



SUSTAINABILITY REPORT

Servi Group 2022

Summary

Servi Group AS's main activity is the sale, production and distribution of technical and hydraulic-related components and systems, and the service and installation of hydraulic equipment. The entire operation, including production and administration, is located in Norway.

Servi Group wants to take its share of responsibility for sustainable development. This is something to which the board and executive management team of our owner, Ferd AS, are deeply committed. For many years, Servi Group has been producing a range of products which have reduced the environmental impact of our customers. However, in 2022 Servi Group went a step further towards becoming a more sustainable company. We appointed a person who works full-time on sustainability. This allows us to further develop, structure and coordinate our work on sustainability more effectively.

Through its sustainability work, Servi Group wants to help achieve the following UN Sustainable Development Goals:



After performing a stakeholder and materiality assessment, and mapping impacts and opportunities, Servi Group has identified five focus areas for sustainability:

These focus areas are:

- 1) Provide the market with products and systems with a reduced environmental impact
- 2) Enter and grow in the renewable energy segment
- 3) Design and offer circular products and services
- 4) Create a stimulating working environment that promotes equality, inclusion and diversity
- 5) Reduce greenhouse gas emissions

Read more about the background, approach and targets for the focus areas on page 34.

Summary of our targets:

	2022 (BASE YEAR)	2023 TARGET
Provide the market with products and systems with a reduced environmental impact: <ul style="list-style-type: none"> Total sales of products with a reduced environmental impact Percentage of total sales Develop methods to measure environmental impact 	NOK 33.9 million 4.7% Develop during 2023	NOK 90 million 11.5% Report from 2023
Enter and grow in the renewable energy segment: <ul style="list-style-type: none"> Sales from deliveries to renewable energy Percentage of total sales 	NOK 72.4 million 10.2%	NOK 100 million 12.8%
Design and offer circular products and services: <ul style="list-style-type: none"> Income from repairs and overhauls 	NOK 115 million	NOK 120 million
Create a stimulating working environment that promotes equality, inclusion and diversity: <ul style="list-style-type: none"> Professional development* Staff on courses relating to personal development and improving skills Performance appraisals held New employees onboarded Satisfaction score** Number of reported cases of discrimination/bullying Percentage of women 	65 6 74% 100% 75 1 14%	75 15 95% 100% 75 0 15%
	2022 (BASE YEAR)	2030 TARGET
Reduce greenhouse gas emissions <ul style="list-style-type: none"> Energy consumption (MWh) Energy intensity (MWh) Scope 1 (tCO₂e) Scope 2 market-based (tCO₂e) Scope 2 location-based (tCO₂e) Emissions intensity (tCO₂e/NOK million)**** 	6,322 8.76 156 1,096 90 1.52	- - 42%*** 42%*** - -

* From the employee survey. Statement: "Servi Group invests in my competence and skills."

Score from 1 to 100, where 100 is the top score.

** From the 2022 employee survey. Question: "On the whole, how would you rate Servi Group as an employer?"

Score from 1 to 100, where 100 is the top score. From 2023, this will be an overall score based on the total of all the answers.

*** Compared with the base year (2022).

**** Based on a market-based approach.



Some of the highlights from 2022

Here are some of the great sustainability initiatives that we implemented in Servi Group in 2022:

- Servi Group became ISO 14001 certified in December 2022
- In August, a Sustainability Advisor started in a full-time role
- We sold NOK 33.9 million worth of products with a reduced environmental impact
- Percentage of sales from deliveries to renewable energy came to 10.2%
- We replaced three diesel service vehicles with electric vehicles.
- We have replaced every old fluorescent tube with LED bulbs in the production facility in Kongsberg
- We systematised recruitment processes and introduced ability tests to reduce the risk of hidden discrimination
- 29% of all new appointments were women

Table of contents

• Foreword by CEO	• 8
• 1. Organisation and reporting practice	• 10
• 2. Servi Group's activities and value chain	• 12
• 3. Servi Group's employees	• 18
• 4. Governance	• 20
• 5. Responsible business practice	• 24
• 6. Stakeholder dialogue and materiality assessments	• 28
• 7. The UN Sustainable Development Goals	• 34
• 8. Sustainability strategy	• 36



Foreword, CEO, Tom-Arne Solhaug



Servi Group wants to take its share of responsibility for sustainable development. This is something to which the board, the executive management team and our owner (Ferd), are deeply committed, are deeply committed. We do not take on this responsibility simply because it is expected of us, but also because we have a genuine interest in developing Servi Group in an increasingly sustainable direction. This interest is mainly driven by two factors: respect for future generations, and new and profitable business opportunities.

Servi Group produces large quantities of products and systems for customers both in Norway and the rest of the world. Our value chain extends from the extraction of raw materials, via materials and components to production, and on to the customer's use and final disposal of the products. By identifying Servi Group's impacts and opportunities, and performing a materiality assessment, Servi Group has established a sustainability strategy which will take us through to 2025.



The sustainability strategy is closely integrated with Servi Group's overall company strategy. Some of the most important ways in which we think Servi Group can contribute are through products and systems which have a reduced environmental impact, for example reduced energy consumption. That is why some of Servi Group's main focus areas are product development and solutions tailored to the customer. Other key focus areas in sustainability are increasing deliveries to the renewable energy segment, diversity and equality, circular products and reducing greenhouse gas emissions.

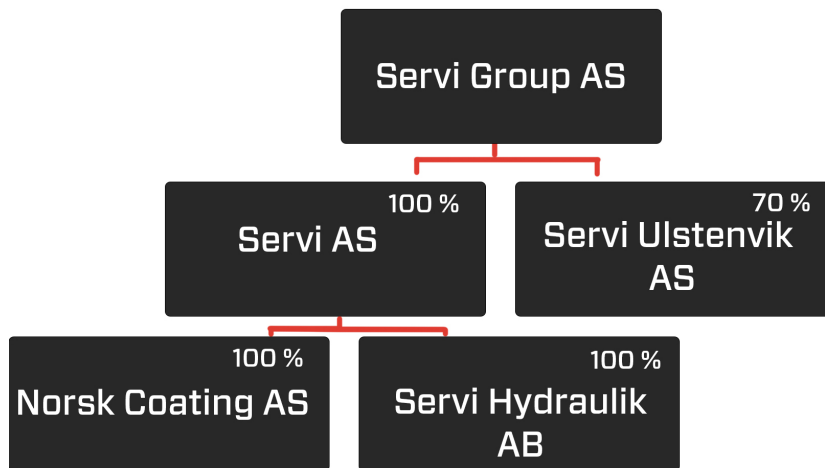
Servi Group's values are responsibility, flexibility, robustness and innovation. Living up to these values is essential if we are to succeed with our sustainable development goals. Our 110 years of history show that our operation was founded on these values, and that they have been pivotal in getting us where we are today.

We are proud to be able to present Servi Group's first sustainability report. I hope that you enjoy reading it!

Tom-Arne Solhaug
CEO

1. Organisation and reporting practice

Servi Group AS is wholly owned by the Norwegian family-owned investment company Ferd AS. The figure below shows the ownership structure of Servi Group AS.



The sustainability report covers all the units in Servi Group AS.



The sustainability report covers all the units in Servi Group AS. The company has sites in the following locations: Ski (head office), Trondheim, Bergen, Kongsberg, Kristiansand, Sandnes, Rissa and Ulsteinvik. Norsk Coating AS is in Rissa.



This sustainability report was published on 18 April 2023 and applies to the period between 1 January 2022 and 31 December 2022. This is Servi Group AS's first sustainability report, and from now on will be published on an annual basis alongside the financial annual report. The report was written with reference to GRI. GRI is a recognised framework for sustainability reporting.

Please send any questions regarding the report and its contents to the Chief Financial Officer, Trude Lind Hillier.

2. Servi Group's activities and value chain

Servi Group's activities

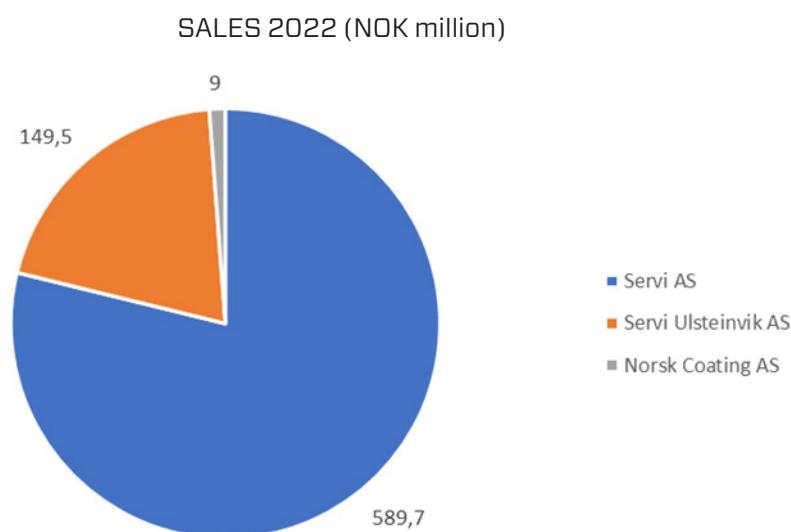
Servi Group AS's main activity is the sale, production and distribution of technical and hydraulic-related components and systems, and the service and installation of hydraulic equipment. Servi Group also delivers a wide range of electromechanical components, control systems and automation. Servi Group AS also has an industrial technology department that delivers testing equipment for the building and construction industry, slide bearings and pneumatics. Servi Group has the biggest centre of expertise in Norway in hydraulics and associated technologies, and has long been a major supplier to the oil and gas, marine, hydropower, defence, mainland and mobile equipment sectors. In 2021, Servi Group set up a separate department focusing on aquaculture. In recent years, Servi Group has also been steadily increasing its deliveries to offshore wind installations. All of Servi Group's operations, from administration to production, take place in Norway.

Servi Group has five production facilities, where we manufacture cylinders and accumulators, valves and blocks, and assemble hydraulic power units. Our flexible and adaptable organisation enables us to manufacture high-quality products to our customers' exact specifications. Servi Group also has service departments at all of our sites, with the exception of Kongsberg.

Servi Group's value chain can be divided into the following main activities: Purchase of raw materials (mainly steel) and components, incoming and outgoing transport, design of products and services, production and assembly of products and systems, service and maintenance, use of products by customers, and final disposal of decommissioned products.

