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# Cegal Sustainability Report 2021



# About this report

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

This Sustainability Report describes the relevance of ESG in the industry that Cegal is operating in. The report assesses Cegal's performance on key material ESG themes. It provides an action plan that aims to mitigate risks and create value opportunities. The report is updated annually to monitor progress and keep the company focused on achieving its goal of becoming a more sustainable and future-proof company over time.

The report is the result of an independent review by the ESG & Sustainability consulting firm MJ Hudson, commissioned and approved by the board and management of Cegal. All judgements are based on Cegal's environmental accounting reports. Further analysis are conducted by MJ Hudson. In cases involving across-category comparisons or result classification, judgements are not always based on objective analyses or data. These judgements are intersubjective in the sense that they are agreed between MJ Hudson and management, and in line with the thinking of industry experts and leading NGOs.



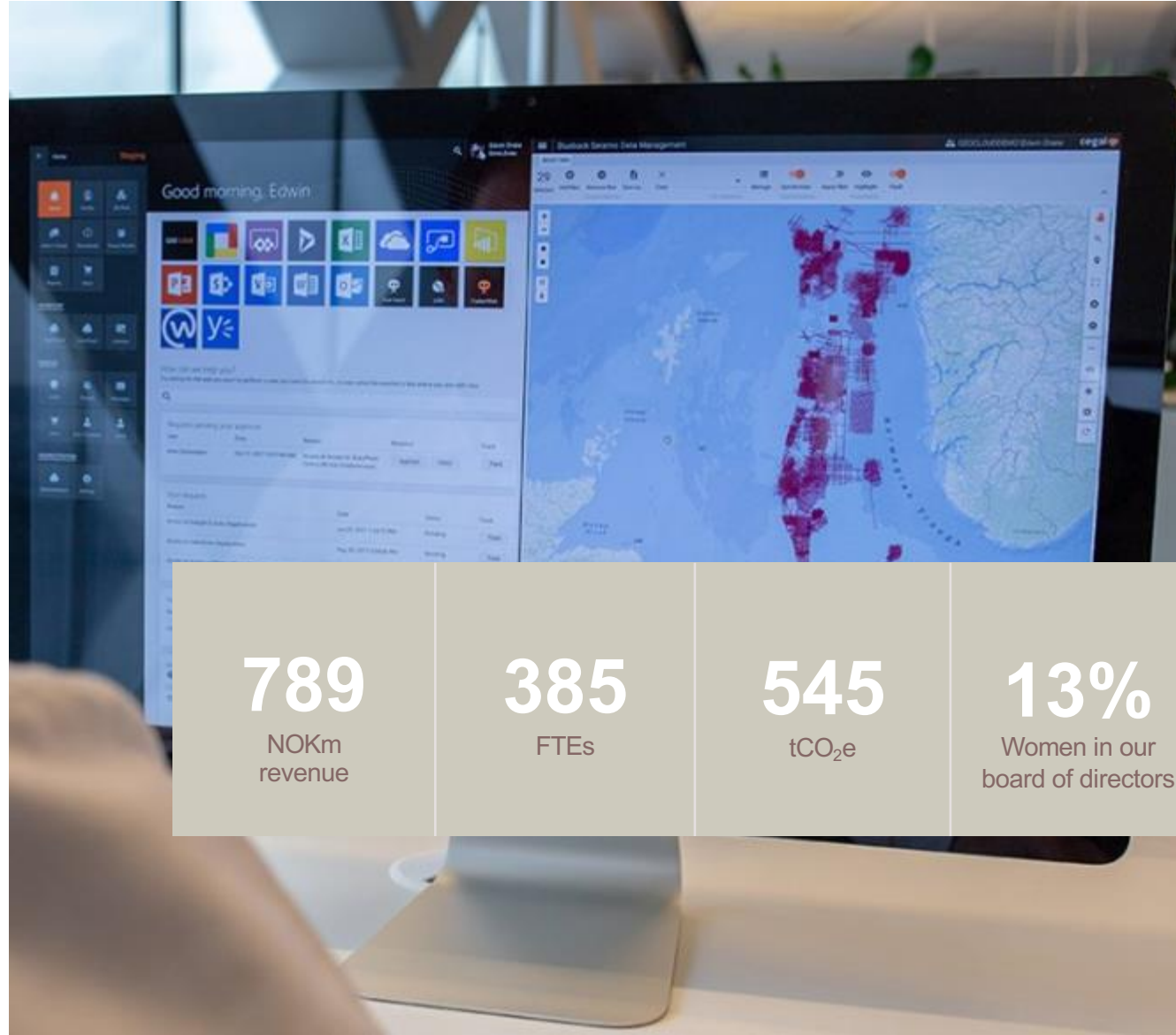
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# Company at a glance

