



**COMMUNICATION
ON PROGRESS 2019**

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About this report

This report constitutes the statutory report on Corporate Social Responsibility cf. § 99a of the Danish Financial Statements Act.

This report is published once a year along with the [Annual Report](#).

This report also constitutes our Communication on Progress under the UN Global Compact.

The 10 principles and the sustainable development goals

We are committed to running our business in a way that supports the 10 principles of the UN Global Compact and we contribute directly to the 7 sustainable development goals (SDGs) mentioned below. The SDGs are defined by the United Nations General Assembly and reflecting the greatest challenges globally and promoting sustainable growth.

HUMAN RIGHTS

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2

Make sure that they are not complicit in human right abuses.



LABOUR

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4

The elimination of all forms of forced and compulsory labour.

Principle 5

The effective abolition of child labour.

Principle 6

The elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

Principle 7

Businesses are asked to support a precautionary approach to environmental challenges.

Principle 8

Undertake initiatives to promote greater environmental responsibility.

Principle 9

Encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.



Our responsibility

We want to meet all challenges in an environmentally, ethically and socially responsible way.

We continue to develop Semco Maritime with a strategic approach to cost-effective and sustainable models that differentiate us from our competitors, create value for our customers and keep our focus on Corporate Social Responsibility (CSR).

Our customers demand high-quality projects delivered at the right time and at the right cost. Our global presence means many stakeholders and a potentially great environmental impact. We strive to meet each new challenge in an environmentally, ethically and socially responsible way.

Our purpose is clear. We want to play an important role in meeting the world's growing energy demand in a safe and sustainable way. In 2019, we took several important steps towards creating the desired balance between the business areas Renewables and Oil & Gas.

We use the 10 principles as a common frame of reference, and together with the Sustainable Development Goals they serve as a solid platform and guideline for all our CSR activities. The principles and development goals set the basis of cooperation not only for Semco Maritime, but also for our suppliers around the world.

Steen Brødbæk, CEO



Semco Maritime at a glance

Semco Maritime is an international engineering and contracting company undertaking and solving assignments across the value chain in the global energy sector.

Since 1980, our specialist competencies have provided a platform for the work carried out at all stages of onshore and offshore assignments – from preliminary analyses over design, procurement and manu-

facturing to installation, commissioning and subsequent service as well as rental of manpower and supply of tailor-made components, systems and solutions.

Semco Maritime has about 1,300 employees, who provide our customers with cost-effective project management and operations from the Danish head office and subsidiaries around the world.



SERVICES AND SOLUTIONS

- EPCI projects
- Construction and fabrication
- Installation and commissioning
- Yard and workshop facilities
- Upgrades and refurbs
- Maintenance, modification and service
- Products, components and technology
- Manpower and consultants

ORGANISATION

- Headquarters in Esbjerg, Denmark
- Subsidiaries in Denmark, Norway, the UK, Germany, Singapore, Taiwan, and the USA.

LIABLE MANAGEMENT

- Steen Brødbæk, President and CEO
- Jørgen Devantier Gade, President and CFO

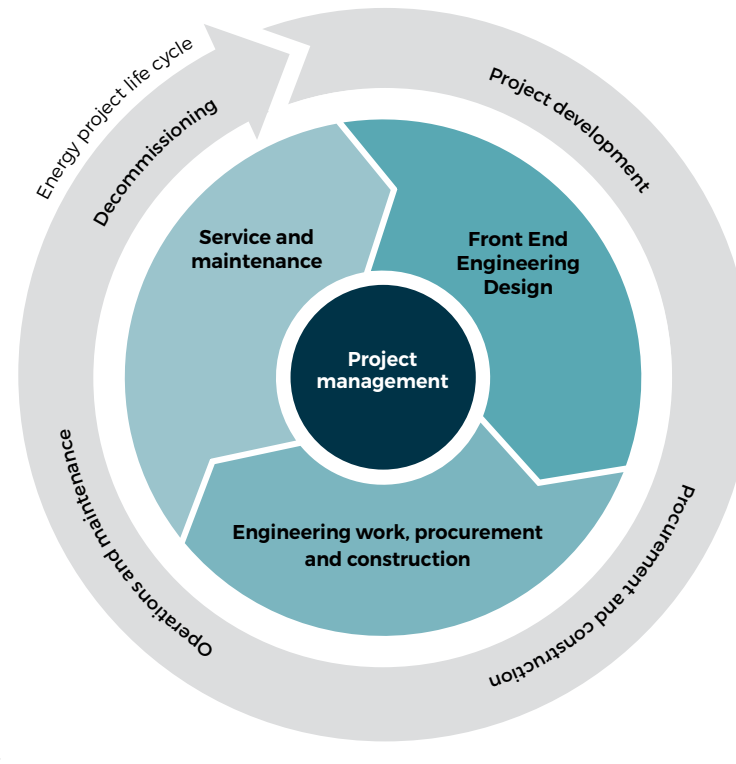
READ MORE ABOUT SEMCO MARITIME:

www.semcomaritime.com/about

Our business model

Value creation

- based on affordable, reliable and sustainable solutions

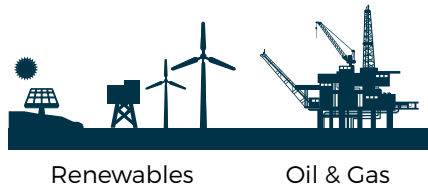


We provide assistance to our customers at all project stages

Motivation

We want to play an important role in meeting the world's growing energy demand in a safe and sustainable way.

Markets



Promises

Safety

Safety is part of our DNA. We always aim at reducing the number of work accidents to zero.

Customers

We bring our expertise into play to provide inspiration and optimise value across the supply chain to deliver safe solutions that always live up to expectations.

Employees

We offer a safe and motivating workplace with unique opportunities for development.

Owners

We intend to deliver profitable growth and make our owners proud.

Group long-term targets 2023

- Revenue split 50/50 between Renewables and Oil & Gas
- 20% of revenue shall come from Service activities
- EBITDA margin of 6%



Strategy and stakeholders

Corporate Social Responsibility

Corporate Social Responsibility (CSR) initiatives encourage organisations to take responsibility for their actions. To ensure that our business is in line with the 10 principles of the UN Global Compact, we have integrated a CSR Policy and a Global Compact procedure.

The objective of Semco Maritime is to develop strategic and cost-effective solutions that create value for customers in a socially responsible way.

CSR and risk management in our projects

As part of our project execution, all projects refer to the overall Semco Maritime CSR policy (see [page 28](#)).

We have a strong focus on potential risks in all projects. All risks are registered, and the probability and consequence of each risk is assessed and mitigated. Risk management starts in the tender phase and continues throughout the project life cycle. Each

division uses risk assessment tools that match their line of business and consider the type and size of each project.

Business management system

Our business management system is available to all employees and provides easy access to all policies, procedures, instructions and templates. This way we ensure:

- That the quality of products and services delivered by Semco Maritime and suppliers meet specified requirements.
- That our working environment and safety meet statutory requirements and own policies and objectives.
- That our activities consider the environment.
- That Semco Maritime remains an attractive working place providing development opportunities for all employees



Strategy towards 2023

Our 2023 strategy »First Choice - Stronger core for value creation« aims at consolidating and strengthening our position. In order to reach our goals, we:

- Develop our competencies across the organisation
- Ensure an inspirational and motivating working environment
- Always keep our safety promise

Affordable, reliable, sustainable

Initially, Semco Maritime provided services for the oil & gas industry, but our business is turning more and more towards the renewable energy industry. Our offshore wind activities continue to increase and now represent more than 50 % of the total order book!