Revenue

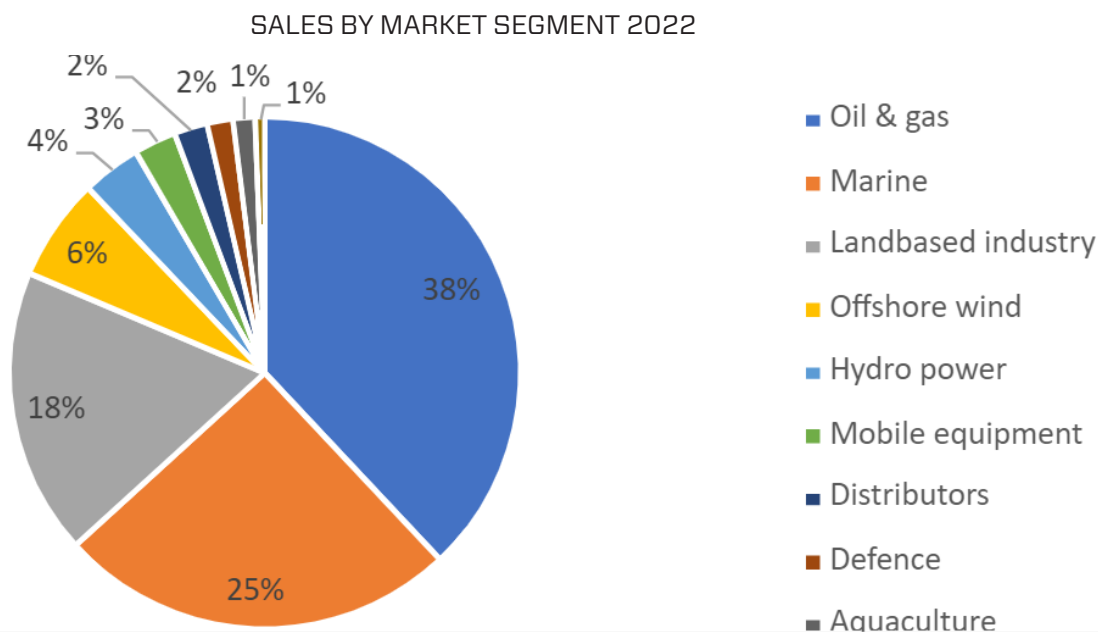
Servi Group AS's revenue in 2022 came to NOK 722 million. For detailed information about sales, see the annual report.





Servi Group's customers and markets

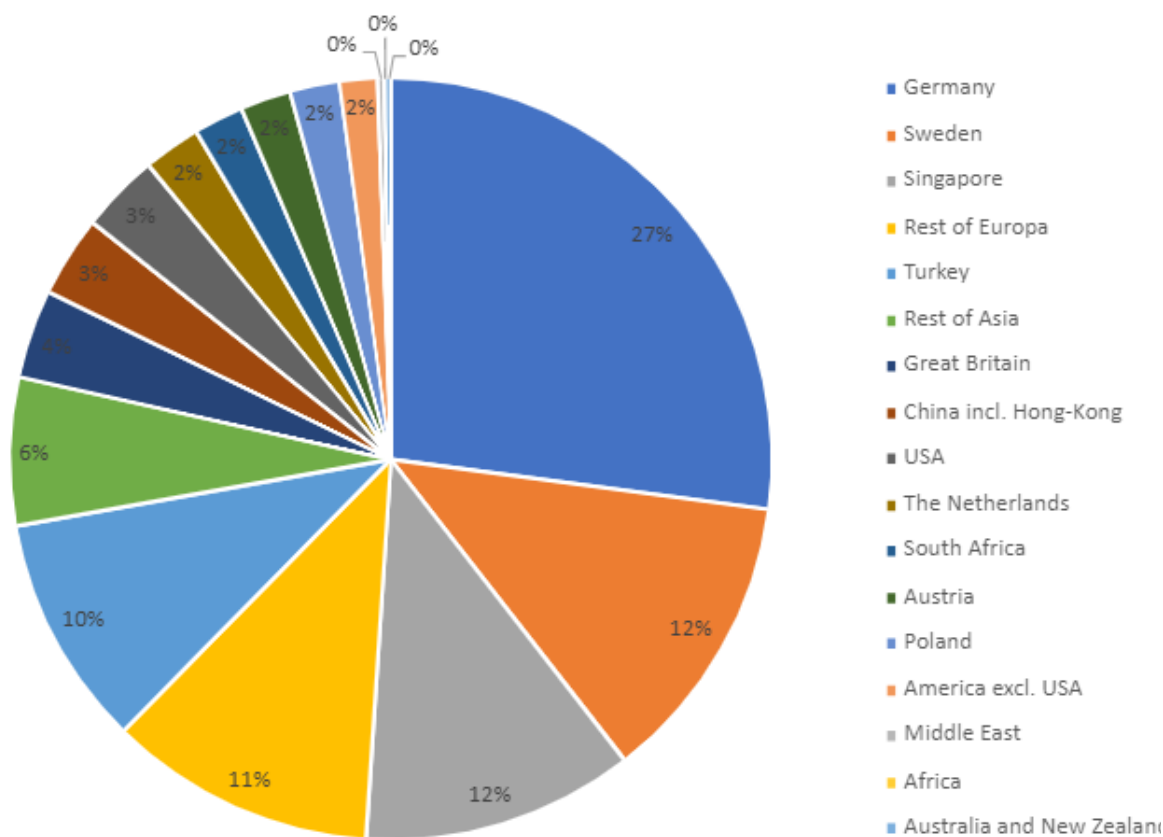
Servi Group's customers represent the sectors shown in the diagram below. In 2022, oil and gas was the biggest market segment, with total sales for the group of NOK 269 million, and marine was the second biggest market segment, with total sales of NOK 179 million. These segments represented 38% and 25% respectively of total sales. It is one of Servi Group's stated goals to increase the percentage of sales which come from the renewable energy segment. Read more about this in the "Enter and grow in the renewable energy segment" section on page 44.



Servi Group's components, systems and services are used for a range of purposes, including deliveries to hydropower systems and the installation of offshore wind systems, as well as for the defence industry, smelting plants and oil platforms. Systems which require the lifting of heavy components, or which require advanced control systems, use Servi Group's hydraulic systems.

Norway is the biggest geographic market for Servi Group. Sales to the Norwegian market represented 83% of total turnover. A significant percentage of deliveries to Norwegian customers go to end customers abroad. Of other sales (excluding Norway), 61% comes from customers in Europe. Germany is by far the biggest market with 27%, followed by Sweden with 12%. Sales in "Rest of Europe" are distributed across several countries. Singapore and Turkey account for 12% and 10% respectively. Sales outside Norway are distributed in accordance with the diagram below.

SALES BY GEOGRAPHIC MARKET EXCLUDING NORWAY



Servi Group's supply chain

Servi has two main purchasing categories:

purchase of raw materials, and purchase of technical and hydraulic-related components.

Raw materials mainly consist of different types of steel. Servi has a total of around 20 steel suppliers. We buy most of the steel from wholesalers in Europe, who buy in from a range of steelworks, depending on specifications and access. We also buy some of our steel directly from producers in Europe. In terms of component purchasing, we buy most of these directly from manufacturers.

Thanks to documentation and certification requirements, we have full information about material specifications and production processes. However, we have limited information about the supply chain before the first stage. Mapping earlier stages in the supply chain is therefore one of the areas that Servi will work on in 2023.

In total, Servi Group has just under 1,200 direct suppliers. The suppliers are classified on the basis of the strategic significance they have for Servi Group. The table below shows the distribution of suppliers in the four categories, with Category 1 being the most strategically important suppliers. Categories 1 and 2 mainly include suppliers that we have worked with for several years, and with whom we have a good, close relationship. Category 4 includes numerous suppliers which provide us with only a few deliveries and represent a low purchasing value. These figures tend to change slightly over time. Categories 3 and 4 are therefore approximate figures.

STRATEGIC SIGNIFICANCE	TOTAL NUMBER	NORWAY	EUROPE	REST OF WORLD
1	13	1	10	2*
2	54	10	40	4**
3	100	60	40	-
4	APPROX. 1 000	APPROX. 500	APPROX. 350	APPROX. 150

*USA, **USA and South Korea

Read more about how we work with due diligence assessments on our website.



3. Servi Group's employees

Around 86% of Servi Group's employees are men. There are two main explanations for this. The first is that around 45% of the workforce is made up of warehouse, service and production staff. These are professions in which there are very few women. Secondly, a high percentage of the staff have technical backgrounds, in fields such as hydraulics. The majority of people with technical qualifications are currently men, which means that the majority of people applying to advertised positions are also men. Although it is challenging, we will work proactively towards increasing the ratio of women in these two categories. In the last few years, we have also taken on several women in administrative positions, in departments including finance, HR, marketing, sustainability and quality/HSE. Of 17 new employees in 2022, 29% were women. The average age across the whole of Servi Group is 45.

Read more about equality in the section on equality, inclusion and diversity on page 53.

TYPE OF EMPLOYMENT	WOMEN	MEN	TOTAL
Total number of employees	46	275	321
Total number of permanent employees	40	255	295
Permanent employees, full-time	33	245	278
Permanent employees, part-time	7	10	17
Contractors	-	3	3
Apprentices	-	11	11
Temporary staff	5	4	9
Hourly paid	1	1	2
Temporary	-	1	1

MANAGERS	WOMEN	MEN	TOTAL
Executive management team	1	4	5
Middle managers	3	41	44

TYPE OF POSITION	WOMEN	MEN	TOTAL
Production and warehouse	7	134	141
Office functions	39	138	177

LOCATION	WOMEN	MEN	TOTAL
Ski	21	57	78
Kongsberg	4	35	39
Rissa	11	76	87
Trondheim	4	36	40
Bergen	-	3	3
Sandnes	-	3	3
Kristiansand	-	16	16
Ulsteinvik	5	42	47

PARENTAL LEAVE	WOMEN	MEN
Average number of weeks	20	15
Number of people	1	2

Because of the high average age in the company, there are not many employees on parental leave. Only one woman and two men took parental leave in 2022.

SICKNESS ABSENCE	SERVI GROUP AS	SERVI GROUP ULSTEINVIK AS	NORSK COATING AS
Total sickness absence	5.9%	7.0%	6.2%

The target is for sickness absence not to exceed 5.0%. Sickness absence in 2022 exceeded this slightly. This was largely due to the fact that there were still numerous cases of Covid. In the autumn in particular, there was a high level of sickness absence due to Covid and seasonal respiratory infections.