- › Cegal was founded in 2000 and during our first decade of operations we offered solutions for efficient and centralized IT services and operations to small and medium sized companies across multiple industries in the Stavanger area.
- › Headquartered in Stavanger, Norway, we provide mission critical cloud, software and data management solutions to the Oil & Gas, Renewables and Ocean Industries.
- › We have transformed from a local IT services provider based in Stavanger, Norway, to a global leader within our market niche, operating from locations in Stavanger, Oslo, Trondheim, London, Aberdeen, Houston, Calgary, Kuala Lumpur and Dubai.
- › Our solutions increase data efficiency through scalable integration solutions and enable more tasks to be performed onshore, reducing the need to travel to offshore platforms.



789

NOKm  
revenue

385

FTEs

545

tCO<sub>2</sub>e

13%

Women in our  
board of directors



# How we look at sustainability



## Investigate the industry exposure

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



## Determine key impact areas

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



## Assessing our performance

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



## Position for the future

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



## Today's industry

- › **Market demand** - Governments, investors and customers are increasingly demanding sustainable action from the Energy & Marine sector, an important end-market for the Software & IT industry. These actors are looking for ways to improve business performance while simultaneously reducing environmental impacts. Cloud and software suite providers that meet these needs by integrating digital solutions are in high demand, because they increase the efficiency of energy companies' geoscience departments (i.e., the most data-intensive part of energy companies).
- › **Regulation and certifications** - The regulatory environment influencing cloud service providers is largely shaped by data security and privacy concerns. Following the EU's GDPR, companies must undertake action to ensure the secure handling of customer data. In addition, security standards such as ISO 27017 provide specific guidelines for the implementation of cloud-specific information security systems. Other certifications relevant to the industry include the ISO 27001 for data security systems and the Cloud Security Alliance Controls.
- › **Industry initiatives** – Industry peers appear involved with sustainability topics. We see an increased focus on ESG, including the shift towards low-carbon technologies. Some players are ensuring that suppliers use low-carbon technologies to optimize business efficiency yet lower greenhouse gas emissions.

## Long-term vision for a sustainable industry



- › The industry has the potential to reach a future-proof state, yet there are conditions for growth. Cloud and software service providers will have to strive to 100% renewable energy procurement, net-zero emissions and eliminate all data security- and privacy-related risks. The end-market, the Energy & Marine industry should reduce greenhouse gas emissions to align with global climate objectives and regulations.
- › The industry will need to enable carbon-intensive market players to lower their footprint, innovate and adapt services to low-carbon technologies, and explore growth pockets in other markets (e.g., ocean industries) to ensure long-term commercial success.

# Overview of our key material themes

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

	UPSTREAM	OPERATIONS	DOWNSTREAM
<b>ENVIRONMENTAL</b>			
Climate & energy		Energy & carbon	
Material circularity			
Ecosystems impact			
<b>SOCIAL</b>			
Employee well-being		Talent management & retention	
Customer impact			Service quality
Corporate citizenship			Impact of products & services
<b>GOVERNANCE</b>			
Corporate governance		Data security & privacy	
Supply chain management			
Business resilience & ESG		Sustainability principles	

# Managing our key material themes

## Energy & carbon



- › Our cloud solutions are mainly located in Norway (e.g., Green Mountain data centres), powered by renewable energy (hydropower).
- › Overall, 71% of energy consumption is procured from renewable sources.
- › In 2020 the board of directors approved a renewable energy strategy; within the next 5 years significant investments will be made in digital technologies, supporting energy production from both hydro and wind.

## Talent management & retention



- › We monitor employee satisfaction through a monthly Human Experience Index survey. In 2020, we scored 4.9 out of 6.
- › We monitor fair remuneration between men and women. In 2020, the average salary of women is 8% less than men.
- › The training budget was 3.1% of the total payroll in 2020.
- › We launched Women@Cegal, a newly established female network and platform for both professional and social activities for all women in our company.
- › All employees must complete various joint courses in accordance with certifications in Pangea Learning, the internal training module. There are also professional trainings and courses that are individual in each department.