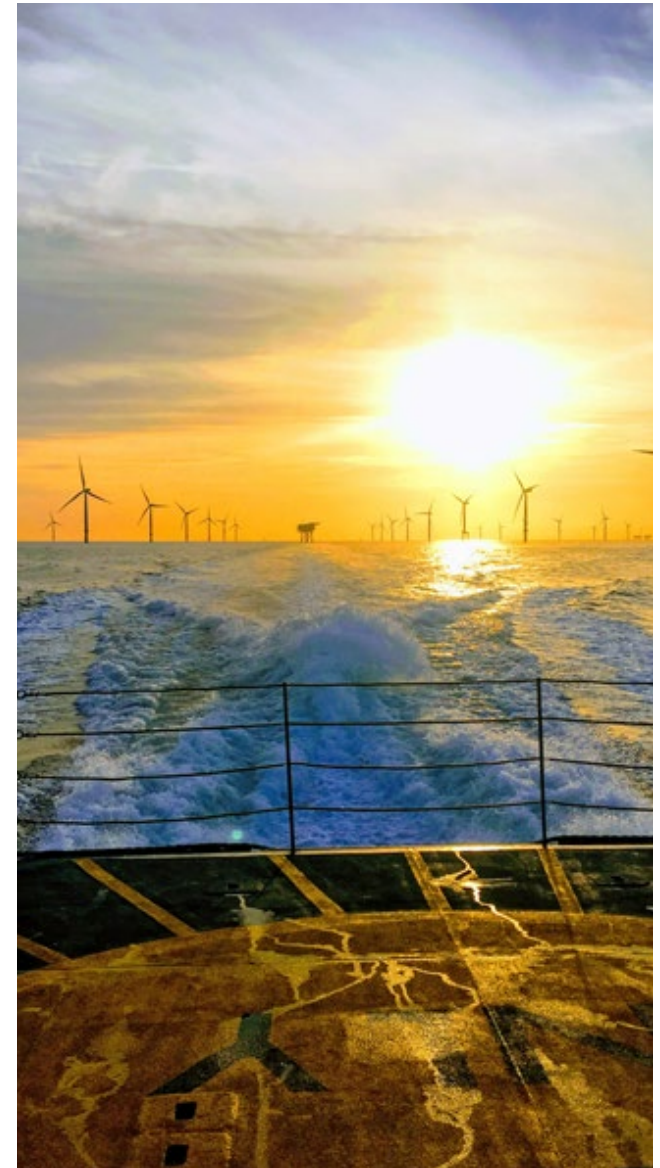
We have a continued focus on developing our renewable energy strategy to match the increasing demand for clean and affordable energy by bringing reliable solutions to the market and further developing our strong position within substations for offshore wind farms. In short, we specialise in bringing energy to shore!

We strongly believe that the renewable energy market will continue to grow, and we see that a larger

share of our future activities and income will come from especially offshore wind. However, »renewables« covers much more than offshore wind. This is why we are carefully following other areas such as storage and hydrogen.

At Semco Maritime, we design and engineer electrical infrastructure systems for wind farms and construct onshore and offshore substations. We continuously aim to reduce the cost of green renewable energy. Consequently, our engineers and specialists focus on optimising each design element of the substation including the rest of the electrical balance of plant.

Our dedicated efforts made towards the technical development and the market have proven right, and as market pioneers we have managed to get a strong foothold in the growing US offshore wind market. Added to this we see many more global opportunities in the near future.



Major offshore substation projects:

- Mayflower (US) - ongoing
- Vineyard (US) - ongoing
- Northwester 2
- Hornsea
- Sandbank
- Nordsee One
- Bligh Bank II
- Northwind
- Nordsee Ost
- Borkum Riffgrund
- Anholt
- Walney II
- Walney I
- Rødsand B
- Lillgrund
- Princess Amalia
- Gunfleet Sands
- Nysted



The 962 ton Northwest 2 substation as it is lifted onto the offshore monopile at the installation site 46 km off the Belgian coast September 2019.

RENEWABLES
Mayflower Wind

The Mayflower contract (signed in 2020) marks another important step for us in the US offshore wind market. The contract is for design and construction of the 1,200 MW substation for Mayflower Wind.

Once in operation (expected 2025), the Mayflower wind farm will provide approximately 500,000 houses in the state of Massachusetts with sufficient clean and renewable energy and eliminate 1.7 million metric tons of CO₂!

Supplier management and code of conduct

In Semco Maritime, we wish to incorporate values and attitudes that support a responsible dialogue with our stakeholders and suppliers. In 2018 our focus was on the supply chain risks we face, especially with regards to human rights and our responsibility in ensuring compliance with international norms and development goals. In 2019, our focus was on the supply chain risks we face when expanding our project deliveries into new regions.

During 2019, we sought to shift from development to continuous improvement of our supplier management programme, supplier risk assessment and tier-based supplier segmentation model introduced in 2017. The programme has enabled the targeted application of resources to better ensure compliance with our code of conduct and mitigate the significant risks we face in our global supply chain.

Low-cost countries

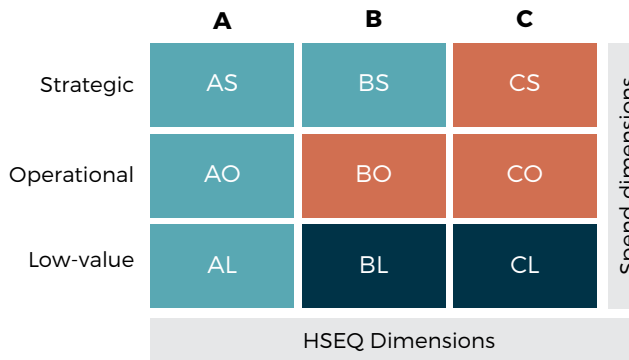
Semco Maritime encounters intense competition across all business lines. Our customers' requirements for lower costs, quicker delivery, and improved value-for-money, are increasingly followed by the demands for sustainability, lower CO² footprint, and loyalty to the UN Sustainable Development Goals. To meet the first three requirements we have focused our sourcing on lower-cost countries (LCC). These are often less developed than existing source countries which involve a higher risk with regard to meeting the three latter requirements. Issues regarding basic human rights, the rights of workers, workplace safety and environmental protection must be addressed more closely.

Workplace safety

Workplace safety continues to be an issue involving the highest risk. We see workplace safety from a broad perspective and include not only access to personal protective equipment (e.g. eye and ear protection, helmets, gloves etc.), but also training and instruction (should not be inadequate), working hours (should not be excessive), discrimination, workplace culture and most importantly the right to stop work if it feels unsafe.

For many people working in the industrialised countries, such rights and safeguards are familiar and rou-

Supplier Combined Risk Map



- Tier I: High combined risk - Full qualification required
- Tier II: Medium combined risk - Self-assessment and registration of required certificates
- Tier III: Low combined risk - Acceptance of Code of Conduct only
- Tier IV: Inactive suppliers and P-card - Low-value suppliers only

ACHIEVEMENTS IN 2019

- Successful evaluation of >90% of direct-spend suppliers via the electronic supplier self-assessment database.
- Many new LCC (low-cost countries) suppliers of key goods and materials qualified through strategic sourcing initiatives.

AMBITIONS 2020

- Maintain >90% supplier evaluation rate.
- Increase local sourcing efforts in the areas where we operate (in the US for future offshore wind projects).
- Maintain our focus on long-term supplier relationships and further developing a solid LCC supplier base.