4. Governance

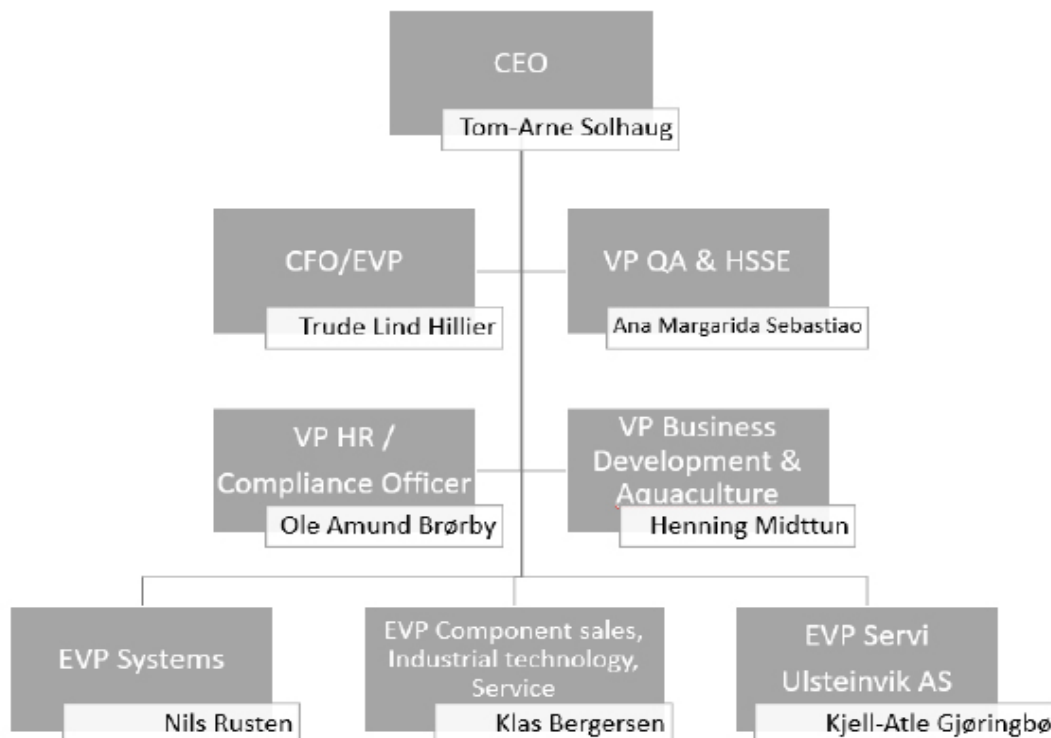
Management structure

Servi Group AS's board is made up of one external chair of the board and five board members. Of the board members, one is an external member, one is a Ferd employee and three are Servi Group employees. No one from the executive management team is a member of the board. Since Servi Group is 100% owned by Ferd, it is Ferd that appoints the chair of the board and external board members. There is an election committee for employee representatives. Different work sites must be represented by the employee representatives. The three employees who were on the board on 31 December 2022 represent Ski, Rissa and Ulsteinvik. The members of the board are elected at the annual general meeting and sit for a term of two years. The board composition is one woman and five men.

Servi Group AS, Servi Group, Ulsteinvik AS and Norsk Coating AS have their own boards, but it is the board of Servi Group which discusses matters on behalf of all the subsidiaries.

On 31 December 2022, Servi Group's executive management team was made up of five senior executives: CEO, CFO, EVP Servi Group Ulsteinvik AS, EVP Systems and EVP Component Sales, Industrial Technology and Servi Groupce. There is one woman on the executive management team.

Servi Group AS has a Working Environment Committee whose task is to ensure that line managers exercise their responsibility in accordance with the Working Environment Act and current guidelines for HSE work. The Working Environment Committee is made up of representatives from every work site. Every work site has one representative from the extended management team and one representative from the other employees. Two HSE managers are also on the committee.





Sustainability management in Servi Group

Until 2022, Servi Group's sustainability work consisted of numerous good initiatives, particularly in product development. In August 2022, a full-time employee joined the company as the sustainability advisor. The additional resources have enabled us to make our sustainability work more formalised and structured. The sustainability advisor has the operational responsibility for matters such as data collection, measurement and reporting, as well as responsibility for coordinating initiatives and implementing sustainability in the organisation. The sustainability advisor reports directly to the CFO, who has the overall responsibility for sustainability work in Servi Group. This ensures that the sustainability work has the full backing of the executive management team.

Servi Group also has an active sustainability team which is made up of 13 sustainability ambassadors. The sustainability team is headed by the sustainability advisor and holds regular meetings. The sustainability ambassadors represent a range of departments, functions and locations. This team is an important arena for coordinating measures and sharing information, and it also acts as a discussion forum for sustainability-related issues. The ambassadors also play a key role in implementing sustainability in the organisation.

With the support of the sustainability team, the CEO and sustainability advisor have identified impacts and opportunities, performed stakeholder and materiality assessments and prepared the sustainability strategy. The executive management team is fully committed to the sustainability strategy.

Above all, the CFO's considerable expertise in this field ensures that the executive management team has significant competence in sustainability. Furthermore, the other senior executives are steadily acquiring more competence in this field, because it has been given a high priority and forms part of Servi Group's overall company strategy. All the senior executives are working alongside the CFO and sustainability advisor to implement sustainability in their divisions.

Owner's and board's roles in sustainability

Ferd has ambitious targets for sustainability for its entire company portfolio. In January 2023, Ferd held a dedicated sustainability seminar for all its portfolio companies, at which they presented Ferd's approach to sustainability, and described their requirements and expectations of the companies. All of the portfolio companies are expected to report on greenhouse gas emissions and employee engagement. Ferd also requires every company to set its own targets, based on the company's impacts and opportunities. Ferd is an active owner which provides support for the companies in the form of guidance and access to resources. This is particularly important for sustainability, since this is an area which is undergoing major changes in regulations and markets.

The CFO reports to the board every month. Going ahead, the ambition is for sustainability to be a standing item on the agenda in board meetings. Several of the board members have considerable expertise in sustainability.

The board has approved the sustainability report.



Reporting of issues of concern

Every month, a monthly report is submitted to the board. Among other things, this describes issues of concern. This includes financial matters, environmental mishaps and occupational accidents. In 2022, four cases were reported to the board. For more information about these, see the “Incidents, manage-

Remuneration

The external members receive board remuneration, and employee representatives receive a smaller fee. Ferd representatives are not remunerated. The executive management team receives a fixed salary. The board sets the CEO’s salary, and the CEO sets the salaries of the other senior executives.

ISO certifications

Servi Group is certified with both ISO 9001 and ISO 14001. The ISO 9001 certification means that Servi Group has a good quality management system. This ensures that we deliver products and services which comply with all requirements, i.e. customer requirements, statutory requirements and our own requirements. The ISO 14001 certification means that Servi Group has a good environmental management system. This ensures that we work continuously to reduce our impact on the environment, and it makes us able to respond to changes. Both certifications facilitate continuous improvements and address risks and opportunities.



5. Responsible business practice

Compliance policy and ethical guidelines

Servi Group has zero tolerance for corruption and other illegal or unethical business conduct. Servi Group's ethical guidelines represent our commitment to complying with applicable acts and regulations in the countries in which we operate, including internationally recognised human rights, as well as our commitment to conducting business in an ethical manner. Servi Group's ethical guidelines are based on the UN Global Compact principles, OECD guidelines for multinational companies, and relevant conventions and recommendations from the International Labour Organisation (ILO), as well as Norwegian and international anti-corruption laws in every country in which we have a commercial operation (such as the US Foreign Corrupt Practices Act (FCPA) and UK Bribery Act).

The ethical guidelines apply to Servi Group's board members, managers and all its employees. They provide guidance on how we should act towards our colleagues, customers, suppliers, shareholders and society. While the ethical guidelines provide detailed guidance, Servi Group's compliance policy summarises our commitments at a general level. The compliance policy and ethical guidelines have the full backing of the executive management team and the board. The overall responsibility for the ethical guidelines lies with the HR manager.

The ethical guidelines are part of the onboarding programme, which all new employees must undergo. They do this on the digital training platform Attensi. Every employee must also take a refresher module once a year. The ethical guidelines are easily accessible to all employees on the intranet. Every manager is responsible for ensuring that their employees comply with the policies. We will investigate any incidents or situations about which there is any doubt, and implement suitable measures.

[You can read Servi Group's compliance policy here.](#)

You can read more about Servi Group's ethical guidelines on Servi.no.

HSE policy and guidelines

In Servi Group, health, safety, security and environment (HSSE) are an integral part of our operation and the way we work. As a responsible employer, Servi Group works actively and systematically to create an environment which promotes a safe and healthy workplace for our employees, and a sustainable environment. We implement measures to prevent work-related injuries and health problems, and work continuously to minimise our impact on the environment and optimise our use of resources.

The HSE manual describes our obligations, provides a list of acts and regulations and gives detailed guidance on every relevant area. Every employee has access to the HSE manual, which is easily accessible on the intranet. Employees are also informed of any changes in the HSE rules via the intranet. The guidelines are part of the onboarding programme, which all new employees must undergo.

The objective of zero injuries has become part of how we think and work, with a strong commitment to continuous improvement. Everyone in Servi Group, i.e. employees at all organisational levels, contract personnel and visitors, has the authority to stop work (Stop Work Authority or SWA). This is an opportunity and obligation for anyone to stop situations that could be dangerous. As a production company, it is particularly important to ensure that every employee who is involved in production receives the training they need in accordance with the Working Environment Act and other relevant regulations applying to our operation. The training is based on risk assessments, which are performed for all the machinery needed by Servi Group. Servi Group performs skills assessments on all the employees involved in production; these have a four-grade scale, from “Training Needed” to “Specialist.” Working safely and securely is also a topic in every management meeting and general meeting.

Guidelines for the handling of chemicals are also part of the HSE manual. This is in accordance with the Regulations Concerning the Performance of Work. Servi Group has a Substance Index, which is a list of all the chemicals which the company uses, and there are safety data sheets for all hazardous chemicals. We work continuously to minimise the use of hazardous substances in the red and orange categories. Wherever possible, we replace hazardous substances with less hazardous substances.

In accordance with the Norwegian Waste Regulations, Servi Group hands in all hazardous waste to approved reception facilities. With respect to general waste sorting, practices at the moment vary slightly between locations. Servi Group currently uses a range of contractors for waste collection and management at the various locations. In 2023, we are working to bring all of this under one contract with a single contractor. This will make it easier to measure the volumes and emissions associated with all of the waste fractions.

[You can read Servi Group's HSE policy here.](#)





Incidents, handling and evaluation

There have been no undesirable incidents relating to financial matters.

There has been one incident relating to the environment. One of the service vehicles in Trondheim had a diesel leak in which 80 litres leaked out. In accordance with the emergency response plan, the fire service was contacted. The fire service confirmed that the diesel had not got into the ground, since the snow had absorbed it all. The snow was removed. A ruptured diesel filter was the cause of the incident, and was nothing that Servi Group could have foreseen or prevented.

The first round of audits for ISO 14001 discovered that the container which Norsk Coating was using to store paint and chemicals was not in accordance with the standard. A new container which meets the requirements was procured and is now in use.

There have been two production-related incidents. One incident involved a crushed hand. The severity was low, a medical examination was not necessary, and no rules or procedures had been breached. The second incident was of medium severity. A cylinder fell out of a vice during installation work and injured the operator's foot. The operator was taken to the emergency medical centre for examination and further follow-up. The cause was due to human error. The operator had undergone the necessary course. After such incidents, there is an evaluation and review with the production workers in order to learn from them.

One incident was reported to HR and was handled in accordance with guidelines. The matter was not of a nature that could be classed as bullying, but it was a matter that should not be expected as part of an

Complaints mechanisms and whistleblowing procedures

It is Servi Group's ambition that no issues of concern will arise in the business, and we make it a priority to have a culture in which there is space to speak out about matters which are not as they should be.

The HSE manual contains detailed descriptions of whistleblowing procedures: how to report issues and who to report to, how reports will be handled, and how they will be summarised and evaluated. The main purpose of the whistleblowing procedures is to ensure that issues of concern are handled effectively, properly and satisfactorily. The whistleblowing rules apply to all our employees, both permanent and temporary. They also apply to contracted workers and apprentices.