## Service quality



- › We are ISO9001 certified. Our Quality Management System contains documented processes, procedures, and responsibilities for achieving quality policies and objectives, and an HSEQ team (global shared service) is in place.
- › Customer satisfaction surveys are conducted, and customer churn is measured. For 2020, the customer churn was equivalent to 5.3% of the NOK cloud revenue (exited).

## Impact of products & services



- › In our 'From subsurface to beyond' corporate strategy we have spoken out our ambition to extend our offerings to markets aligned with the energy transition, such as offshore wind, hydro power and electricity networks.
- › We observe that the amount of data clients' markets use keeps increasing, requiring them to make significant investments in more advanced IT and data management solutions.
- › We believe that we can create value for clients in these markets like we did in our traditional core markets.
- › Complementary sectors to oil & gas (e.g., shipping, aquaculture) will soon also be forced to undergo a digital transformation. With our expertise we help these companies in these Ocen industries replace old legacy systems.

## Data security & privacy



- › We have an ISO 27001 certified Information Security Management System in place, including a set of policies and procedures for systematically managing sensitive data.
- › We are ISAE 3402 certified with regular audit and controls in place regarding data integrity.
- › We had zero security breaches or hacking incidents in 2020.
- › Measures are taken to comply with the GDPR (e.g., Data Protection Officers/Specialists employed). Certain documents corroborate the effort, such as the Data Protection Policy.

## Sustainability principles
















- › We have formulated a new strategy in 2020, where ESG has been included as a key pillar. An ESG policy and action plan are in place.
- › We are determined to contribute to making a difference, sharing our resources and maintaining an ongoing effort to help make communities stronger.
- › We are in the process of obtaining a ISO 45001 certification.
- › Cegal Humanity was established as an independent organization, partnering with local organizations to help support or fund local humanitarian or international development projects. Our company has also been a proud team player with Viking, the Stavanger region's leading football team, for more than 10 years.






# Progress on targets set for 2020

DELAYED 
 IN PROGRESS 
 COMPLETED 


	Targets set	Progress	
 <b>Energy &amp; carbon</b>	<ul style="list-style-type: none"> <li>› Monitor energy consumption at offices and data centres; and quantify air travel emissions</li> <li>› Explore options related to renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>› Energy consumption at offices and data centres monitored; as of 2020, air travel emissions have been quantified.</li> <li>› Options related to renewable energy procurement are being explored, e.g., hydro and wind.</li> </ul>	
 <b>Talent management &amp; retention</b>	<ul style="list-style-type: none"> <li>› Continue employee engagement survey and ensure follow-up</li> </ul>	<ul style="list-style-type: none"> <li>› Employee satisfaction is measured through a monthly Human Experience Index survey. This survey covers topics such as workload, work tasks, work environment, feedback to employees and information flow. Improvement measures are taken based on the survey results.</li> </ul>	
 <b>Service quality</b>	<ul style="list-style-type: none"> <li>› Define ESG value proposition of offering into qualifiable measures</li> </ul>	<ul style="list-style-type: none"> <li>› Multiple metrics in place to quantify ESG value proposition, such as customer churn and customer satisfaction. Quality Performance and Control is a large set of activities set out to ensure proper treatment of assets (e.g., Customer Satisfaction Index, KPIs, ISO controls, ISAE 3402 controls).</li> </ul>	
 <b>Impact of products &amp; services</b>	<ul style="list-style-type: none"> <li>› [No targets in place, theme was added in 2021]</li> </ul>		
 <b>Data security &amp; privacy</b>	<ul style="list-style-type: none"> <li>› Explore ways to further improve data security and privacy (e.g., deploying ethical hackers)</li> </ul>	<ul style="list-style-type: none"> <li>› Selected measures taken to improve data security and privacy: implemented new roles (Data Protection Officer, Data Protection Specialist), implemented new governing documents, updated processes and work instructions, implemented risk management routines, and implemented performance measures and control routines. Improved documentation, including Access to Personal Information Policy and Data Protection Policy.</li> </ul>	
 <b>Sustainability principles</b>	<ul style="list-style-type: none"> <li>› Put ESG at every board meeting agenda</li> <li>› Explore benefits and certification requirement of ISO 14001</li> <li>› Agree on requirements for assessing new verticals and assess entry strategy</li> <li>› Start mapping insight into positive impact of products and services</li> </ul>	<ul style="list-style-type: none"> <li>› ESG is currently on the agenda of every board meeting.</li> <li>› We are in the process of obtaining the ISO 14001; and are completing the certification project with help from an external ESG consultant.</li> <li>› Strategy process included assessing new verticals and go-to-marked plan for new vertical, supported by external advisor (McKinsey). Strategy approved by BOD August 2020.</li> <li>› The impact of the main product GeoCloud was calculated</li> </ul>	  

