures comply with good corporate governance principles, including the Norwegian Code of Practice for Corporate Governance (NUES). Nekkar is also committed to OECD's Guidelines for Multinational Enterprises and contributing to the improvement of international business standards and practices, especially with regards to questions of corruption, labour relations and the global environment. The company and its employees should at all times operate in an ethically and lawfully manner.

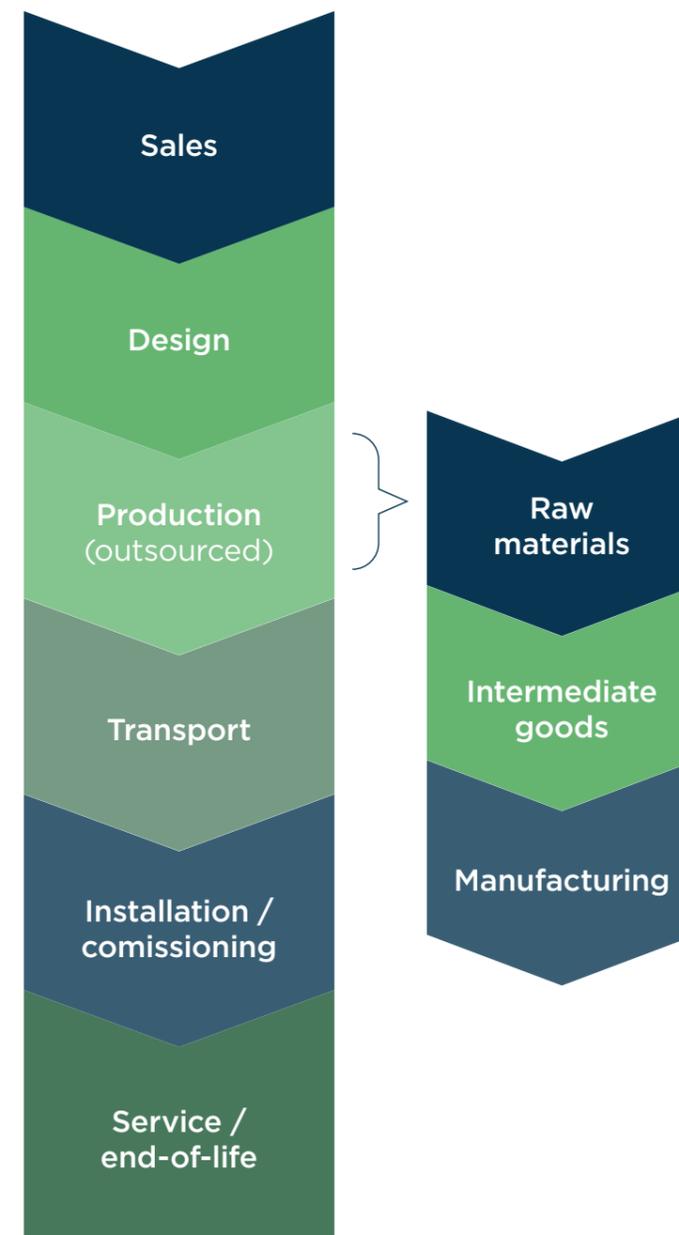
**“The company and its employees should at all times operate in an ethically and lawfully manner.”**

Nekkar's governance structure shall ensure a systematic approach to corporate social responsibility. The Annual General Meeting (AGM) is Nekkar's supreme governing body and where stakeholders can influence how sustainability is practiced. The Board of Directors (“the Board”) is responsible for ensuring that the company is organised, managed, and controlled in an appropriate and satisfactory manner in full compliance with applicable laws and regulations. The sustainability report has also been reviewed and approved by the Board. Corporate Executive Management bears the ultimate responsibility for the company's strategy, development, and day-to-day work.

Nekkar's main governing document is the company's Code of Conduct, in addition to the Code of Conduct for Business Partners and the company's Articles of Association.

# Supply chain and sectors served

Nekkar's business operations are mainly related to ocean-based industries and segments such as ports and harbours, aquaculture and renewable energy. Nekkar has global presence with projects all over the world.



# Stakeholders

## Investors

Nekkar's investors and owners are primary stakeholders and directly affect the company's priorities and strategic direction. Ensuring value for shareholders is one of the main priorities for the company.

## Customers

Nekkar's customers directly affect the company economically and the company's ability to offer attractive products at acceptable cost is decisive for customer retention. Furthermore, an increased ESG awareness among customers is part of driving Nekkar's sustainability priorities.