8.7, 8.8

Supplier Management

tine, coming without debate. Suppliers in less developed countries have not yet fully adopted safety cultures that match our own »Safety is part of our DNA« mindset. It is our obligation to assist these people in making a self-assessment of their workplace safety and environment and creating improvement plans that bring them up to a compliant level in the first instance and then helping them continually improve so that safety and a healthy work environment becomes their competitive advantage

Local sourcing

In the years to come, local sourcing will be an important strategic focus area. Local sourcing will help lower our logistics costs while reducing the total CO2 footprint of our projects. We have therefore already successfully improved our strategic sourcing capability in Singapore, which means that sourcing is now carried out locally. In 2020, we will continue to develop a supply chain in the US, enabling us to source future offshore wind projects locally. Local sourcing is beneficial to the environment, to our business and not least to the local communities.

Risk-based supplier segmentation

Our risk-based supplier segmentation model allows our team to be aware of suppliers posing a higher risk and to see where our efforts to identify concerns and implement improvements bring the most value for affected workers and communities. This, in return, brings additional value to Semco Maritime and our customers through improved relations with suppliers and local stakeholders.

Management Theme	Tier I	Tier II	Tier III	Tier IV*
Qualification	<ul style="list-style-type: none"> Full HSEQ qualification including Supplier Self-Assessment (SSA) and audit Full commercial due diligence 	<ul style="list-style-type: none"> SSA Registration of certificates Financial due diligence as required post risk assessment 	<ul style="list-style-type: none"> Acceptance of Code of Conduct No known violations of international norms 	<ul style="list-style-type: none"> None
Performance	<ul style="list-style-type: none"> Full KPI scorecard Monthly reporting Half-yearly performance review meetings 	<ul style="list-style-type: none"> Full KPI scorecard Quarterly reporting Annual performance reviews 	<ul style="list-style-type: none"> Commercial KPI scorecard Biannual performance reviews 	<ul style="list-style-type: none"> None
Relationship	<ul style="list-style-type: none"> VP sponsorship Half-yearly management reviews Partnership/alliance approach 	<ul style="list-style-type: none"> Director sponsorship Annual management reviews Preferred supplier approach 	<ul style="list-style-type: none"> No sponsor Management reviews as needed, but at least once every 5 years (guideline) Take it or leave it approach 	<ul style="list-style-type: none"> No coffee Watch for technology or service-level stepouts.

**Tier IV: Dormant suppliers with no current or planned spend (within next 18 months).*

Giving back to society

In 2019, we supported various charities, humanitarian projects and projects in our local community.

SPORTS

- We support EfB - the leading football club in Esbjerg!
- We also support the following other sporting events in our local community: Vestkystløbet, Blue Water Staffetten and Royal Run.

We use these events to encourage our employees and their families to an active life together.

CHARITY

- Families with children diagnosed with cancer
- Hospital clowns: An initiative spreading happiness and laughter among children in Danish hospitals!
- The Danish Red Cross (national subscription)

CULTURE

- Energiens Folkemøde (energy mass meeting)
- Musikhuset Esbjerg (Esbjerg Performing Arts Centre)
- The Fisheries and Maritime Museum in Esbjerg

HEADSPACE - giving young people a chance!

We have an ongoing cooperation with Headspace, an organisation that is very close to our hearts! Headspace gives advice and guidance to young people with problems.

Semco Maritime is part of the business network and therefore offers temporary employment contracts for young people who are referred to us by Headspace. Fundamentally, we believe in inclusion and we know that with a little support, this vulnerable group of young people will become a valuable resource in the labour market!

Health, wellbeing and development

We want to create an attractive workplace where each individual has the opportunity to develop both personally and professionally.

We do not discriminate nor let our decisions be affected by employees' affiliation with trade unions or other associations. Nor do we interfere with the forming of any trade unions or other associations in the workplace. As a global company, we recognise the diversity of our employees. Therefore, we do not accept discrimination based on nationality, ethnic heritage, sexual orientation, political affiliation, religious belief or age. We see diversity as a strength and want to maintain a culturally diverse staff!

We do not use force, threats or disciplinary means to force people to work nor do we withhold identification papers or wages to force employees to work. All employees have individual contracts drafted and approved in accordance with international and national legal requirements. We do not employ nor support the use of child labour. Our commitment to respect the above is set out in our policies (see [page 28](#)).

Creating and attractive environment

We aim to create an attractive working environment that considers both the mental and the physical health of our employees. We do not want to risk causing illness among our employees due to a poor working environment. Our greatest asset is our people – and we know that we are at risk of losing them if we fail to create an attractive working environment with room for diversity and personal development!

In order to make sure that we keep focusing on mitigating the mentioned risks, we have decided to monitor the points below. In addition to our biannual satisfaction survey, we have added the following 3 measuring points that help us assess the wellbeing of our employees:

- Sickness absence
- Personal development dialogue meetings
- Voluntary turnover rate

Sickness absence

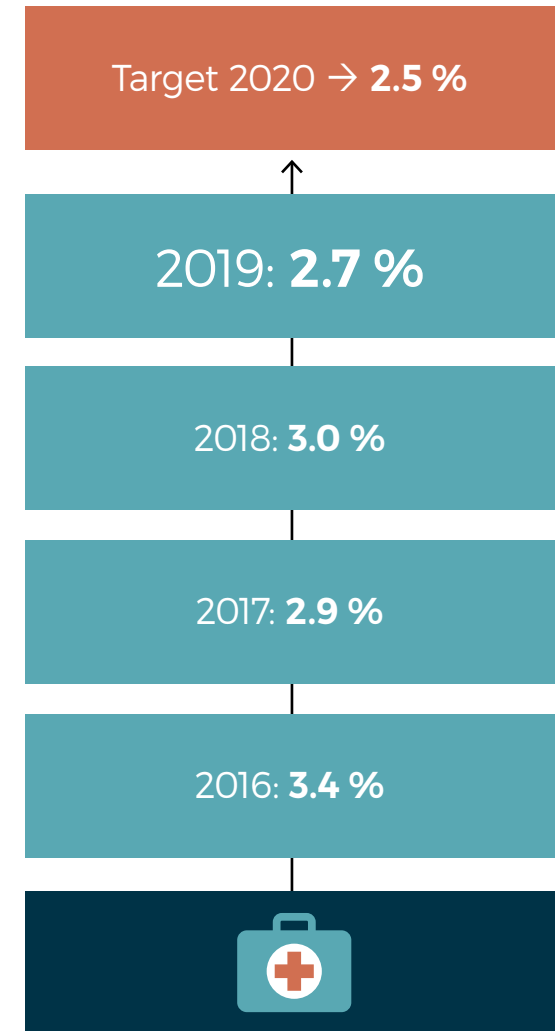
In 2019, the overall sickness absence rate was 2.7 % - an improvement compared to recent years - and lower than our target of 2.8 %. We adjust our target to 2.5 % as we aim to further improve in 2020.

We constantly monitor the sickness absence reports, and our Human Resources department and our social counsellor jointly ensure that we address irregularities through a constructive dialogue between the social counsellor, the relevant manager and the employee in question. We have a sick leave procedure that helps us ensure regular contact between Semco Maritime and the employee on sick leave and which aims to reduce the duration of leave

Personal and professional development

We strongly believe in the value of open and honest dialogue and in creating room for personal development. In Semco Maritime, we use the Personal Development Dialogue (PDD) tool to create a confidential space in which the manager and the employee can have a confidential and straightforward face-to-face dialogue about all work aspects as a Semco Maritime employee. With this dialogue, we want to increase the employee's

Sickness absence



influence on his or her own career path and identify development potential and individual training needs.

In 2019, however, we started the process of developing a new way of conducting and monitoring the development dialogues. We are currently testing and will continue to do so throughout Q2. We expect to be able to implement the new set-up globally during 2020. The rollout of a new form of dialogue will also affect the measuring methods and the nature of the dialogue.