# Targeted UN SDGs\* for Cegal

		<b>SDG Goal</b>	<b>SDG Target</b>	<b>Contribution</b>	<b>KPIs</b>
<b>Energy &amp; carbon</b>		Take urgent action to combat climate change and its impacts.	<b>13.2:</b> Integrate climate change measures into (national) policies, strategies and planning.	Cegal aims positively impact the SDG 13 by minimizing carbon emissions of own operations.	<ul style="list-style-type: none"> <li>Carbon footprint</li> </ul>
<b>Talent management &amp; retention</b>		Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<b>4.4:</b> Increase the number youths and adults who have relevant skills, including technical and vocational skills for employment, decent jobs and entrepreneurship.	Cegal aims to increase the positive impact on SDG 4 by providing training on ICT skills.	<ul style="list-style-type: none"> <li>Training budget in % of total payroll</li> </ul>
<b>Sustainability principles</b>		Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	<p><b>16.6:</b> Develop effective, accountable and transparent institutions at all levels.</p> <p><b>16.7:</b> Ensure responsive, inclusive, participatory and representative decision-making at all levels.</p>	Cegal aims to contribute positively to SDG 16 by integrating sustainability principles throughout the organization.	

# Priority projects (1/2)

We have defined a selection of projects that contribute to fulfilling our sustainability ambition(s). We will focus on our own operations and new paths for growth by diversifying the client portfolio into the renewable segment.



Impact of product & service

**Project**


**Contribute to the Green Energy transition**

**Description**

- › Supporting our customers in achieving their sustainability goals.
- › Expand the share of revenue from the Renewables vertical by diversifying the offering.
- › Providing digital technologies supporting reduced emissions.

**Ambition**

- › Establish metrics to quantify the positive impact of products & services: MWh/% energy savings.
- › Communicate the revenues stream (%) from renewables using multiple channels (e.g. internal platform and website).



Energy & carbon

**Project**

**Net-Zero**

**Description**

- › Create a roadmap for emission reduction, including procurement of renewable energy and obtaining Guarantee of Origin certificates.
- › Offset indirect emissions through certified programs, e.g. Gold Standard.

**Ambition**

- › Become a carbon neutral company by 2023 for targeted areas (own operations).
- › Communicate the impact of own operations to stakeholders through multiple channels (e.g. website).

# Priority projects (2/2)

“For us, sustainability is not only an integral part of our business model, but it also plays a key role when making strategic decisions. Our goal is to act responsible, create a positive impact for the society, our employees, partners and customers”

- Nina Fiskaaen, Chief Strategy Officer



Talent management & retention

**Project**

**Women at Cegal**

**Description**

- › Connect and equip women to shape the future workplace.
- › Set equal pay policy and promote gender equality through Women@Cegal by bringing up discussions on unconscious gender bias and cultural competency.

**Ambition**

- › Encourage use of Women@Cegal, our new female network focusing on gender equality and visibility of women in tech, with monthly target of >1 internal webinar on the platform.
- › Ensure >30% female hires in 2021.



Sustainability principles

**Signatory of the UN Global Compact**

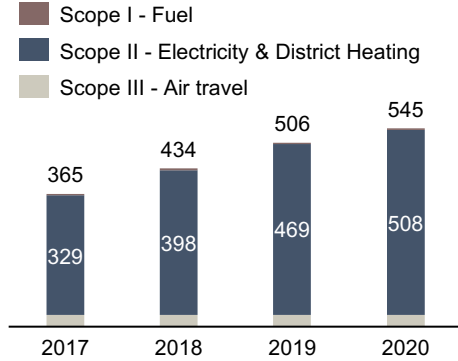
- › Become a signatory of the UN Global Compact, thereby agreeing to adopt sustainable and socially responsible policies, and to report on our implementation.