## Employees

Nekkar's employees are directly affected by the company's internal policies and activities. The company is greatly dependent on its employees and the ability to attract and retain skilled talent.

## Business partners/suppliers

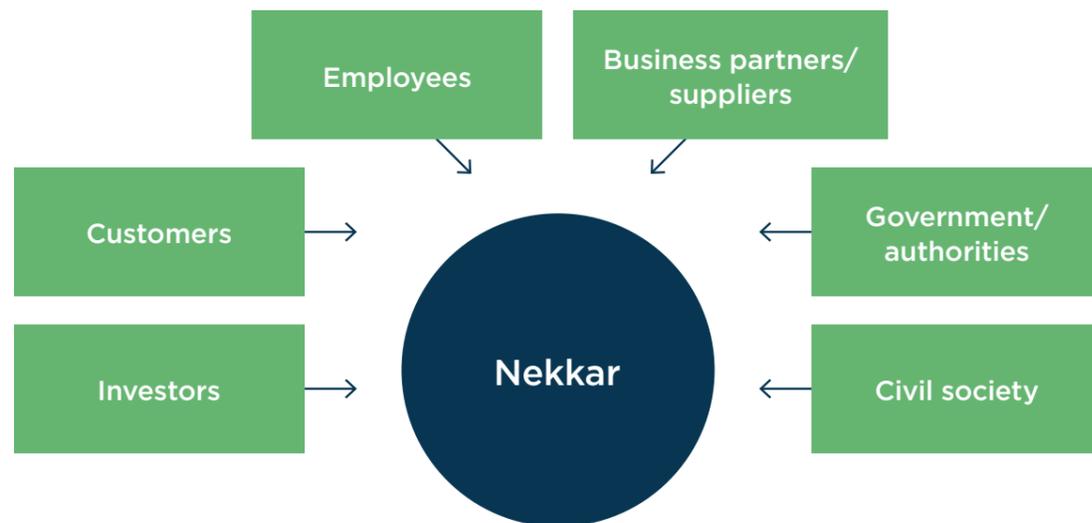
Suppliers are important stakeholders for Nekkar and are directly affected economically by the company. Also, suppliers' responsibility is indirectly affected by Nekkar's focus on responsible business practices as well as the expectations placed on them by the company.

## Government/authorities

Nekkar is directly affected by government regulations in the countries in which it operates, and the company's operating conditions is directly and indirectly affected by regulatory authorities. As a listed company, Nekkar is also bound by the Oslo Stock Exchange's regulations.

## Civil society

Local communities are indirectly, socially, environmentally and economically, affected by Nekkar's activities in terms of job creation and tax contribution. Civil society is also environmentally impacted by the company's products.



# Defining Nekkar's material topics

Inspired by the Oslo Stock Exchange (Euronext) guidelines for sustainability reporting, Nekkar conducted a materiality assessment in 2019.

The materiality assessment was based on interviews and reports from various business areas and departments within the Nekkar group as well as discussing and reviewing feedback from customers and other stakeholders where available and relevant. The results from the materiality assessment are presented in the below materiality matrix.

These topics can be narrowed down to the following three priority areas for Nekkar:

- Health and safety
- Ethics and anti-corruption
- Environment (product innovation, emissions and waste management)

For the 2021 reporting cycle the company is planning to undertake external stakeholder dialogue and a materiality assessment according to the General Reporting Initiative (GRI) Standards and/or the Euronext guidelines to ensure that it is reporting on relevant topics going forward.

## Materiality assessment

	Environment	Social	Governance
Internal	<b>Innovation</b> <b>Waste and recycling</b> <ul style="list-style-type: none"> <li>• Energy consumption</li> <li>• Travel emissions</li> </ul>	<b>Health and safety</b> <b>Employee satisfaction</b> <ul style="list-style-type: none"> <li>• Development and appraisals</li> </ul>	<b>Code of conduct compliance</b> <b>Whistleblowing procedure</b> <b>ESG as part of bid review</b> <b>Data security</b>
Suppliers	<b>Supplier audits</b> <ul style="list-style-type: none"> <li>• Emissions</li> <li>• Waste handling</li> </ul>	<b>Supplier audits</b> <ul style="list-style-type: none"> <li>• Human and labour rights</li> <li>• Health and safety</li> </ul>	<b>Supplier audits</b> <ul style="list-style-type: none"> <li>• CoC for Suppliers compliance</li> </ul>
Customers	<b>Innovation</b> <ul style="list-style-type: none"> <li>• Semi-closed fish cage</li> <li>• Energy saving solutions</li> <li>• Waste water solutions</li> </ul>	<b>Site safety - planning and audit</b>	

# UN Sustainable Development Goals

In addition to reporting on material topics, the company supports the UN's Sustainable Development Goals (UN SDGs). Nekkar is implementing activities and initiatives relating to four of the SDGs, where the company has the potential to make the biggest contribution, including:



Nekkar promotes equal opportunities for employees regardless of their gender, age, ethnic or cultural background. All of Nekkar's employees should be treated with respect and the company shall ensure a safe and healthy working environment for everyone.