In 2018, our plan was to implement a new tool for monitoring PDDs. Instead, we have focused on finding

a brand new way of approaching the development dialogue. Therefore, we will also look for new ways of measuring, as the number of PDDs does not reveal much about the quality of the dialogue and the development of the employee.

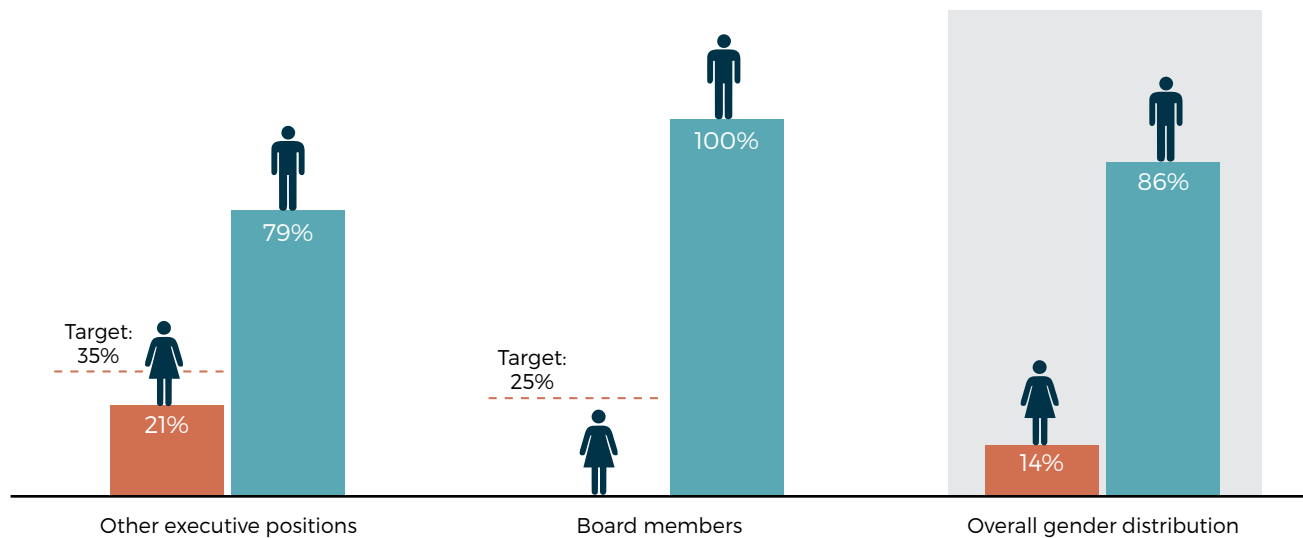
We have chosen NOT to measure the number of PDDs in 2019, because we were in the process of testing improved methods for conducting and not least measuring PDDs. We have indications that the PDD level for all onshore employees remained unchanged in 2019, i.e. approximately 80 %, but we do not have the exact figure. More information about the new type of PDD in 2020.

Employee retention and voluntary turnover

We want to retain our dedicated employees and use the satisfaction survey as an indicator of the satisfaction level among our employees. The staff turnover rate gives us a good indication of our attractiveness as a workplace. It is only natural that some people leave us of their own free will, as they often hold specialist competencies also demanded by our competitors. Our goal is that the staff turnover rate remains below 10%. In 2019, the turnover rate was 8%, which is still an acceptable level though slightly higher than in 2018. The voluntary turnover rate includes white collars only.

We will continue to monitor the turnover rate while aiming to increase our employer branding activities, as it will be even more important in 2020 to attract the people we need!

Women in Semco Maritime



Women in management positions

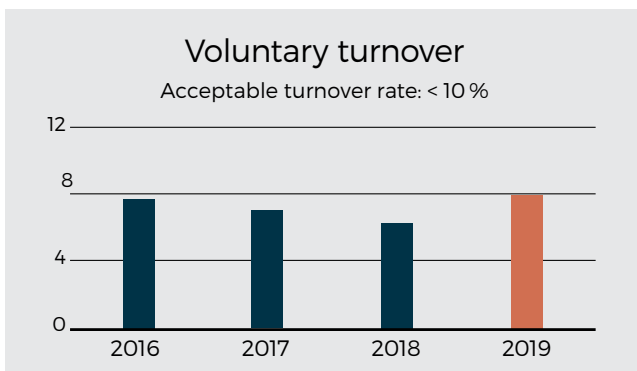
Semco Maritime has set the goal that women must hold 35 % of 'other executive positions' (which include C-level + SVP, VP, Directors, Managers) by 2021. Furthermore, our goal is that 25 % of the board members elected at the general meeting are to be women (equivalent to 1 woman) in 2021. In 2019, none of the members of the Board of Directors elected at the general meeting were women and in »other executive positions« women currently represent 21 %.

However, we do see great potential in a diverse workforce and we know that it is important to ensure a more diverse management team. We therefore strive to increase the ratio of the underrepresented gender, i.e. women, in management positions. In order to

achieve our objectives, we have launched an internal management education (talent camp) with the purpose of developing female talents as well as strengthen their management skills.

Our line of business has been significantly over-represented by men for many years and still is. Most of our positions require a technical background, which gives us a majority of male candidates. Due to the nature of our business and the type of job openings, we do not expect the number of women in management positions to improve significantly in the short run.

We will continue to focus on setting the very best team and ensuring the right competence matrix for the projects at hand. We strive to become even better at developing people and competencies within the organisation. We will do this through professional performance reviews and targeted succession planning. This is the best way to develop a broad, diverse and strong foundation of future managers.



Strong focus on human values!

At Semco Maritime, we genuinely care about the wellbeing of our employees and are very proud to have our own in-house social counsellor (since 2007). This role is at the very core of our efforts to ensure a strong focus on people, human values and mental health. (More about this on [page 17](#))

Simple global processes - happy people!

In 2020, our Human Resources department will focus on describing, simplifying and changing the way we do things globally. We are in the process of developing and implementing new ways of onboarding newcom-

ers, conducting PDDs, making succession plans and making people reviews. In the future, this part of our CSR reporting will be affected by the said initiatives, and the measuring points might change.

Why are we changing our processes? The answer is simple: we want our people to thrive and we want to make sure that everyone is integrated and introduced properly and that each individual gets a chance to grow and develop within our organisation - no matter level and location. We are aligning globally and our efforts are based on our global leadership model!






ACHIEVEMENTS IN 2019

- Sickness absence was 2.7 %.
- Voluntary turnover: 8 %.
- Women in management positions: 21 %.

AMBITIONS 2020

- Maintain a low sickness absence rate in 2020. Target is adjusted to 2.5 %.
- Continued focus on employee retention and on keeping the voluntary turnover at an acceptable level (< 10 %).
- Conduct our bi-annual job satisfaction survey. Our target is to match the 2018-result of a response rate of 86 % and an overall average rate of 4.1.
- Women in management positions: 35 % in 2021.
- Female board members: 25 % in 2021.
- Focus on simplifying and changing processes for initiatives such as PDD, onboarding and people reviews. Establish new measuring methods in 2020.

 <p>3 GOOD HEALTH AND WELL-BEING</p>	 <p>5 GENDER EQUALITY</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>
3.4, 3.5	5.1, 5.5, 5.5.2	8.6, 8.7, 8.8

Safety - a core value

ZERO harm to employees, stakeholders, our assets and the environment.