It is a management responsibility in Servi Group to clarify, follow up on and implement measures in relation to issues of concern that are identified in its operations. All reports must be taken seriously and investigated by Servi Group, cf. section 2 A-3 of the Working Environment Act. Every whistleblowing case which is handled by Servi Group shall safeguard confidentiality, impartiality and the right to refute.

Responsible purchasing and due diligence assessments

Servi Group comes under the scope of the Norwegian Transparency Act. This means that Servi Group must carry out due diligence assessments and publish a statement once a year. The company has set its ambitions for due diligence assessments at a level which is achievable with the available resources. The plan for the second quarter of 2023 is to invest in a system which will make us more efficient at identifying risks and sending questionnaires to suppliers. This will enable us to better analyse risks and streamline the way we collect information. Purchasing managers also consider Servi Group's biggest and most important suppliers to be responsible, international companies. Our relationships with our major suppliers go back many years. Most of our suppliers are also located in Europe. All these elements indicate that the risk is low in the first stage of the supply chain. However, we realise that there may be a risk of breaches of human rights further back in the supply chain, and this is something that we must clarify over time.

Statements on due diligence assessments are available on [Servi.no/sustainability](https://servi.no/sustainability)
[You can read the supplier declaration here.](#)

Duties according to The Equality Act

Servi Group is covered by the provisions of The Equality Act. This statement only exists in Norwegian and can be found on servi.no/en/sustainability.

Membership and partnerships

Servi Group is a member of several industry organisations in order to maintain our level of specialist expertise in the various industries in which we operate, and to establish networks and partnerships. In 2022, Servi Group became a member of NCE Aquatech. Technology, sustainability, knowledge development and knowledge-sharing are central to the work of the cluster. At the start of 2023, Servi Group also became a partner in the Norwegian Offshore Wind Cluster. This is an important business cluster for developing the offshore wind supply chain in Norway.

Trade union organisation

All of Servi Group's operations are located in Norway, and everyone in Norway has the right to be a member of union organisations. The Norwegian United Federation of Trade Unions is the biggest organisation among Servi Group's employees, representing roughly 60 members of staff. Around 10 members of staff are represented by the Norwegian Society of Engineers and Technologists. Staff are also represented by other advocacy and employee organisations, such as Econa.

6. Stakeholder dialogue and materiality assessments

Stakeholder assessments

Servi Group's stakeholders consist of the parties who are affected by or who have an impact on Servi Group's operations, and who thereby have a vested interest in Servi Group's operations.

The stakeholder assessment is performed in three parts. The first part consists of identifying which internal and external stakeholders are most relevant to Servi Group. The second part consists of identifying which claims and expectations the internal stakeholders have of Servi Group, and the third consists of identifying claims and expectations from external stakeholders.

As well as this process revealing what negative and positive impacts Servi Group has and could potentially have, the assessment also helps to identify business opportunities. The process can also provide valuable information about developments and trends in Servi Group's segments.

The relevant stakeholders and their claims and expectations of Servi Group are listed in the table on the next page. We provide a more detailed account after the table.



STAKEHOLDER	TOPICS OF INTEREST TO STAKEHOLDERS	ARENA FOR STAKEHOLDER DIALOGUE
Owner	Report and reduce greenhouse gas emissions Employee engagement Profitability Innovation and exploring new opportunities Long-term perspective	Dialogue between Ferd and CEO/ CFO Sustainability seminar
Board	Ambitious sustainable development goals Report and reduce greenhouse gas emissions Profitability Employee engagement	Board meetings Dialogue between chair of the board and CEO/CFO
Executive management team	Product development Contribute with technological solutions Products and projects with environmental benefits Partnerships with customers to develop environmentally-friendly solutions Consultant on measures that improve the environment Products for renewable energy Longer lifespan for products Energy-efficient production Skills development Digitisation	Executive management team meetings Extended management meetings Workshops
Employees	HSE Skills development Employee participation Diversity and equality Civic engagement	Dialogue between staff and managers Performance appraisals Employee surveys Workshops
Customers	ISO 14001 certification Energy-efficient products Servi Group's greenhouse gas emissions Material declarations Steel must be of European origin Repairs and maintenance/overhauls Disposal of products Responsible business practice Responsible purchasing	Customer meetings In-depth interviews with selected customers Industry fairs
Suppliers	Responsible business practice Good partnerships	Supplier meetings In-depth interviews with selected suppliers Audits
Local community	Jobs Apprenticeship places Tax revenues Sponsorships	Employees
Banks	Sustainable investments Sustainability management	Meetings with CFO and CEO

Internal stakeholders

Owner and board:

As mentioned in the paragraph about the role of the owner and board in sustainability management, Ferd and the board have a focus on ensuring that Servi Group reports on and reduces greenhouse gas emissions. They are also focused on ensuring that Servi Group measures employee engagement. This means following up on and improving areas with a weak score, and working to maintain areas with a high score. Finally, it is important for Ferd that Servi Group delivers good profitability within a sustainable and long-term framework.

Executive management team:

For the executive management team in Servi Group, product development in partnership with our customers plays a fundamental role in ensuring that Servi Group is able to deliver on several of the focus areas in the company's overall strategy. Of particular importance is the development of products and services which reduce the environmental impact of customers, and deliveries to the renewable energy segment. Good and close partnerships with customers are therefore of great importance.

Skills development is another important focus area. This is about both developing existing skills and attracting new core competencies. Leadership and project implementation have been identified as two important areas in which skills improvement is particularly important. Digitisation of central work processes is also a topic which is important for the management. This is important in order to improve the efficiency of central processes in the company, improve employees' job satisfaction and obtain access to good data and insight.

Employees:

The employees' focus is on having a safe and secure workplace. HSE is therefore very important to them. They also believe in the importance of skills development and participation, and in diversity and inclusion.

External stakeholders

Customers:

Based on the products and systems which Servi Group delivers, and the potential to reduce the environmental impact caused by the use of the products, we believe that customers represent our most relevant group of external stakeholders. We have noticed that the bigger customers are becoming more interested in moving to more eco-efficient solutions which enable them to reduce both energy consumption and costs. In recent years there has also been an increase in the repair and overhaul of old machinery and equipment instead of buying new. Long product lifespans therefore appear to have become important than in the past. We are seeing a clear trend towards many customers setting clearer and more stringent requirements regarding supplier approval. One of the clearest requirements is ISO 14001 certification. More and more companies are making environmental certification a requirement before they will approve a supplier. Customers also consider it to be very important that Servi Group works with due diligence assessments.

We are seeing an increasing trend in customers asking for information about Servi Group's CO2 emissions, as part of their own scope 3 assessments. Many also require material declarations for the products. Servi Group uses a great deal of steel in its production, and many customers require documentation that this has been produced in Europe.

Suppliers:

Discussions with suppliers show that the most important thing for them is that Servi Group has a responsible business practice in all areas. They also have a strong focus on having a good collaborative relationship with Servi Group, which enables us to find good solutions together. From time to time, Servi Group performs audits of its suppliers in order to guarantee quality and safety.

Local community:

Servi Group provides jobs in many locations in the districts. As well as having service workshops at several sites along the coast, many administrative functions are also located here. For example, Servi Group's accounts department is in Rissa, despite the fact that other financial functions are based in the head office in Ski.

Servi Group's operation in Rissa can be described as a cornerstone company. In 2022, our site in Rissa had 87 employees and is an important employer in the local community. There is no established arena for dialogue, other than the employees' contact with the local community. However, there is one member of staff at Rissa who visits upper secondary schools every year and gives talks on "Conduct and attitudes in the workplace." Other positive contributions to society worth mentioning include the fact that all of Servi Group's production units invest in apprentices. This is a win-win initiative, in which Servi Group provides young people with training opportunities and also helps to improve skills in our specialist field. Some of the apprentices are given permanent jobs after the apprenticeship period. None of Servi Group's production has a negative impact on the local community; there are no emissions to air, water or ground, nor is there any noise from production or any notable heavy transport to or from the sites.

Banks:

Banks are interested in whether Servi Group can demonstrate a sustainability strategy, sustainability management and specific sustainability measures. These are important in terms of securing good borrowing and insurance terms and conditions in the future.

Authorities:

Servi Group's operations are subject to the requirements of the Norwegian Transparency Act and Equality Act. In other respects, we are not regulated by licences or special instructions of an environmental nature. Nor is the company subject to any specific industry regulations, but we comply with every regulation applying to Norwegian businesses.

Materiality assessments

The topics that were identified in the stakeholder assessment were then scored in a materiality matrix on the basis of how important they are to the stakeholders, and how important they are to Servi Group. We conducted two workshops as part of this process. We conducted the first workshop with employees, represented by the sustainability team, with many of the participants at middle-manager level. The second workshop involved the executive management team. Both groups were given the task of placing all the topics in the materiality matrix. Independently of each other, the results of the two groups were almost identical. The topics which were given a high score in both dimensions were defined as material.

In addition to the stakeholder and materiality assessment, we also assessed impact in the value chain based on research and the knowledge acquired by the company over many years. As described in the introduction, Servi Group has many years of experience and skills, particularly in hydraulics, and has in-depth knowledge about all the markets that we deliver to.

We then grouped the material topics, which resulted in five focus areas. These focus areas form the core of Servi Group's sustainability work. Read more in the section on Sustainability Strategy.



7. The UN Sustainable Development Goals

As an industrial company, Servi Group recognises that we have an impact on the environment, but our responsibility, innovation, robustness and flexibility, combined with our expertise, give us many opportunities to make a positive contribution. Servi Group has selected four of the UN Sustainable Development Goals which we want to help achieve:



Sustainable Development Goal no. 12, which is about responsible consumption and production, forms a key element of Servi Group's sustainability work. This is about Servi Group's production methods and the products we offer. Many of Servi Group's products and systems help customers to reduce their ecological footprint, for example by reducing energy consumption and oil volumes, and producing less noise. Servi Group's products also have long lifespans, can usually be repaired and upgraded, and have a high level of recyclability.

In order to deliver what the market wants, both now and in the future, while keeping our impact on the environment as low as possible, Servi Group has a high focus on development and technological solutions. This helps to achieve Sustainable Development Goal no. 9, which is about industry, innovation and infrastructure. As well as developing new products and systems, what Servi Group delivers to the renewable energy segment is an important contributor here.





The third Sustainable Development Goal which Servi Group has selected is Goal no. 10, which is about reducing inequalities. For Servi Group, this is about more than simply gender equality. We want an inclusive working environment and society, where there is a place for everyone, and where diversity gives us a wide range of perspectives. This improves job satisfaction and makes us better equipped to face the challenges of

The final Sustainable Development Goal which Servi Group is helping to achieve is Sustainable Development Goal no. 13, which is about stopping climate change. Although Servi Group's emissions are small in the greater context, we must also work to reduce the greenhouse gas emissions generated by our own production and from our value chain. Reducing greenhouse gas emissions is closely tied up with Sustainable Development Goals no. 9 and 12.