Designing and adapting our products to foster innovation and the development of sustainable technology is a key consideration in Nekkar's product development. Nekkar is currently developing the 'Starfish' cage, which aims to improve the sustainability of fish farming by improving fish welfare and eliminating the sea lice and waste problem associated with fish farming.



The ocean represents a highly significant resource in terms of food, energy and value creation and have a high priority in our efforts to ensure a sustainable future. Nekkar's business operations are closely linked to the sea as our products are designed for the maritime and marine industries. Our goal is to design and produce products that can contribute positively to the development in the marine areas.



Nekkar aims to promote and maintain the highest ethical standards to create a trust-based relationship with our stakeholders. Nekkar shall comply with laws and regulations, act in an ethical, sustainable and socially responsible manner and otherwise practice good corporate governance.

# Reporting themes and topics for 2020

In the next chapters, each of the suggested overarching sustainability topics and their relevance to Nekkar are discussed in detail.

# Health and safety

**Nekkar strives to create a safe and secure working environment for all personnel, and the company, its management and employees shall at all times comply with applicable rules and regulations in order to prevent accidents, injuries and damage to people, assets or the environment.**

Employees are a key stakeholder group being directly affected by and having a high impact on Nekkar's operations and business activities.

**“Nekkar strives to create a safe and secure working environment for all personnel.”**

Working at Nekkar could potentially involve health and safety risks to employees and the risks differ depending on whether employees are working in one of the company's office locations or onsite. For employees doing production follow-up from suppliers or onsite inspections and installation supervision, there are work hazards that require special attention, including lifting, working at heights, working with scaffolding, dropped objects, trapping, entanglement, burns and other hazards arising from equipment use. Specific project risk assessments are regularly carried out for the work sites, which mainly relates to Shipyard Solutions' projects. At our office locations, risks are mainly associated with sedentary work.

Nekkar has implemented an occupational health and safety management system at our location in Vestby which builds upon the Norwegian Working Environment Act, and a similar system is currently in planning for the headquarter in Kristiansand. The CEO as well as HR have the overall responsibility for health and safety at Nekkar, in addition to individual health and safety representatives for each business unit. All managers have a particular responsibility to monitor and mitigate any safety risks and report conditions that may impact quality, safety, environment or assets. Employees have a duty to

follow the company's health and safety guidelines, prevent unsafe actions and otherwise promote good safety behaviour.

Nekkar's policies and guidelines regarding health and safety are described in the company's Health and Safety Handbook to which all employees have been onboarded. Employees also regularly receive training on work-related hazards, including fire safety. Service personnel undergo on the job training guided by experienced co-workers upon hiring, and they also attend specific health and safety training organised by clients to receive work permits before entering a work site.

In order to minimise health and safety risks, the company has taken a number of precautions. In addition to the guidelines outlined in the Health and Safety Handbook, the company has invested in ergonomic desks/chairs at the office locations, and also regularly conduct employee surveys through Motivati. At the work sites we carry out Safe Job Analysis, use personal protective equipment and carry out safety rounds with actions to prevent incidents and injuries. In 2020, the company conducted 6 safety rounds on-site.

Shipyard Solutions has been certified according to ISO 45001 Occupational Health and Safety, and employees working here have access to employee health services, such as massage/physiotherapy to minimise the risk of ergonomic health issues. In 2020 the company has implemented precautionary measures relating to the Covid-19 pandemic for all business units, following recommendations from national and local authorities. These measures include for instance increased cleaning of our offices and having employees work from home.

Health and safety requirements for our suppliers have until now followed the legislation and standards in the supplier's home country. Suppliers can register injuries and work-related incidents through a manual system for non-conformities. Nekkar aims at increasing its effort with respect to suppliers' compliance with our Code of Conduct in the time to come.