At Semco Maritime we have devised a new safety motto: »Safety is part of our DNA«. This statement indicates that safety is a core value and that it is embedded in everything we do. We believe that all incidents can be prevented by approaching work proactively and by learning from experience. We know that if we fail to put safety before everything else, we risk that people will get injured or even die while doing their jobs.

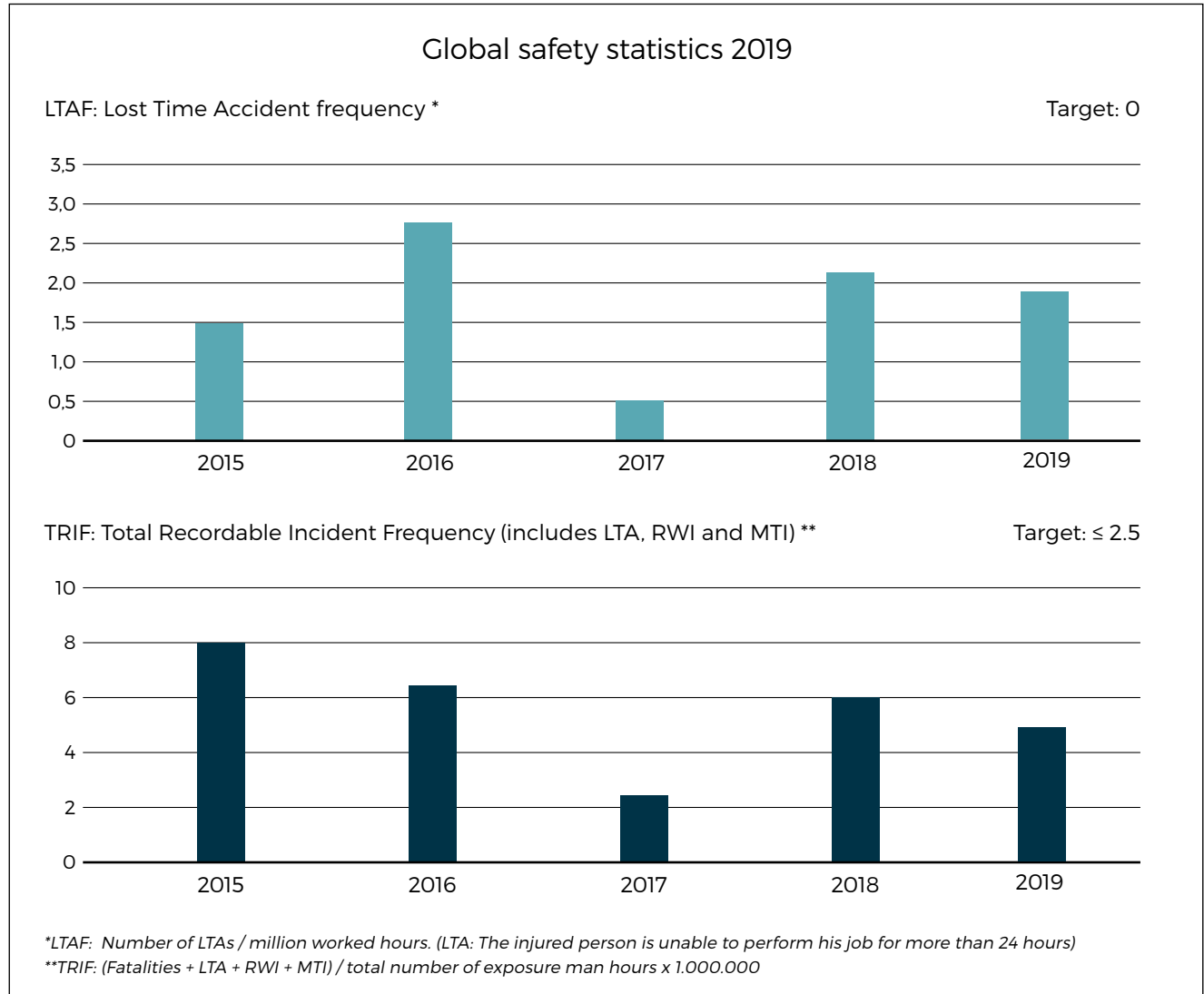
We strongly believe in a continued focus on safety leadership. This means that if our leaders show their commitment towards safety, they will be able to lift our safety culture to a level that makes our ultimate goal of zero accidents a reality.

Safety performance 2019

During 2019, we experienced a slight reduction in the number of incidents compared to 2018, however, still too high. The incidents have been investigated, and no patterns as such were identified except that the root causes of all incidents were still related to human behaviour.

Safety as a value

In 2019, we launched »safety« as a core value! One of the very first steps towards integrating safety as a core value was to establish a safety value committee. The purpose of the committee's work was to define the Semco Maritime behaviour behind this value. The committee received input from workshops held at all locations and managed to define our safety value. The value was subsequently launched worldwide!



Safety culture survey



Everyone in Semco Maritime - no matter location - will participate in »safety value training sessions«. We had our first session in December 2019 and have sessions planned for 2020.

Safety talk

A »safety talk« is a communication tool for managers to remind employees that health and safety is important. The talk can help employees recognise and control hazards when at work and outside working hours. Safety talks demonstrate the commitment of employers and employees towards health and safety. When the manager acts as a role model and a safety ambassador, the purpose of the safety talk has been fulfilled.

We have set personal goals for each manager and do a monthly follow-up. Instead of measuring the total number of safety talks, it makes more sense to monitor each type of manager and his or her personal goals:

- **Operational managers:** 6 safety talks a year
- **Admin. managers:** 2 safety talks a year

The extended focus has paid off and we managed to complete AND register 100 % of the safety talks in 2019.

Safety culture survey

In 2019, our safety culture survey focused on offshore sites under the following headlines:

- Management safety priority and ability
- Management safety empowerment
- Management safety justice
- Workers' safety commitment
- Workers' safety priority and non-acceptance risk
- Peer safety communication, learning and trust in safety ability
- Workers' trust in effectiveness of safety systems

The objective for 2019 was to exceed a score of 3.25 on a scale from 0-4. The result was 3.22 with a response rate of 56.79 % - a decrease compared to 2018. In 2020, the survey will include all sites, and we aim to improve the response rate and to achieve a score above 3.25.

ACHIEVEMENTS IN 2019

- LTAF: 1.9
- TRIF: 5.0 / million working hrs.
- Safety culture survey: 3.22.
- Safety talks completed: 312 = 100%
All operational managers: 6 safety talks
All admin. managers: 2 safety talks

AMBITIONS 2020

- LTAF: 0
- TRIF: ≤ 2.5 / million working hours.
- Safety culture survey:
Score exceeding 3.25 in average at operational sites.
- Safety talks:
All operational managers: 6 safety talks
All admin. managers: 2 safety talks





Strong focus on mental health

With safety as our fifth core value, our focus on mental health increases. We seek to solve potential problems early, and our social counsellor is a primary stakeholder in this effort along with HSEQ, HR and the immediate manager.

Our social counsellor is always available to all employees AND their families at any time. An employee can ask for support for work-related issues and private matters such as stress, mental illness or physical disease that might require cooperation with psychologists, hospitals, municipalities, patient associations and other relevant partners.

Safety campaigns

Safety campaigns play an important role when trying to increase focus on safety culture and safety awareness. In 2019, we completed the following campaigns:

Global campaigns:

Safety as a value!

We officially launched safety as a value at all locations on the same day. The value was presented in many ways and all employees had defined their own personal »safety promise« on a postcard! All people managers also defined their personal safety commitment intended to kick-start safety dialogues in all departments.

When safety is a value then ..!