- › Signatory of the UN Global Compact by the end of 2021.

# Energy & carbon

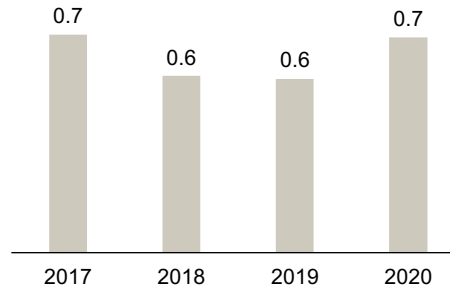
## CARBON FOOTPRINT<sup>1</sup>

tCO<sub>2</sub>



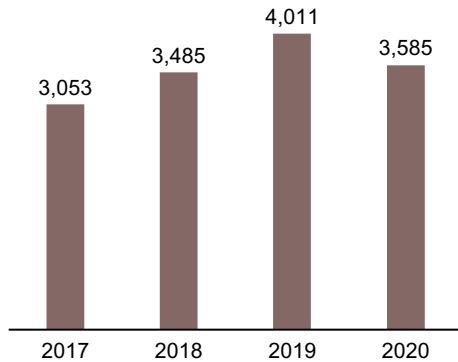
## CARBON INTENSITY

tCO<sub>2</sub> / NOKm



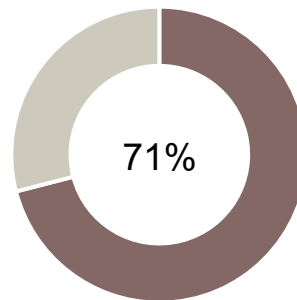
## ELECTRICITY CONSUMPTION

MWh





## RENEWABLE ELECTRICITY

%



- › The cloud solutions are mainly located in Norway (e.g., Green Mountain data centres), powered by renewable energy (hydropower). Electricity in the UK (Bright Solid) and the Netherlands (Interxion) is taken from the respective country grids.
- › Scope I emissions are based on 30,000 diesel-driven fleet kilometres.
- › Scope II emissions are based on electricity consumption at data centres and offices, using respective emissions factors for the countries where the electricity is procured. 71% of the electricity consumed comes from renewable resources.
- › We have started to quantify air travel emissions from 2020 onwards. The 2017-19 figures exclude scope III emissions.

### Footprint equals

-  ~ 68 Homes' energy for one year
-  < 1 Wind turbine(s) running for a year

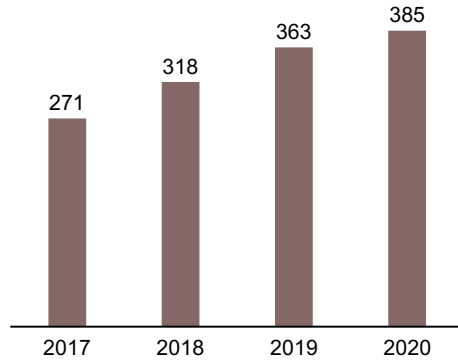
<sup>1</sup> For 2017-19, air travel and district heating emissions were assumed equal to 2020 reported data. Emission factors are updated to account for residual fuel mix in 2017-2020. Source: Greenhouse Gas Protocol, CO2emissiefactoren.nl, Carbonfootprint.com, Company data, MJ Hudson assessment