We continuously work towards our zero injuries vision; however, it is of critical importance to have full overview of any adverse event at Nekkar's sites in order to be able to work on prevention and ensure a healthy and safe workplace. Injuries are registered at site level and all employees are encouraged to immediately report incidents or dangerous occurrences. Injuries and incidents are registered through the HSE web portal at Landax.no and in a mobile app, in addition to immediate internal notification to CEO, HR or nearest line manager. Examples for incidents to report include:

- Near incidents/ incidents, accidents, epidemic disease at office location, during site work, service or travelling
- Influence of damage/hazardous conditions
- Breaches of health and safety regulations
- Missing or evacuation of personnel
- Security breaches or criminal acts towards Nekkar and employees
- Spill/release of products which require notification to authorities and local response

In 2020, Nekkar had zero work incidents. The absence due to illness in the reporting period was 1.62%.

0

WORK ACCIDENTS

1.62%

ABSENCE DUE TO ILLNESS

**The following goals and targets have been set for health and safety in 2021:**

- Facilitating personnel development focusing on follow up of each employee through a systematic use of development appraisals
- Further improve health and safety processes and follow-up
- Implement revised process for follow-up of the health and safety of subcontractors
- Re-establish Nekkar Emergency Response Team

# Governance, ethics and anti-corruption

**The company's ability to create value depends on the ability to promote and maintain a high ethical standard and create a trust-based relationship with stakeholders. However, as a global company, Nekkar is both directly and indirectly exposed to ethical risks throughout its value chain.**

The company and its employees shall comply with applicable laws and regulations, act in an ethical, sustainable and socially responsible manner and otherwise practice good corporate governance. All our business should be conducted in a manner that respects internationally recognised human and labour rights. The company oppose from all forms of discrimination, human trafficking, forced labour and illicit forms of child labour in our operations or value chain.

**“All our business should be conducted in a manner that respects internationally recognised human and labour rights.”**

Nekkar is committed to follow internationally recognised business standards and practice and follows OECD's guidelines for Multinational Businesses. The company adheres to international and national laws and regulations, including (but not limited to) the Human Rights Act, the Money Laundering Act, and the Penal Code with related regulations. Our guidelines for ethics, anti-corruption and conflict of interest are described in the company's Code of Conduct, which sets the expectation for personal conduct and business practice.

The company does not have an ethics committee as of today, but the Management Group is responsible for communication about and compliance with the Code of Conduct, and all employees are expected to read, understand and comply with this. The Nekkar Code of Conduct is shared with all new employees as part of the onboarding process and joint information meetings are held whenever the Code of Conduct is updated. In 2019 Code of Conduct workshops were held at all our business locations as well as workshops focused on raising ethical awareness.

Nekkar has developed a Business Partners Code of Conduct, which is part of our standard terms and conditions in contracts with business partners. New business partners usually sign contracts where our anti-corruption policies are stated, and the company itself or a third party on our behalf conducts risk assessments in relation to financial and illicit activities for new suppliers, customers and sales representatives. Shipyard Solutions also uses a supplier evaluation questionnaire, which is required to be filled in order to become an approved supplier. The evaluation form includes questions on sustainability, ethical standards, environmental management and health and safety.

The company does not tolerate any form of corruption, which is clearly stated in our Code of Conduct. The highest risks are considered to be related to Shipyard Solutions' activities as the company delivers projects to countries which,

according to the Transparency International's Corruption Perception Index, has a heightened risk of corruption, including China and Vietnam, the Middle East, Africa and South America. However, based on the risk assessment carried out by the company, risk exposure is considered to be limited. The remainder of Nekkar's operation takes place in countries where the risk of corruption is considered to be low.

The company does not have an anonymous whistleblowing channel as of today, however, all conditions, which give rise to ethical issues or is considered a breach of the Code of Conduct

is expected to be reported to an employee's closest line manager or to the HR department and registered, so that necessary follow-up can be done, and suitable measures implemented. Examples of concerns related to Nekkar's business practices that may be reported include allegations such as:

- Criminal activities
- Violations of health, safety or the environment
- Infringements of Nekkar's Code of Conduct
- Violation of generally accepted rules/standards

There were zero confirmed incidents of corruption in 2020.



**The following goals and targets have been set for governance, ethics and anti-corruption in 2021:**

- Revise procurement routines and procedures for Nekkar's employees and management group
- Ensure regular information and training on ethics and anti-corruption, for example through townhall meetings
- Follow-up the Code of Conduct for Business Partners, making sure that this is well known and complied with by new business partners
- Re-establish an anonymous whistleblowing channel for reporting irregularities/concerns
- Get employees to sign for having read and understood the company's Code of Conduct

# Environmental and climate impact

**As a manufacturing business, Nekkars business activities have both direct and indirect impact on climate and the environment.**

As Nekkars business activities are mainly related to the marine and maritime industries, our company has both an impact and responsibility to ensure sustainable use of our oceans, and the company recognises the ocean as a highly important resource in terms of biodiversity, food, energy and value creation in general. As a global industrial company with several offices and employees all around the world, Nekkars also has a direct and indirect impact on the environment through greenhouse gas emissions and waste generation.