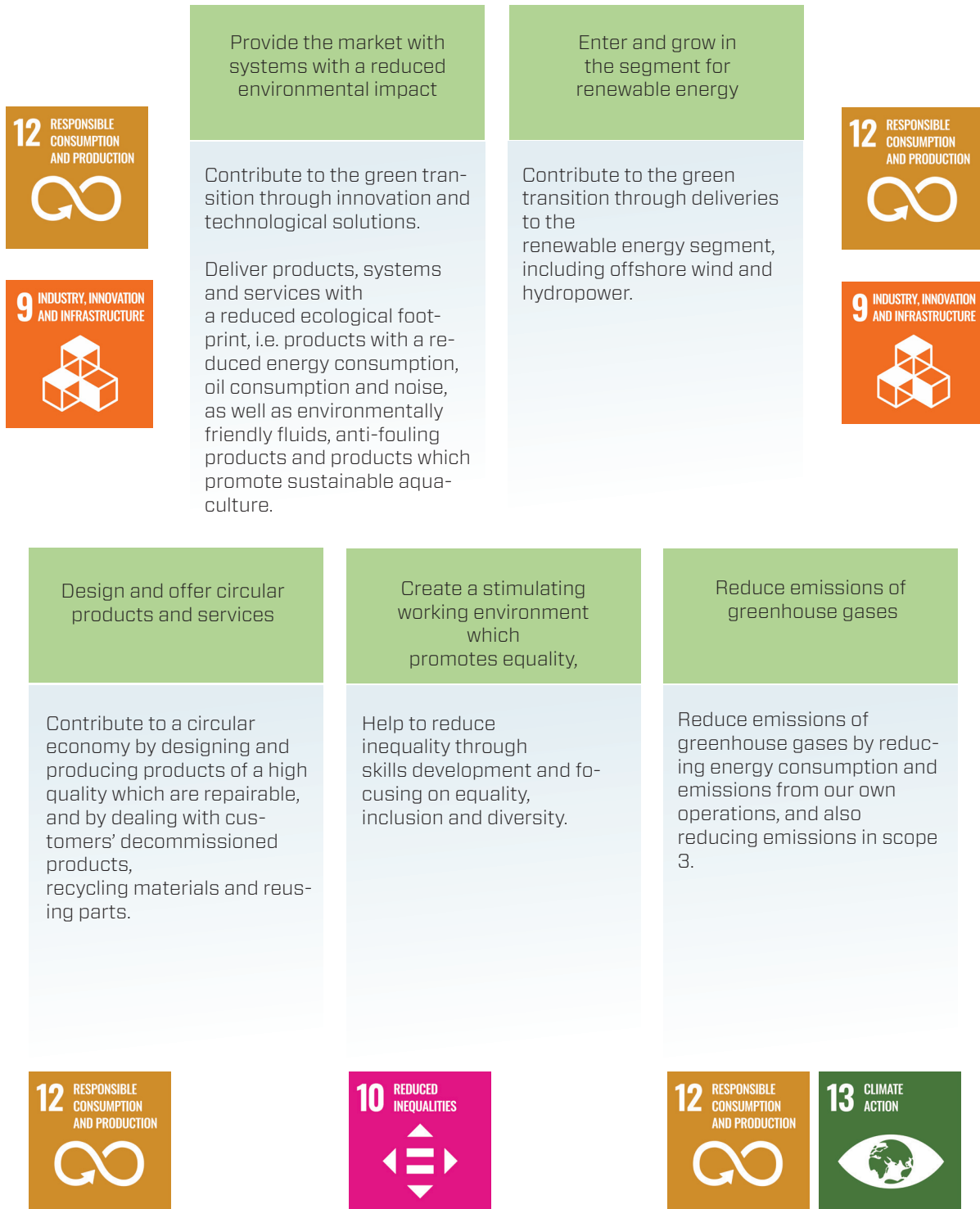


Below is a description of Servi Group's focus areas in sustainability, which are helping to achieve these UN goals.

8. Sustainability strategy

Focus areas for our work on sustainability

Based on the stakeholder and materiality assessment, Servi Group has identified five focus areas which form the core of our sustainability work for 2023–2024.





Provide the market with products and systems with a reduced environmental impact

Background and approach:

The products and systems which Servi Group delivers represent a significant part of our value chain. Much of their environmental impact occurs in the customer use phase. Delivering products and systems which reduce the customer's environmental impact is therefore a very important focus area for Servi Group. This is an area where we see that Servi Group can make a big difference, compared to the rest of the market. For many years, Servi Group has been delivering products and systems which reduce environmental impact in different ways, and with the demands that our customers are faced with, our assessments show that demand for such products will increase in the coming years.

The environmental impact from customer use occurs in several areas. Two significant impacts are hydraulic systems' consumption of energy and mineral oils. Servi Group can deliver a range of different solutions to enable the customer to reduce their energy consumption. As well as reducing the environmental impact, the energy saving also means that customers have reduced their costs. Servi Group also delivers systems which are designed to use biodegradable hydraulic oil. These are fluids which are made from biodegradable synthetic esters and ash-free additives, which have a proven low ecotoxicity. The oil is classified as "readily biodegradable." As well as the fact that this oil has a minimal impact on the environment, it has a longer life, due to reduced oxidation and improved thermal stability.

In the aquaculture segment, Servi Group has developed a product for handling dead fish, Servi Clean-Pump. In addition to removing dead fish efficiently, Servi CleanPump reduces both the HSE risks to workers and the risk of infection among fish. It also leads to a significant reduction in fish escapes, since it is not a permanent system in the pen, and thereby does not damage nets and equipment.

Servi Ulsteinvik AS also delivers anti-fouling and anti-corrosion systems to the marine segment. These are ultrasonic systems which have a cleaning effect that destroys surface algae. This keeps the surface clean, which reduces the need for cleaning and use of chemicals. By using ultrasonic systems, we also avoid the toxic environmental impact of biocides and metal compounds. Some countries have started banning ships with conventional, copper-based anti-fouling systems from entering port. Clean hulls, propellers and rudders also reduce fuel consumption. Servi Ulsteinvik is also a major supplier of LED lighting for ships. This reduces energy consumption by up to 90%.

The table below shows Servi Group's products and systems which contribute to a reduced environmental footprint:

PRODUCTS AND SYSTEMS	REDUCED ENVIRONMENTAL IMPACT
Systems with frequency converters (Servi Green HPU)	Reduced energy consumption and noise level, reduced heat
Servi HybridDrive	Reduced energy consumption and noise level, space-saving
Systems with electric actuators which replace hydraulic	Reduced energy consumption and need for hydraulic oil
Servi Cyclone	Reduced oil consumption, space-saving
Systems designed for biodegradable oil	Reduced risk of soil and water pollution
Anti-fouling and anti-corrosion systems	Reduces a ship's fuel consumption, reduces/eliminates the need to clean with chemicals
LED lighting for ships	Reduced energy consumption
Servi CleanPump	Reduced infection, escapes and HSE risks

Read more about Servi Group's products and systems which contribute to a favourable environmental impact in the fact box from page 40.





The products and systems delivered by Servi Group do not only mean a reduced environmental impact for the customer. They also represent an important business opportunity for Servi Group. This business opportunity primarily consists of being able to deliver unique products to the customer, which gives Servi Group a strong position in the market. This unique product range makes Servi Group more robust in the long term, since it will make us better equipped for the demands that we will face in the future, both from customers and from potential changes to regulations.

A high percentage of Servi Group's deliveries are specially adapted solutions, designed around customer needs. A close collaboration with our customers is therefore vital if we are to succeed. It allows us to accommodate customer needs and work with the customers to develop new solutions. Servi Group has also invested in skills development, both through recruitment and through developing existing employees. We have seen that long experience, highly skilled personnel and an innovative approach to new problems often make Servi Group a preferred supplier to our customers. A presence at industry fairs is also important, both in order to promote Servi Group and to pick up on new trends in the market.

Targets:

We have chosen to use financial indicators to measure the impact of and progress in this focus area. Sales of products and systems with a positive environmental impact came to NOK 33.9 million in 2022. This amounted to 4.7% of total sales. We can see that this area is experiencing growth, and we therefore expect a significant increase in 2023.

	2022 (BASE YEAR)	2023 TARGET
Total sales of products with a reduced environmental impact	NOK 33.9 million	NOK 90 million
Percentage of total sales for Servi Group	4.7%	11.5%
Develop methods to measure environmental impact	Develop during 2023	Report from 2023

It is difficult to measure the exact environmental impact of products, for example the energy-saving effect, which customers achieve by using Servi Group's hydraulic systems. This is affected by many factors. First and foremost, most of Servi Group's products are special solutions tailored for customers. This means that there is a great deal of variation in the products delivered by Servi Group. Total consumption will also depend on how and how much the products are used. This will vary from customer to customer, since the products have different applications. In 2023, we will work on developing a good method of estimating the positive environmental impact of our products, which will enable us to report on this for 2023.

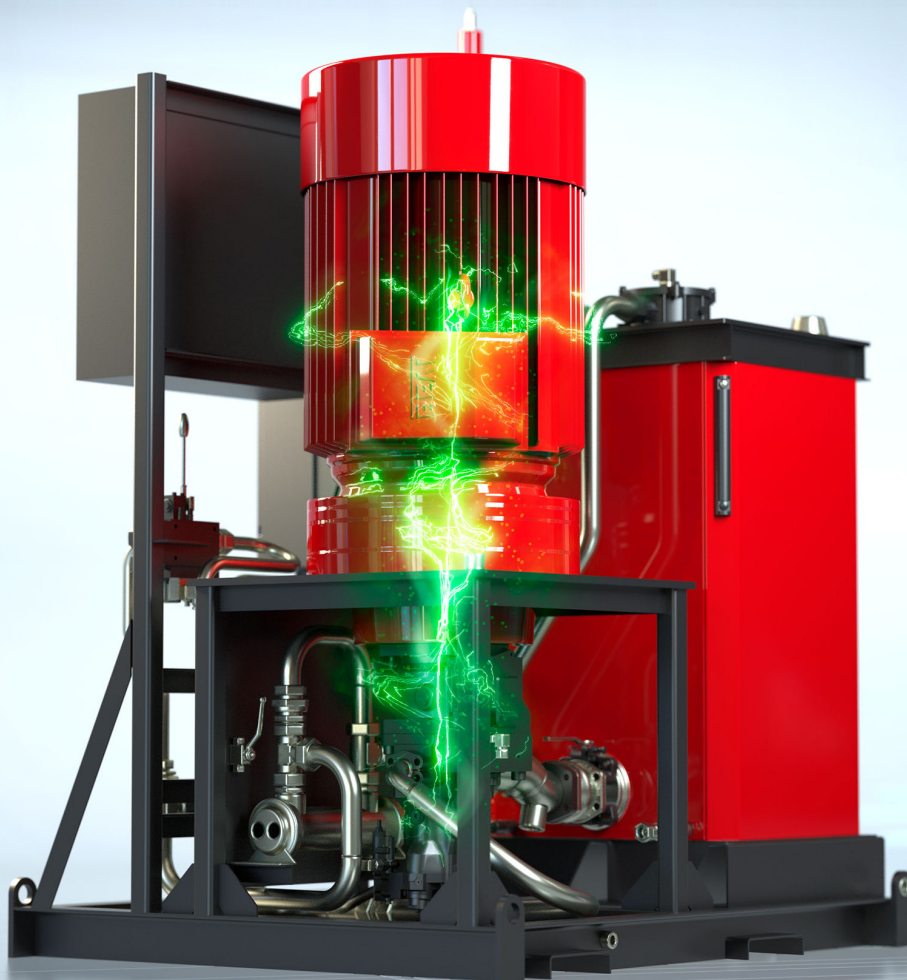
We also recognise that our products have an environmental impact through the production of components and raw materials, which largely consist of steel. We have not yet started to map this part of the value chain, but this is work on which we will make a start in 2023. Emissions from production of components and raw materials are included in scope 3, which are discussed in the section "Reduce emissions of greenhouse gases."