# Talent management & retention

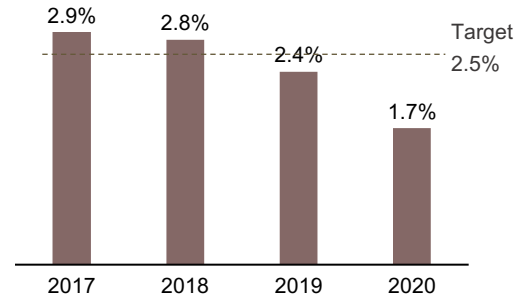
## EMPLOYEES

Permanent FTEs



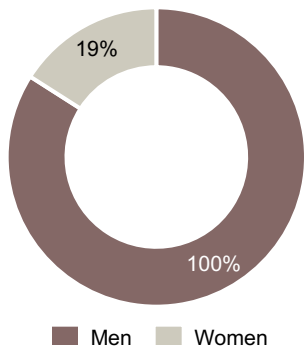
## ABSENTEEISM RATE

%



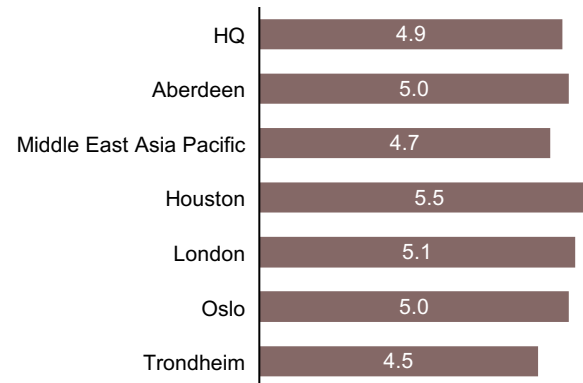
## DIVERSITY

%



## EMPLOYEE SATISFACTION

6-Point scale

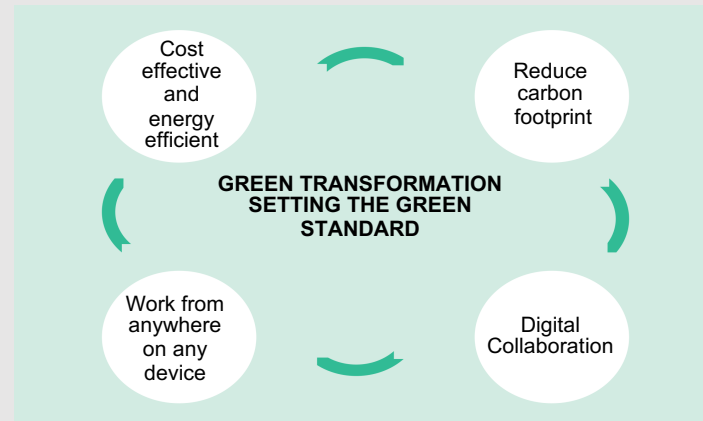


- › We comply with principles related to equal opportunities and diversity in its employment practices. These policies are known through our Cegal Management System.
- › Employee satisfaction is monitored through a monthly Human Experience Index survey. This survey covers topics such as workload, work tasks, work environment, feedback to employees and information flow. Improvement measures are taken based on the survey results.
- › In 2020, the average salary of women is 8% less than men.
- › Employees are free to join a union, e.g., Tekna or Nito. We have no collective agreement with these unions.
- › All employees must complete various joint courses in accordance with certifications in Pangea Learning, the internal training module. There are also professional training and courses that are individual in each department.

Our tools and expertise help clients unlock their sustainability goals using digital solutions.

- › Sustainability has not only become a license to grow, but it has also transformed into one of the most promising paths to growth.
- › Our 2025 Vision is set up to help companies beyond the oil & gas sector to transform into organizations that meet sustainable standards of tomorrow's economy.
- › In addition, increasing data efficiency for companies' geoscience departments, whose software and applications are resource-intensive and have required bulky and weighty hardware, such as high-end workstations, that consume significant amounts of energy, generate significant noise pollution, and limit user accessibility. GeoCloud may enable sustainability and a green transformation of the E&P industry.
- › Recycle and re-use of equipment are implemented.
- › In 2021 will we create a process and baseline for impact of products and services, extending beyond own equipment, also including 3<sup>rd</sup> party vendors and components

## One Example



### Cost & energy efficiency

High-end workstations consume significant amounts of energy and generate considerable noise pollution. By using Cloud, you can significantly reduce energy consumption levels, energy costs, and noise levels.

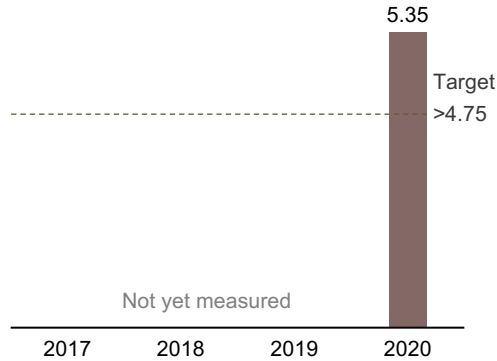
For example:  
switching 100 employees from high-end workstations to laptops would lead to energy savings equivalent to 12 households per day, or charging an iPhone 47,000 times.