Reducing our environmental footprint is a key objective and in order to succeed, the company needs to engage all our employees in the process. In 2020 the company introduced "Green Days", which is a creative workshop for all employees where we get together to discuss and develop sustainable ideas. Nekkars also started a project where we aim to have a closer cooperation with our suppliers, increasing their awareness around issues related to emissions and waste.

Although the company aims to avoid any negative environmental impact of its operations, there is still room for improvement. Nekkars takes several measures to ensure that operations are conducted in accordance with applicable environmental standards, limiting or reducing our environmental footprint as much as possible. This includes designing and developing sustainable and environmentally friendly products, reducing emissions where we can (including energy consumption at our offices, transport of products/equipment and employee business travel), as well as implementing good waste management procedures (take-back schemes, reuse, and recycling of products and equipment).

## Designing and offering sustainable and environmentally friendly products

Nekkars aims to contribute to the sustainable use and development of marine resources through its innovative products. New business opportunities focus on impact technology solutions combined with high-end software solutions that will positively contribute to increased sustainability. In our digital solutions the focus is technology enabling electrification and reduced energy consumption in general, which thereby contributes to reduced greenhouse gas emissions.

Nekkars is currently in the process of developing "Starfish", a semi-closed fish cage designed to improve fish welfare and reduce the lice and waste problem associated with fish-farming. The fish cage will be manufactured in light and eco-friendly materials, where the inner canvas will be recyclable and made of materials that remove the need for chemicals during cleaning. The goal is to collect at least 90% of the waste and develop environmentally friendly solutions for waste management instead of exposing the sea water. The waste consists of dead fish or feed remains that can be reused as fertiliser.

Shipyards Solutions contributes to reducing unwanted emissions into the sea. The ship lifts are designed to provide better control than a traditional dock, and in 2019 the first closed system for collecting wastewater was delivered. This year an upgraded version where the wastewater is cleaned will be delivered. Shipyards Solutions is also investigating solutions for regenerating energy made during the lifting operations into the subsequent transfer of the ship.

## Reducing emissions

Nekkars has no emissions from sources that are owned or controlled by the company (scope 1 emissions). The heating and ventilation of office buildings in Norway and Singapore is the main source of indirect emissions (scope 2 emissions). As our offices in Norway are quite old and in need for an upgrade, the company has in 2020 discussed specific plans to relocate to more environmentally friendly offices. Shipyards Solution moved into new and modern premises in Vestby 1 April 2021, while the company plans to relocate Nekkars headquarter in Kristiansand within 2021.

Our largest source of indirect GHG emissions is through outsourced global production, particularly in terms of steel manufacturing and the transportation from suppliers to the installation sites. Although business travel was significantly reduced due to the Covid-19 pandemic, this is something that would normally have a significant impact on the company's indirect GHG emissions. The company has not been able to collect data for CO<sub>2</sub> emissions from sources outside our financial or operational control in 2020 but aims to start climate accounting on all three scopes in 2021.

The below data on greenhouse gas emissions includes the following sources of CO<sub>2</sub> emissions:

- Scope 2 indirect emissions: electricity consumption

## Energy use by location

Location	Energy use 2020
Kristiansand	55.435 MWh
Drøbak <sup>1)</sup>	146.223 MWh
Singapore	4.080 MWh
<b>Group total</b>	<b>205.738 MWh</b>

<sup>1)</sup> Syncrolift moved into a new office location in Vestby, 1 April 2021.

## Waste management, recycling and reuse

One of our key focus areas is to reduce the amount of waste we produce from our business activities. Nekkars products are mainly made out of steel, electro components, hydraulic and paint. Although our products have a long lifetime (approximately 25 years), the company facilitates recycling and reducing waste for our customers when using our products.

When products are upgraded the old steel assemblies as well as wooden decking, old rail systems, wire ropes, and hydraulic oil are scrapped and recycled. Motors and wire sheaves are usually refurbished and reinstalled.

Waste from our in-house operations is relatively limited.

## The following goals and targets have been set for environment and climate in 2021:

- Introduce climate accounting on both scope 1, 2 and 3
- Arrange another "Green Day" creative workshop for employees
- Further develop existing and new products that can contribute positively to the development in the marine areas, including completion of the Starfish cage
- Review material use and recycling of Nekkars products



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