Green HPU

Servi Group Green HPU is a vastly improved hydraulic power unit. It reduces energy consumption by up to 80%, has lower noise levels and results in lower service costs. Innovative, smart software solutions combine with an extensive system of sensors to ensure continuous optimisation of power consumption.

With its smart technology and sensor monitoring, Servi Group Green HPU never uses more energy than it needs to do the job. Frequency control allows the electric motor to work efficiently at optimum speed the whole time. This results in reduced and controlled energy consumption, which in turn leads to reduced costs, heat and noise levels.

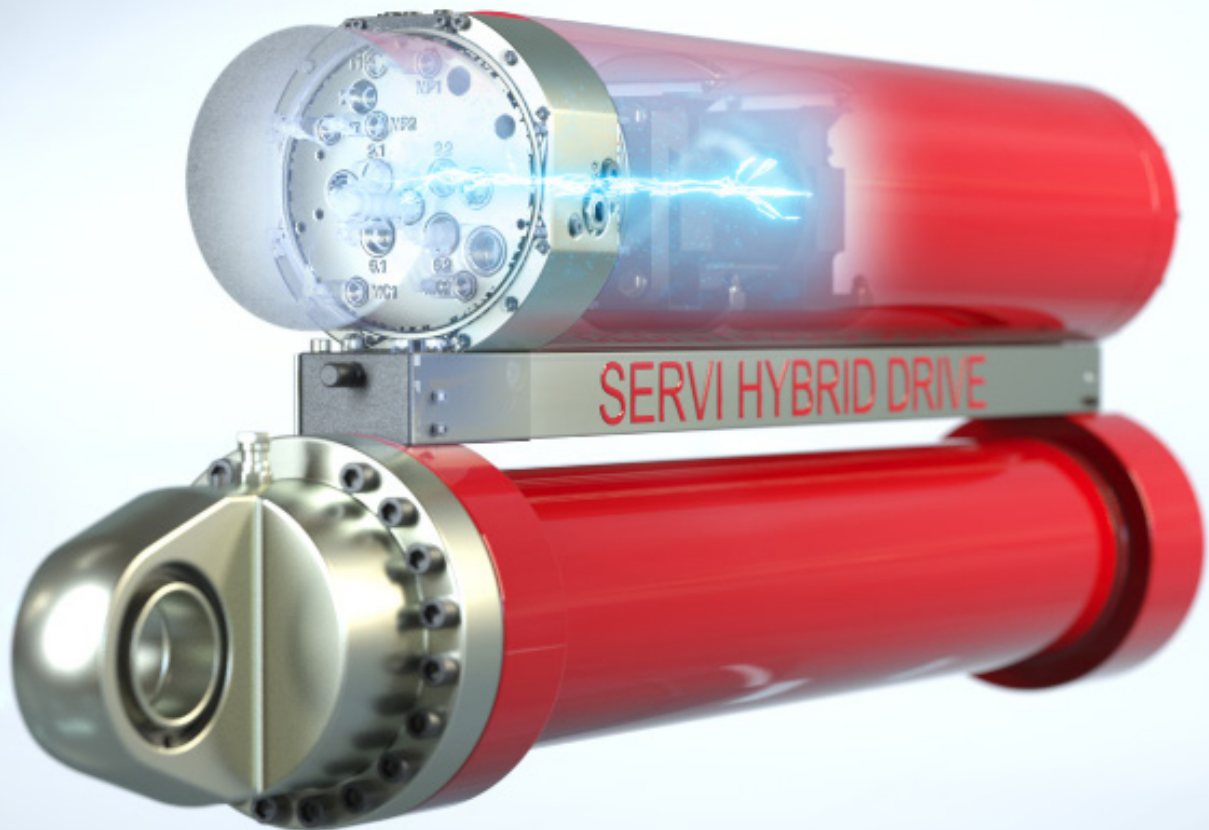
The combination of active frequency control of the motor's speed and an advanced software system provides predictable and measured energy consumption. The system allows much of the reactive power to be removed, to avoid loading the power supply, which consequently reduces energy consumption.



Servi Group Hybrid Drive

The world is moving towards electrical systems, which is why we developed Servi Group Hybrid Drive. Servi Group Hybrid Drive is a completely closed system using only an electrical connection while retaining hydraulic properties such as attenuation and strong forces. When we stop a hybrid system, the energy supply is reduced to zero. This has a considerable effect on energy bills. We are thereby able to offer a cost-effective system that can be easily integrated into the customer's own system.

Using Servi Group Cyclone can reduce the volume of oil in the tank by up to 80%. This saves considerable space, reduces the weight of the equipment and significantly simplifies installation.





Måsøval reduced its HSE risks and infection with Servi Group CleanPump

Servi Group's new dead fish vacuums have reduced both the HSE risks for employees and the risk of infection in the pens of the aquaculture company Måsøval AS.

“We heard about Servi Group’s concept for handling dead fish in the autumn of 2021. We wanted a vacuum hose which would be suitable for our needs. Using the advice and input from our employees, other fish farmers and Servi Group, we worked with them to change the technical solution,” says Måsøval’s production manager, Harry Osvald Hansen.

Måsøval thereby achieved its goal of reducing HSE risks and reducing the risk of infection for fish higher up in the pens.

No more heavy work with nets

Hansen says that the biggest difference with using Servi Group CleanPump, is that the workers no longer have to do the physically strenuous work of collecting dead fish from the bottom and transporting them all the way up through the pen.

“From an HSE perspective, it is much better to vacuum the fish up through a hose than to use nets,” says Harry Osvald Hansen.

Servi Group CleanPump - no sharp edges

Servi Group's solution means that there is no permanent system in the pen, and no sharp edges that can wear holes in nets. Servi Group therefore believes that the risk of escapes has been reduced by Servi Group CleanPump. The plug-and-play solution is efficient and easy to use. It connects to a compressor and existing hydraulic systems on the boat.



Enter and grow in the renewable energy segment

Background and approach

The transition to renewable energy sources is one of the biggest challenges facing the global community today. It is not just about a transition from fossil energy to renewable energy, but also about increasing total energy production. The additional factor of an energy crisis in Europe further reinforces the importance of this.

Servi Group has many years of experience in the hydropower industry, delivering hydraulic controls for sluice gates and turbines. In recent years, Servi Group has also been delivering increasing volumes of equipment to major offshore wind projects. This shows that our expertise and over 100 years of experience with managing energy and motion at sea, in both the marine and offshore industries, make Servi Group a valuable supplier to offshore with projects. On pages 46–47, we describe typical deliveries to offshore wind projects.

In 2022, deliveries to hydropower and offshore wind accounted for 3.7% and 6.5% respectively of Servi Group's total sales. Servi Group has ambitions to grow in both hydropower and offshore wind in the years ahead. As well as making an important contribution to society, helping to increase the supply of renewable energy, this also represents significant growth opportunities for Servi Group. Ensuring that the company is well established in multiple segments also makes it more robust.

In order to succeed with growth in the renewable energy segment, Servi Group is actively working to develop the skills needed to handle large-scale project enquiries. It is also important for Servi Group to develop its profile as a supplier in installation, operation and maintenance. Close collaboration with customers is an important success factor here. We are working in partnership with our customers to develop new concepts and products in offshore in installation. Visibility in the right channels is another major success factor. With this in mind, Servi Group will participate in Wind Europe in Copenhagen in April 2023. Here we are part of the Norwegian pavilion.

Targets:

We have chosen to use financial indicators to measure the impact of and progress in this focus area: total sales from hydropower and offshore wind, and the percentage of these sales in total sales.

	2022 (BASE YEAR)	2023 TARGET
Sales from deliveries to the renewable energy segment	NOK 72.4 million	NOK 100 million
Percentage of total sales from deliveries to renewable energy	10.2%	12.8%



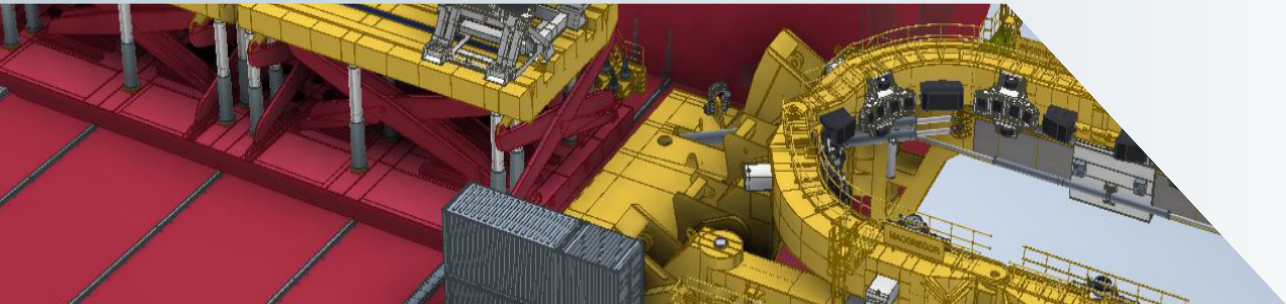
Products delivered to offshore wind

Servi Group delivers **hydraulic systems for gangways**. This includes hydraulic power units (HPU), valve cabinets, valve blocks, accumulators, gas cylinders, hydraulic cylinders with a range of motors and slide bearings. The gangways are used to transport personnel and goods between vessels and offshore installations – also known as Walk to Work (W2W)



Pile grippers

Pile grippers are used to lift monopile foundations effectively from vessel to final position in the sea. To ensure that the monopile foundation is lifted safely and securely, the pile grippers have wave compensation. This means that they reliably reduce the effect of wave forces when a component is being lowered, while maintaining a precisely vertical position. Servi Group delivers cylinders, valve blocks, slide bearings and link arms for pile grippers. These components are critical for the precise operation of pile grippers.