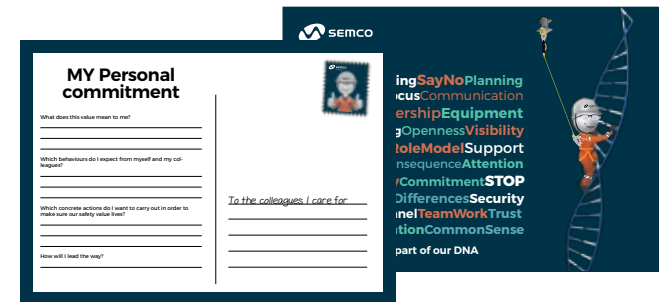
During our »Safety as a value« workshops around the world, we collected stories and keywords that summarised how we act when safety is a value. These words and stories were transformed into posters and rollups that were placed at all locations.

Global effort:

Making incidents visible, relevant and personal
When we experience an incident or observation, we share it with everyone on the intranet. What happened and what was the root cause? This creates much attention in the organisation, and it makes the incident much more relevant and personal!

Our safety work continues

We will continue to integrate safety as a core value in Semco Maritime. All people in all departments will participate in safety value training and consequently define their own safety commitments. By the end of 2020, ALL employees will therefore know the significance of safety as a value - both personally and in their team.





iPad-solution eliminates paper

In 2019, an innovative iPad-solution eliminated more than 30,000 pieces of paper ...

During substation projects, Maria Hald (Technical designer) and her colleagues juggled approximately 2,500 paper job packages. All these job packages were printed and put into physical folders amounting to more than 30,000 pieces of paper.

Maria had a great idea! Together with IT, she managed to implement a user-friendly iPad-solution that improves quality while saving loads of time, frustration and paper!

“

This solution is great for our projects, our quality, my job satisfaction and the environment!

Maria Hald, Technical Designer

Environment and climate

We aim to lessen our negative impact on the environment by using resources efficiently and reducing energy consumption.

We are aware of our potential role in mitigating climate change and in conserving natural resources. We know that we risk contributing unduly to climate change and depleting the world's finite resources. We have set ambitious goals to limit our impact and believe that »a responsible approach« is a »preventive approach«.

Energy consumption

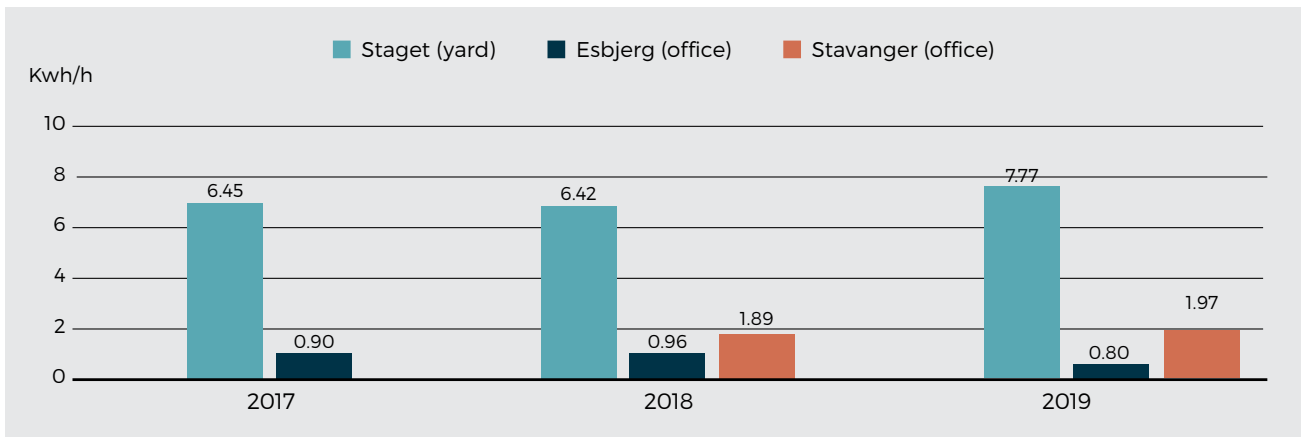
We aim to lessen our impact on the environment by using resources most efficiently, thereby reducing energy consumption:

- Staget (yard); energy consumption increase by approx. 21 % per working hour
- Esbjerg Brygge (HQ); energy consumption reduced by 16 % per working hour
- Stavanger; energy consumption + approx. 5 %.

The energy consumption at the yard is highly dependent on the processes carried out. In 2019, the energy consumption was measured in Kwh / per working hour. However, consumption per hour depends very much on the processes involved. The production form at Staget was very energy intensive in 2019. Annealing of welded structures was a major task and is an energy demanding process.

The objective for 2020 is a reduction of 1% per working hour regardless of the processes and loca-

Kwh/working hour



CO2 neutral website

We have joined the CO2 neutral website initiative in order to neutralise the emissions originating from our website and website users.

Nordic Swan Ecolabel

Our stationery is made from environmentally friendly materials. At present, all stationery and almost all envelopes carry the Nordic Swan Ecolabel.

FSC® - The Forest Stewardship Council

An international non-profit label for wood and paper. FSC is your guarantee that the printed material is from a FSC-certified forest. No more wood is cut than the forest is able to regenerate naturally.

ISO certified

Certified according to ISO 14001 (see [page 29](#)).

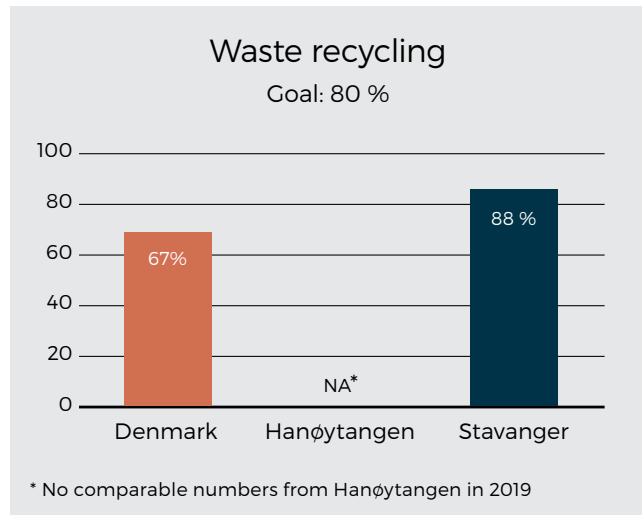


tion. In order to achieve this reduction we will have to install power saving measures at the yard; i.e. measures that are independent of operation processes.

There are not many improvement measures to be implemented at our headquarters in Esbjerg. Consequently, we will focus on our yard at Staget in Esbjerg. We have created an action plan containing specific matters that need to be improved at this location in relation to energy management.

Waste management

The waste management result in 2019 shows a recycling percentage of only 67 % in Denmark. This is disappointing, as we have had a recycling rate of more than 90 % for the past several years. One of the explanations is that the production pace at the yard in



Golden DGNB certificate

The Semco Maritime HQ domicile in Esbjerg was awarded with a Golden DGNB certificate with the score of 69.7 %. The building was awarded the certificate for, among others, the indoor climate, space efficiency and the focus on energy, e.g. the use of solar cells.

DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen) is one of the world's leading standards when it comes to the sustainability of buildings. DGNB measures indoor climate, the life cycle of building materials, transport, consumption of energy and water during and after construction, durability, availability, etc.

Esbjerg has been very high compared to recent years. As we measure the total amount of waste regardless of production size and composition, the figures can hold large variations in the type of waste generated.

In 2019, we had major focus on waste separation and management in the form of labelling of waste containers, information at departmental meetings, HSE rounds etc. The disappointing result for 2019 therefore underlines the impact of an activity mix that has been different from previous years.