### Impact of switching 100 workstations

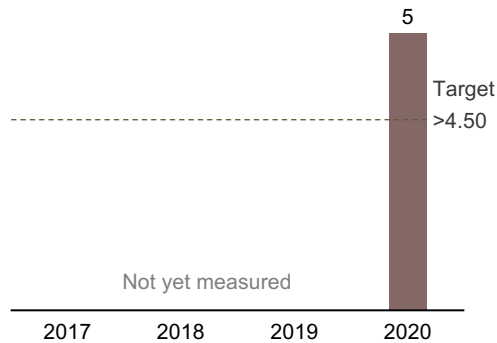
Reduced  
energy  
consumption

**~500**  
kWh / day

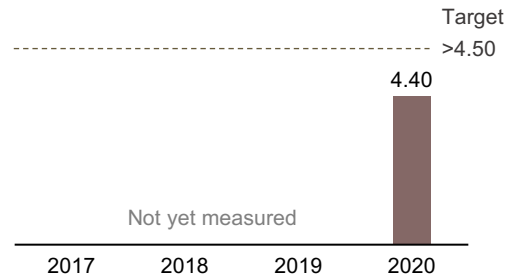
## END USER SURVEY TARGET



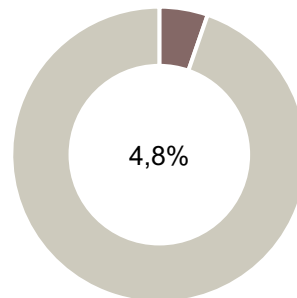
## EXECUTIVE SATISFACTION



## CUSTOMER SATISFACTION



## CUSTOMER CHURN<sup>1</sup>



- › Service quality is a key priority for us. In 2020, key KPIs were measured and recorded for the first time. We intend to keep track of these figures each year.
- › We recently published a 'Service Quality' report, disclosing the results of key KPIs (i.e., end-user survey and annual satisfaction survey).
- › The customer churn number represent the % churn for the Cloud business. For 2020, the customer churn was equivalent to 5.3% of the NOK cloud revenue (exited).
- › All service quality figures are close to or above 2020 targets.
- › Our Management System is ISO 9001 and ISO 27001 Certified. Performance & Control is a set of activities set out to ensure proper treatment of assets (e.g., Customer Satisfaction Index, KPIs, ISO controls, ISAE 3402 controls).



ISO 9001



ISO 27001

<sup>1</sup> Based on 14 customers voluntarily leaving Cegal on a total of 288 customers

# Sustainability principles

## Sustainability policies, certificates and targets

- › Relevant ESG-related policies are in place (ESG, H&S, Code of Conduct, Anti-bribery, Whistleblowing, Diversity, Gifts, Purchasing). We maintain all procedures and policies up to date at any point in time.
- › With our 'From subsurface to beyond' corporate strategy, we help end-markets in line with a sustainable future, such as renewable energy and Ocean industries, increase data efficiency in their geoscience departments – i.e. the most data-intensive part of these companies.

## Engagement & responsibility of the Board of Directors

- › The Board/CEO have the overall responsibility for ESG. ESG is on the agenda of every board meeting.
- › The following KPIs are discussed at the monthly Group Board of Directors agenda: 1) HR: turnover, sick-leave, HCI (satisfaction); 2) Information Security: customer churn, customer data loss, confidentiality loss, integrity loss, availability loss; 3) Service Quality: end user survey, annual satisfaction survey, customer churn, executive annual survey, and project quality.

## Risk inventory and evaluation

- › The Cegal Management System is our systematic approach to manage Health and Safety.
- › We are currently in the process of becoming ISO 45001 certified.



## Quality of monitoring systems

- › Dedicated HSEQ manager is in place, who is responsible for the quality management system. This is a global shared service for our company.
- › Operations certified according to ISO 27001 (since 2015), and ISO 9001 (since 2019). The scope includes all business processes at all our locations worldwide. We have also issued ISAE 3402 Type 2.
- › We have an ISO 14001 management system for the environment.

## Ensuring supplier compliance to Sustainability standards

- › A Supplier Code of Conduct and Procurement Provider Policy are in place.
- › Suppliers are assessed and processes are in place to return and disposing used materials (e.g. IT equipment).

## Transparency and reporting

- › This sustainability report addresses our performance on key material sustainability themes and is issued on an annual basis.
- › HSEQ issues and company statements are addressed on our website.