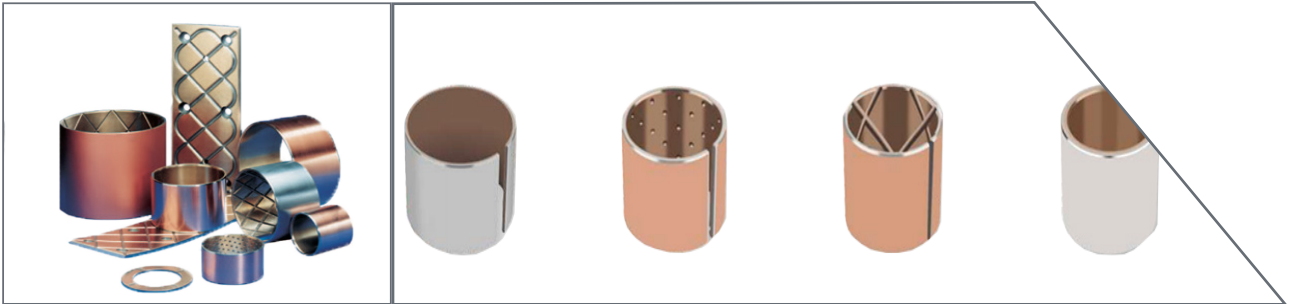
Shock absorbers

Shock absorbers enable heavy loads to be securely lifted between vessel and installation.



Lubricant-free slide bearings offshore

Servi Group has more than 75 years of experience and highly skilled personnel in tribology and self-lubricating bearing materials for vessels and offshore. The slide bearing's ability to handle shock loads and edge forces, while maintaining a low friction coefficient, are important parameters for an application. Servi Group assists technically in the project phase, thereby safeguarding the application's lifespan and reliability.



Full systems

Servi Group has delivered a range of full systems, which include advanced hydraulics in combination with sensors and electric control systems.



Some typical deliveries are:

- Stewart platform with dynamic motion in three dimensions
- Heave compensation systems which measure wave motions and adjust winches, platforms or slide bearings to the correct position
- Installation systems for wind turbines



Uptime - hydraulic system for wave-compensated gangways

“Uptime has been using Servi Group since 2012 on our wave-compensated gangways. These have proved to be very reliable systems. Servi Group is also very service-minded if any problems arise. When we needed to design our new autonomous system, we were in no doubt about who we should use,” Anders Grindheim, Discipline Lead – Hydraulics & Mechanical, UPTIME

Uptime is a leading player in logistics solutions for offshore wind. Uptime will use Servi Group’s hydraulic systems for gangways used to transport personnel and goods between vessels and offshore installations. These are also known as Walk to Work (W2W) systems.

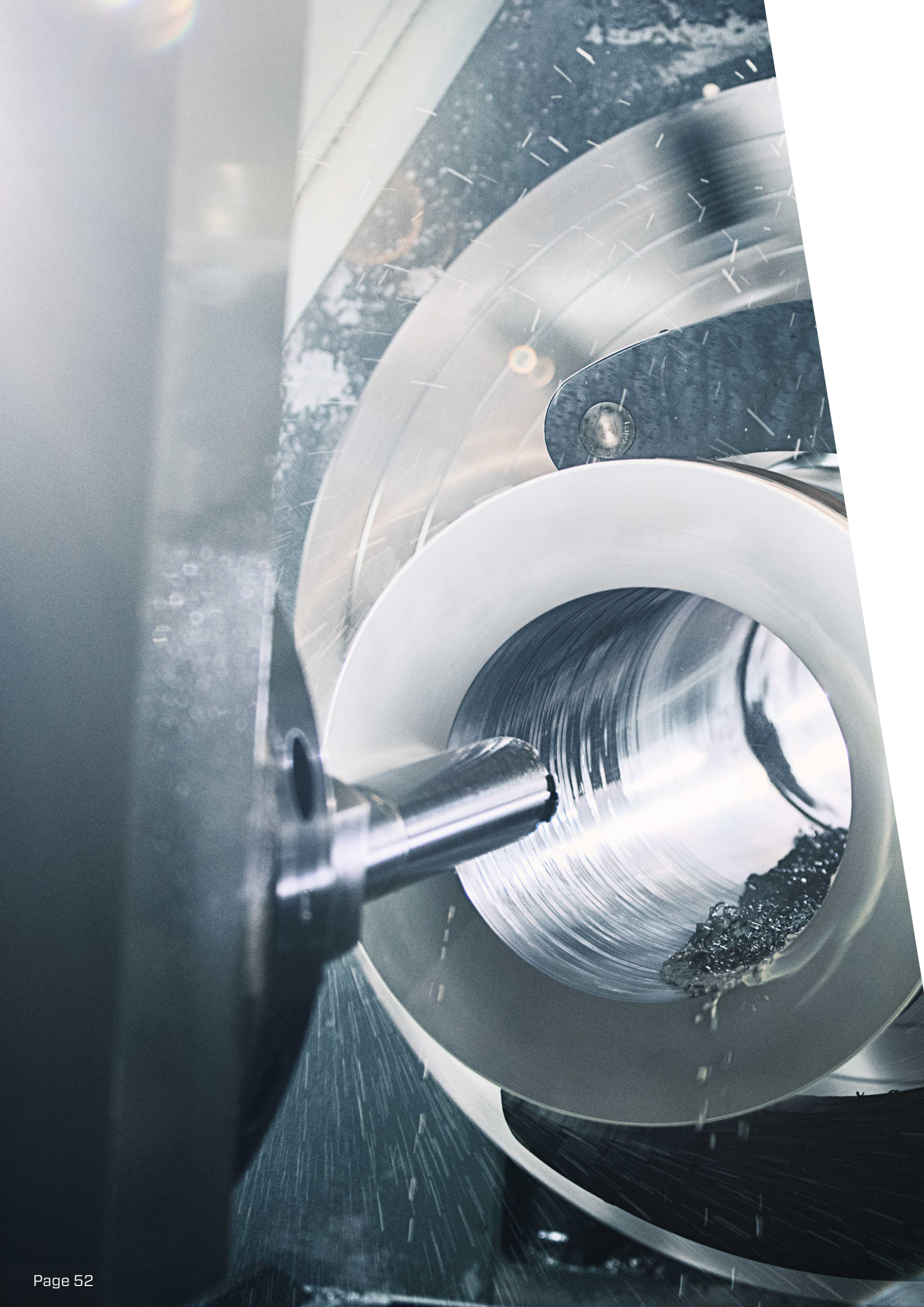
The gangway has active compensation, which means that it must remain stable in relation to the wind turbine tower, even at a significant wave height of three metres.



Turnkey contract for the upgrade of the existing equipment for Statkraft Suldal Dam

“With its work on Osvad, Servi Group has delivered good work and dealt with challenges nimbly. The end result has been excellent, with installation going smoothly and the retraction system working satisfactorily,” Helge Steinbru Lauvsnes, Statkraft Suldal dam

Due to wear and tear, it was time to upgrade the system at the hydropower plant in Suldal Dam. Servi Group’s department in Sandnes was given the entire job. This involved removing old equipment, and producing and installing new equipment.



Design and deliver circular products and services:

Background and approach

The world's natural resources are under enormous pressure, and the production of virgin materials also generates high greenhouse gas emissions. A circular economy in which materials are used efficiently, products have a long lifespan, and components are recycled and reused, is therefore one of the most important measures towards succeeding with the green transition.

Servi Group offers a service called Servi Group Lifecycle Service (SLS), a service and maintenance function which looks after products throughout their life cycle. This ensures that equipment benefits from maximum uptime and a longer service life. Servi Group's products are robust and have a long service life, and are designed to be easy to repair and overhaul. At their end of life, most of the products can be disassembled and the materials recycled. Since most of the products are made mainly from steel, they have a high degree of recyclability. Some components can occasionally also be used in new products.

Servi Group's sales and service staff always perform an assessment of whether an existing system can be repaired, overhauled or upgraded. We only produce a new system when it is no longer worth repairing the old one, or if the customer specifically wants a new system. In recent years, we have seen an increase in repairs and overhauls compared with previous years. It is obvious that customers are seeing the value of this, from both sustainability and cost perspectives. It will also often work out faster for customers to have equipment repaired, rather than ordering new. Servi Group has service workshops at seven of our sites. This means that we are well staffed and geographically close to most of our customers.

At the end of 2022, a new clause was inserted in Servi Group's contractual terms and conditions, giving customers the option to return decommissioned products. This allows Servi Group to take an increased share of producer responsibility, and thereby responsibility for the entire lifecycle of its products. In turn, customers can be sure that Servi Group guarantees that waste will be properly managed and recycled. So far, the number of decommissioned products to be disposed of has been low. However, we want to identify the opportunities involved in expanding this business area. In 2023, we will be evaluating customers' needs for this kind of service in the coming years, and will assess Servi Group's level of ambition regarding this.

Targets

We have chosen to use income from repairs and overhauls as indicators to measure the impact of and progress in this focus area. In 2022, this income was NOK 115 million. The target for 2023 is NOK 120 million. If we decide to focus actively on managing decommissioned products from customers, we will add indicators in order to measure this from 2023.

	ACHIEVED 2022	2023 TARGET
Income from repairs and overhauls	NOK 115 million	NOK 120 million

*5-10% of this income comes from the start-up of new systems.



Servi extends the life of the hydraulics on the Åsgard A production vessel

“Making this critical system robust has made us much better equipped to face the winter storms and maintain safe and stable operations on Åsgard A,” says Svein Erik Lien, planning and production manager on Åsgard A, about the maintenance job that Servi Group performed on the vessel in 2022.

Servi Group originally supplied much of the hydraulics when the vessel was built in the 1996–1998 period. After more than 20 years of operation and no major maintenance, it was a seawater leak into an oil cooler for hydraulics which sent a service team from Servi Group back to the vessel.

Once the team from Servi Group was in place, examining the rest of the hydraulic system on the vessel, they discovered a need for further maintenance. The maintenance work performed included replacing around 1000 metres of pipe, overhauling and cleaning 14 master valves and flushing 67 horizontal cylinders.

Extending the life of hydraulics

Without service and maintenance, systems and components will wear down faster. This can cause systems to break down, with parts having to be replaced in order to get the machinery working again. “Servi Group wants to prevent a ‘use and throw’ mentality by extending the life of new and old systems. Recycling, monitoring and regular servicing ensure this. We call this Servi Group Lifecycle service,” says Tore Sørensen, VP Servi Group Lifecycle service.

Create a stimulating working environment that promotes equality, inclusion and diversity

Background and approach:

There was broad agreement in Servi Group's sustainability team and executive management team that Servi Group's social sustainability work should not be restricted only to dealing with gender equality. A stimulating working environment is about equality in all areas, as well as diversity and inclusion. As the employer to more than 300 people, Servi Group believes in the importance of ensuring that all its staff are happy at work. Some of the prerequisites for this are ensuring that employees feel a sense of development and achievement, and get to be part of a diverse and inclusive environment. An inclusive working environment creates job satisfaction and confidence, and a diverse working environment brings a range of approaches, experiences and perspectives into work processes.

Below is a description of the measures which Servi Group has implemented in order to promote equality, inclusion and diversity. In 2023, we will assess which further measures will be effective.