In Stavanger, the recycling percentage is 88 %, which is above target. At Hanøytangen, however, we have not been able to find comparable data. Hanøytangen has a very high degree of waste separation (close to 100 %), but the recycling percentage is not available. In 2020, achieving comparable data will be a focus area.

The objective for 2020 is to recycle more than 80 % of the total amount of waste regardless of the activities. Due to lessons learned from 2019, we know that meeting this objective will require even more focus on waste separation, information, updated signage and a close dialogue with our waste disposal contractor.

Mapping our CO2 emissions

In 2018, we started to map our CO2 emissions. The emission map clearly showed that »staff transportation« and »electricity« are the major sources of air pollution. In 2019, we expected to start in-house discussions about our CO2 emissions in order to raise awareness of our environmental impact and to identify mitigation initiatives. However, we did not manage to translate our knowledge of the CO2 footprint into concrete initiatives in 2019, but we will continue to use this knowledge to put these two subjects on our internal agenda in the years to come.

ACHIEVEMENTS IN 2019

- Savings on energy consumption/working hours:
 - Staget (yard) + 21 %
 - Esbjerg (HQ) - 16 %
 - Stavanger: + 5 %
- Recycling rate:
 - Denmark: 67 %
 - Stavanger: 88 %
 - Hanøytangen: NA

AMBITIONS 2020

- Savings on energy consumption/working hours: - 1 %.
- Recycling rate: min. 80 %.
- Focus on waste management through updated signage and information.
- Raise awareness of our CO2 emissions internally.



Concrete actions in 2020

Energy consumption:

- Special focus on our yard in Esbjerg as there is room for improvement.

Waste sorting:

- Continued awareness-raising towards the importance of waste separation with special focus on the yard in Esbjerg.
- Update signage regarding waste separation and talk to waste contractor to receive valuable input on the optimisation of waste separation.
- Focus on ensuring that figures are accurate with regard to waste and recycling levels at Hanøytangen.

Honesty, fairness and transparency

We have always focused on honesty and fairness, but in recent years, transparency has become increasingly important. Transparency is also the driving force behind our successful implementation of a whistleblower arrangement.

We are committed to the highest standards of integrity, honesty and fairness in all internal and external relationships, in accordance with all applicable laws and regulations, including, but not limited to, anti-bribery and anti-corruption laws. As a global company operating in various countries and across different cultures, we know that we run the risk of being directly or indirectly involved in corruption, bribery and other legality issues. However, corruption and bribery will never be an acceptable part of doing business with Semco Maritime.

Anti-corruption

Semco Maritime employees shall not directly or indirectly accept, solicit or offer bribes, kickbacks, facilitation payments or any other unjustified advantages in order to improperly influence or gain an unfair business advantage from any governmental or private legal entity or other. We base our anti-bribery and corruption policy on the six principles of the Bribery Act 2010 (UK).

Whistleblower

We take our Code of Conduct seriously and therefore we established a corporate whistleblower mailbox and whistleblower policy/guideline in 2016.

In 2019, we continued our focus on informing employees about the whistleblower arrangement, and we communicated the whistleblower policy on our website. At Semco Maritime, whistleblowing is not only a tool for reporting cases of corruption and bribery, but also a tool for reporting cases like workplace harassment, discrimination (HR-related cases) etc. Our whistleblower arrangement is a preventive tool that reduces the risk of malpractice and irregularities. Through this arrangement we aim to empower employees and relevant stakeholders to »blow the whistle« so to speak, whenever they experience irregularities.

In 2019, we were informed of three potential HR-related cases under the whistleblower arrangement. The reporting of these cases and the subsequent handling confirm that the system works as intended. We will, however, continue to repeat the message internally to make sure that everyone knows where to report such matters. In 2020, we need to focus extra on new employees and on the various types of cases that can be reported

ACHIEVEMENTS IN 2019

Three potential cases were reported under the whistleblower arrangement.

Once investigated by our legal department, the cases were resolved efficiently and professionally. This confirms that our setup works as intended.

AMBITIONS 2020

- Continue the implementation of the whistleblower arrangement across the organisation.
- Our General Counsel will inform about our anti-corruption policy and whistleblower arrangement during townhall meetings and road trips worldwide.



Whistleblower mailbox: whistleblower@semcomaritime.com



16.5

Whistleblower Procedure

Employees can find the detailed whistleblower procedure in our Business Management System, along with a template for reporting. The procedure and template is also available on our corporate website.

1 Any suspicious or noncompliant behaviour or actions/omissions in connection with any anti-bribery or any other relations of breach of internal financial and/or other relevant policies of the Semco Maritime Group or of any external laws, rules codes or otherwise can from December 15, 2016 anonymously be reported to the General Counsel or head of HR of the Semco Maritime Group.

The General Counsel must as applicable cc the CFO on any reported incident) the start-up of any case and any later process and/or reporting. Reporting to the General Counsel can take place by anyone by telephone, e-mail and/or written- or any oral communication.

E-mail: whistleblower@semcomaritime.com

2 If the report is not anonymous, the reporting person's identity can be asked to be kept anonymous by the reporting person. If so, then any reporting shall be kept anonymous with regards to the reporting person's identity at all times with due consideration to the applicable legislation.

3 The General Counsel shall facilitate to take appropriate action on any report within reasonable and due time to:

- Investigate (if necessary sided by external legal counsel, accounting specialists and/or other necessary external resources or specialists) any report, and
- Bring the legal conclusion of any investigated reporting to a hereto formed »board« consisting of and in each incident as applicable:
 - A. The CEO/CFO or
 - B. The Head of HR and as relevant and as decided by the General Counsel in each incident:
 - C. As applicable a Board Member of the mother company of the Semco Maritime Group in Denmark (The Chairman of the Board) to investigate, conclude and act on each incident of reporting.
 - D. An external lawyer, external accountant and/or any other relevant resources

5 If found guilty, there can be (severe) employment consequences for a reported person and ultimately a criminal investigation and termination of the employment (as applicable in each incident).

4 The reporting person are with due consideration to legislative rights and obligations informed about investigation also with consideration of:

- The right as an investigated person to respond to the investigation and/or the findings/report to take due consideration to the investigated person's right to protect one's personal interest.
- The applicable legislation at all times.

6 The reporting person is secured anonymous reporting with due consideration to the applicable, relevant legislation.

The reported person is also considered (as far as possible under the applicable legislation and company policies) duly protected under the employment laws and obligations against employment consequences due to any reported acts/omissions.

The latter means that the employment laws are duly considered throughout any investigation, reporting and/or actions/omissions in each incident.

Targets, progress and ambitions

This overview sums up our targets, progress and ambitions within the four sustainability themes - human rights, labour, environment and anti-corruption.