Skills development:

Employee skills development is a stated focus area in Servi Group. As well as giving employees a sense of development and job satisfaction, skills development helps Servi Group to become future-oriented and keep up to date on developments in the various specialist fields. This is important if we are to meet the demands of the market in the future.

Managers follow up on employees through means such as performance appraisals, where they discuss professional development. Managers must ensure that their department and employees have the necessary skills. Employees can also apply for paid leave and financial support for continuing education. In 2022, six employees were sent on a range of courses to improve their professional skills. The target is to send 15 employees on courses in 2023. This does not include courses that are mandatory for anyone working in production. In 2023, we will organise a leadership programme for all executive managers and middle managers in Servi Group. All new Servi Group employees also undergo a training programme on the Attensi training portal.

In the annual employee survey, the statement "Servi Group invests in my competence and skills," achieved a score of 65 (on a scale of 1-100, where 100 is the top score) in both 2021 and 2022. The aim is to increase this to 75 in 2023.

Equality and non-discrimination:

As previously described, there are natural explanations for the imbalance in gender distribution. Despite this, Servi Group will endeavour to increase the percentage of women. It will take time to even out this imbalance. The aim is therefore to increase the percentage of women by 1% per year. An important step towards increasing the percentage of women will be to raise the profile of Servi Group as a company, for example by participating in career days at universities and colleges and through an active presence on platforms such as LinkedIn. In recent years, we have also taken on more women in administrative positions, and departments including finance, HR, sustainability and quality/HSE. Of 17 new

As well as gender equality, equality is about the treatment of employees regardless of factors such as pregnancy, leave in connection with childbirth or adoption, care responsibilities, ethnicity, religion, disability, sexual orientation, gender identity or political orientation. Active work on equality and non-discrimination includes the areas of recruitment, pay and working conditions, promotions, development opportunities, adaptation and opportunities for combining work and family life.

Servi Group endeavours to be objective at every stage of the recruitment process and to ensure that candidates are treated equally. Every candidate must be assessed on the basis of qualities and characteristics that affect performance at work. Criteria that do not affect performance at work must therefore be excluded from the decision-making process. Where we have several equally qualified candidates at the end of the process, diversity must be given priority in the decision. In recent years, Servi Group has worked on systematising the recruitment processes, and introduced different types of ability tests in recruitment in order to avoid hidden discrimination.

During 2023, a structuring of job categories and levels will be carried out and then a mapping of equal pay in accordance with the Equality Act

Inclusion and diversity:

We are considering sending some selected managers on a course in diversity management in autumn 2023. The aim is to improve skills in this area across the entire organisation, and to work locally on specific measures.

Servi Group follows Akan's guidelines. Akan is the workplace advisory centre for issues related to alcohol, drugs and addictive gambling in the workplace. Akan helps employees to prevent and manage the problematic use of alcohol, drugs, medication and gambling. The goal in such cases is to help the employee with the problem and to enable them to keep their job.

Servi Group Ulsteinvik works closely with the local NAV office and behavioural company Furene AS. The purpose is to provide training opportunities and work for immigrants and other people who find it difficult getting into work. On several occasions, our head office in Ski has also sent job advertisements to the NAV Nordre Follo office, either before we advertise externally or in parallel. Servi Group AS has also participated in a project run by NAV Asker. The purpose of the project was to get highly educated immigrants into work.

Employee surveys

Employee surveys are performed annually in Servi Group. These survey matters such as professional development, satisfaction and discrimination. The HR department is responsible for sending out the survey and following up on findings. Until 2022, the employee survey was performed once a year. From 2023 onward, we are moving to shorter and more frequent surveys. These take less time for employees to complete, and are also designed to even out any distortion that could be due to employees' current condition or particular incidents.

The new employee survey that was introduced from 2023 onward goes into the topic of discrimination in more detail. Employees must comment on every single discrimination factor. This will provide us with a better basis for analysing and identifying whether there are any attitudes that we need to work on.



Targets

We have decided to highlight indicators in skills development, job satisfaction and discrimination. The employee survey is an important source of data for measuring these topics. On the question “On the whole, how would you rate Servi Group as an employer?” the total score was 75 in 2022. The target is to maintain this at 75 in 2023. The number of reported cases of bullying was one. In Servi Group, we have a zero tolerance for bullying and harassment, and our target is for this figure to be zero. The new employee survey will provide a better basis for reporting on discrimination from 2023 onward. We have also noticed that diversity which is not gender-related is difficult to measure and report, since it tends to involve sensitive information. We have therefore decided not to report specifically on diversity for 2022.

	2022 (BASE YEAR)	2023 TARGET
Professional development*	65	75
Staff on courses relating to personal development and improving skills	6	15
Performance appraisals held	74%	95%
New employees onboarded	100%	100%
Satisfaction score**	75	75
Number of reported cases of discrimination/bullying	1	0
Percentage of women	14%	15%

* From the employee survey. Statement: “Servi Group invests in my competence and skills.” Score from 1 to 100, where 100 is the top score.

** From the 2022 employee survey. Question: “On the whole, how would you rate Servi Group as an employer?” Score from 1 to 100, where 100 is the top score. From 2023, this will be an overall score based on the total of all the answers.



Meet some of Servi Group's employees



Reduce greenhouse gas emissions

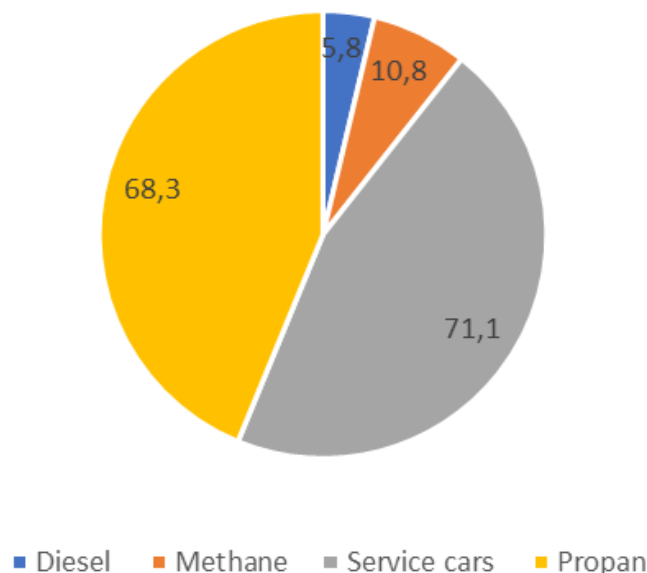
Background and approach:

As a production company, Servi Group's energy consumption is relatively high, in our own operations and our value chain. Although Servi Group's greenhouse gas emissions are small in the greater context, it is still important for us to take our share of the responsibility for ensuring that the world achieves the targets in the Paris Agreement. That is why Servi Group has pledged to reduce its greenhouse gas emissions in line with the Paris Agreement. This is one of Ferd's expectations, and we have also committed to this through our ISO 14001 certification. In 2022, we calculated Servi Group's scope 1 and scope 2 emissions.

Scope 1:

Propane gas represents 44% of scope 1 emissions. Propane gas is used by Norsk Coating to heat coating containers in order to ensure that the coating is the right temperature. It will be appropriate to look into which alternative sources are available to meet this need. Service vehicles also represent 46% of our emissions in scope 1. At the end of 2022, Servi Group had a total of 25 diesel and 3 electric service vehicles. We bought the three electric vehicles in autumn 2022, and these replaced three old diesel vehicles. Between now and 2028, the lease term on other service vehicles will expire. During this period, we will evaluate whether to replace these with electric vehicles or diesel vehicles. Electric vehicles are preferable from an environmental perspective. However, they bring their own challenges, in that these vehicles currently have a limited range. As the technology develops, the batteries are certain to improve and provide a longer range. The service department is spread across all our sites, with the exception of Kongsberg. We cover the whole of Norway south of Trondheim. This means that we are geographically close to most of our customers. It means that we do not have to drive further than necessary, which means that we can keep emissions from our service vehicles as low as possible. Other emissions in scope 1 come from methane gas which is used for thermal grading in the production of blocks, and a small amount from diesel used for lift trucks.

SCOPE 1 tCO₂e



Scope 2:

Large production facilities and energy-intensive production are the main drivers of Servi Group's emissions in scope 2. However, the fact that all our production takes place in Norway means that the energy we use is mainly renewable. We buy guarantees of origin for the electricity for the sites where we are in control of the electricity agreements, i.e. Ski, Rissa and Ulsteinvik. We also buy guarantees of origin through our landlord in Trondheim. In Kongsberg, we are part of Kongsberg Technology Park, which means that we are subject to their energy agreements. In Bergen, Sandnes and Kristiansand, we are subject to the agreements of the building owners, and these do not buy guarantees of origin. In addition to electricity, we use a heat pump at Rissa, which takes heat from the sea. In Kongsberg and Trondheim, district heating is also part of the energy supply through the landlords.

In 2023, we will perform an evaluation of energy consumption at each site, and identify measures to improve energy efficiency. At Rissa, it will be appropriate to look at the options for installing photovoltaic panels. As well as giving us renewable energy, this will also protect us against any energy shortages in the future and make our costs more predictable. Ulsteinvik is also planning to look at options for installing a heat pump using heat from the sea. The rental contracts in both Ski and Kristiansand expire in 2024. We will also move the operation in Kongsberg to new premises. The process of acquiring new premises will focus on a number of environmental criteria, including energy efficiency. We are looking into either moving into an existing building, or constructing a new building.

The energy efficiency measures that we have implemented in the last few years include installing frequency converters on a hydraulic power unit which is used for testing Ulsteinvik, and replacing all old light fittings with LED lighting in the Kongsberg production facility.

Scope 3:

As a production company, a large proportion of Servi Group's emissions are in scope 3. Making a start on calculating scope 3 is a priority area in 2023. We will start by identifying emissions from the purchase of raw materials and components, transport, waste and employee journeys to and from work. Measures and targets for scope 3 will be defined when we have more information about the scale of the emissions from the different categories.

Targets:

In line with the Science Based Targets initiative, our target is to reduce emissions in scope 1 and scope 2 by 42% by 2030 compared to the base year (2022). For scope 2, we have decided to set this target on the basis of a market-based approach. In terms of targets for energy consumption, energy intensity and emissions intensity, we need more detailed information and analyses. This is something that we will be working on in 2023.

	2022 (BASE YEAR)	2030 TARGET
Energy consumption (MWh)	6,322	-
Energy intensity (MWh/NOK million)	8.76	-
Scope 1 (tCO ₂ e)	156	42%*
Scope 2 market-based (tCO ₂ e)	1,096	42%*
Scope 2 location-based (tCO ₂ e)	90	-
Emissions intensity (tCO ₂ e/NOK million)**	1.52	-

* Compared to the base year (2022), ** Based on market-based approach.

We have used the control approach to calculate emissions. This means that 100% of the emissions for Servi Group Ulsteinvik AS and Norsk Coating AS are included in these figures. The base year is 2022, since this was the first year in which we obtained climate data.

SERVI
GROUP™



www.Servi Group.no