	Targets	Progress in 2019	Ambitions
Human rights	<p>By the end of 2019, we have successfully evaluated 80 % of all suppliers via our electronic supplier self-assessment database.</p> <hr/> <p>Focus on long-term supplier relationships and building a solid supplier base in low-cost countries.</p> <hr/>	<p>✓ Successful evaluation of >90 % of direct-spend suppliers via the electronic supplier self-assessment database.</p> <hr/> <p>✓ Many new LCC (low-cost countries) suppliers of key goods and materials qualified through strategic sourcing initiatives.</p> <hr/>	<p>Maintain >90 % supplier evaluation rate.</p> <hr/> <p>Continue our focus on long-term supplier relationships and further develop a solid LCC supplier base.</p> <hr/> <p>Increase local sourcing efforts at the locations where we operate (in the US for future offshore wind projects).</p>
Labour	<p>Sickness absence rate: 2.8 %</p> <hr/> <p>Completed personal development dialogues: 85 %</p> <hr/> <p>Voluntary turnover rate: < 10 %</p> <hr/> <p>Job satisfaction survey: 84 % completed the survey.</p> <hr/> <p>Number of female board members: 25 %</p> <hr/> <p>Women in management positions: 35 %</p>	<p>✓ 2,7 %</p> <hr/> <p>● Not measured in 2019 - new method of conducting development dialogues is being tested.</p> <hr/> <p>✓ 8 %</p> <hr/> <p>No survey in 2019</p> <hr/> <p>● 0 %</p> <hr/> <p>● 21 %</p>	<p>New target 2.5 %</p> <hr/> <p>Simplify and change global processes for personal development dialogue. Establish new measuring methods in 2020.</p> <hr/> <p>Voluntary turnover rate: < 10 %</p> <hr/> <p>New survey in 2020 - maintain satisfaction level from 2018 (4.1)</p> <hr/> <p>25 % of board members are to be women (by 2021)</p> <hr/> <p>35 % women in management positions (by 2021)</p>

✓ On target ● In progress ● Actions and extra focus needed

	Targets	Progress in 2019	Ambitions
Safety	<p>TRIF: ≤ 2.5</p> <hr/> <p>LTAf: 0</p> <hr/> <p>Safety culture survey: above 3.25</p> <hr/> <p>Safety talks: 328</p>	<p>● TRIF: 5.0</p> <hr/> <p>● LATAf: 1.9</p> <hr/> <p>● 3.22</p> <hr/> <p>✓ 312 = Operational managers: 6 safety talks/year Admin. managers: 2 safety talks/year.</p>	<p>TRIF: ≤ 2.5</p> <hr/> <p>LTAf: 0</p> <hr/> <p>Safety culture survey: Above 3.25</p> <hr/> <p>Operational managers: 6 safety talks/year Admin. managers: 2 safety talks/year.</p>
Environment and climate	<p>Savings on energy consumption/employees: -5 %</p> <hr/> <p>Recycling of waste: 80 %</p> <hr/> <p>Starting to raise awareness of our CO2 emissions.</p>	<p>● Energy consumption/working hours: +5 % - Staget (yard) + 21 % - Esbjerg (HQ) - 16 % - Stavanger: + 5 %</p> <hr/> <p>● Recycling of waste: - DK: 67 % - Stavanger: 88 % - Hanøytangen: No comparable figures in 2019</p> <hr/> <p>● We did not manage to turn this knowledge of our CO2 footprint into concrete initiatives in 2019.</p>	<p>Working hours: -1 %</p> <hr/> <p>Recycling of waste: min. 80 %</p> <hr/> <p>Raise awareness of our CO2 emissions internally (»staff transportation« and »electricity«).</p>
Anti-corruption	<p>Continue the implementation of the whistleblower arrangement making sure that everyone knows how and where to report.</p>	<p>✓ Whistleblower arrangement established and in force - implementation ongoing.</p> <hr/> <p>✓ Continue the implementation of our whistleblower arrangement across the organisation.</p>	<p>Continue the implementation of the whistleblower arrangement across the organisation.</p> <hr/> <p>In 2020, the General Counsel will inform employees about our anti-corruption policy and whistleblower arrangement during townhall meetings and road trips worldwide.</p>

✓ On target ● In progress ● Actions and extra focus needed

Our policies on responsible practices

These are some of our most relevant policies that help us meet challenges in an environmentally, ethically and socially responsible way.

CSR in general

CSR Policy - POL-SEMCO-0001

The objective of Semco Maritime is to develop strategic and cost-effective sustainability models that create differentiation to others and value for customers. We will challenge and develop what we do best in a socially responsible way. CSR covers the initiatives launched by Semco Maritime to protect the environment, ensure good working conditions and care for society beyond legal requirements.

Global Compact Procedure - P-SEMCO-0082

By acceding the 10 UN Global Compact principles, Semco Maritime commits itself to prepare a COP report that documents the development and progress within the different areas. The COP report is published on the Global Compact website. We consider the process a mechanism for assessing and demonstrating our actions in relation to the incorporation of responsible practices into day-to-day operations.

Human Rights

Code of Conduct - POL-SEMCO-0013

We have formulated a Code of Conduct specifically aimed at employees, partners and suppliers. The Code of Conduct contains our values and ethical guidelines. All employees must know and understand not

only the guidelines of the Code of Conduct, but also the values on which it is based. We are all committed to abide by the wording and the rules of the Code of Conduct and to help others do so.

Labour

Inclusion Policy - POL-SEMCO-0006

Inclusion is part of Semco Maritime's strategy to create an attractive workplace and a necessary element for our ability to adapt to the never-ending development of employees, customers and the company as a whole.

Personnel Policy - POL-SEMCO-0011

The personnel policy applies to all Semco Maritime employees, regardless of title or position. The policy is reviewed on a regular basis and is based on the following core ideas:

- Semco Maritime shall be an attractive workplace characterised by commitment, reliability and responsiveness.
- It shall be possible to make a career in Semco Maritime and the individual employee shall be able to use his or her talents and abilities to the full.
- In Semco Maritime we are continuously changing and developing our processes. Therefore, we also expect our employees, our most important resource, to participate actively in the process.

Employee Health Policy - POL-SEMCO-0012

The health policy of Semco Maritime has been developed with the formulated strategy in mind and is based on the values and attitudes that are the hall-

marks of our corporate culture. We want to provide a healthy environment and promote a healthier lifestyle among our employees without invading their personal space and lifestyle.

Drugs and alcohol - P-SEMCO-0087

Semco Maritime has a zero tolerance towards the possession and consumption of drugs during working hours. We expect all employees to come to work without being under the influence of alcohol or have trace of drugs in their system.

Harassment and Violence - POL-SEMCO-0015

The purpose of this policy is to describe the following elements in Semco Maritime:

- Our attitude towards workplace violence and the course of action to be taken afterwards.
- Our attitude towards psychological workplace violence and the course of action to be taken afterwards.
- Our attitude towards physical and psychological harassment, including sexual, ethical, political and religious harassment and the actions to be taken afterwards.

Privacy Policy - POL-SEMCO-0022

This policy describes the details on the processing, use and disclosure of the personal data relating to your job application and the hiring process and, if employed with Semco Maritime, the details on the employment relationship and the hiring-out of labour to customers, etc.

Safety, environment and climate

HSSE Policy – POL-SEMCO-0019

Our core business is to create safe solutions within the oil & gas industry and the renewables market, as we see an increasing demand for reliable and sustainable energy. Our main focus areas are:

- Zero harm to employees and stakeholders, our assets and the environment.
- Deliver a quality that makes us the first choice for customers.

Anti-corruption and bribery

Anti-bribery and Corruption - POL-SEMCO-0016

Employees shall not directly or indirectly accept, solicit or offer bribes, kickbacks, facilitation payments or any other unjustified advantages in order to improperly influence or gain an unfair business advantage from any governmental or private entity.

Whistleblower Arrangement - P-SEMCO-0378

Our whistleblower arrangement allows employees to raise a concern about a potential criminal act and/or other serious risk that could pose a threat to Semco Maritime A/S, the Semco Maritime Group of Companies or any of their employees.



THIRD-PARTY CERTIFICATES

Quality management ISO 9001

This standard is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continuous improvement.

Environmental management systems ISO 14001

This standard specifies the requirements for an environmental management system to be used by an organisation for enhancing its environmental performance.

Occupational health and safety management systems ISO 45001

Compliance with the ISO 45001 standard enables us to demonstrate that we have a system in place for occupational health and safety.

Learn more:

www.semcomaritime.com/downloads/download-hsseq-certificates



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