

AKASTOR 

2018

CORPORATE
RESPONSIBILITY
REPORT



ABOUT THIS REPORT

This report constitutes the corporate responsibility report for Akastor ASA and covers the 2018 fiscal year. In this report, Akastor presents its approach to corporate responsibility as well as the implementation, activities and performance of Akastor and each of its portfolio companies in 2018. The purpose of the report is to support Akastor's primary stakeholders — shareholders (existing and potential), customers of its portfolio companies and employees of the Akastor group — in gaining insight into activities related to corporate responsibility at Akastor. The report aims to provide a balanced picture of the opportunities and challenges Akastor meets in this area and how the group seeks to manage them.

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LETTER FROM THE CEO

Dear stakeholders

In 2018, Akastor has enhanced its position as an oil-services investment company and completed several important transactions during the year. One of the transactions has resulted in a portion of our assets being transferred from industrial to financial investments, yet our most significant assets are still within industrial holdings.

I am proud of the accomplishments and initiatives of the people in Akastor and our portfolio companies in 2018. We have successfully closed the transaction to form a joint venture with Mitsui & Co., Ltd. and Mitsui O.S.K. Lines for the shared ownership of AKOFS Offshore. Our relationship with Mitsui and MOL will provide a foundation for additional business opportunities in the future. Furthermore, just before the year end we announced our intention to merge the companies AGR and First Geo. The work is ongoing and subject to customary closing conditions, however we believe these companies' people and service offerings is a good match and that the combined company's future prospects will become a valuable asset for Akastor. Also, we completed significant financial investments, a USD 75 million for preferred equity in Odfjell Drilling and the USD 10 million for 5.5 percent ownership in Awilco Drilling.

The most important asset in Akastor is the people working in Akastor and our portfolio companies. Everyone is responsible for making sure we comply with the systems implemented to secure our health, working environment and safety. We select our business partners diligently, and in our operations, we expect our business partners to adhere to the same core business principles as we do, including respecting human and labor rights, protecting the environment and complying with international rules against corruption.

The oil and gas service market has remained challenging with low utilization and many idle drilling rigs in 2018. Still, the people in our portfolio companies have delivered on and secured several important contracts. MHWirth, was awarded a drilling equipment package by Keppel FELS for their end client Awilco Drilling, a five-year maintenance and repair agreement with Maersk Drilling, and a 10-year service agreement for Transocean. Cool Sorption signed a contract with Equinor for an offshore Vapour Recovery Solution. Similarly important was AKOFS Offshore's contract with Equinor for delivery of light well intervention services (LWI) on the Norwegian continental shelf for a period of five years, with an option period of three years, using the vessel AKOFS Seafarer.

We continue our search for possibilities to optimize our holdings and develop our existing investments with full strength in 2019. Looking into new potential investments and increased value for our current holdings, we have a strong focus on acting responsibly and with integrity. In my view, the importance of following our Code of Conduct is paramount as it safeguards sustainable operations, secures the interest of our stakeholders as well as increases the value for our shareholders.



K. E. Kjelstad
Karl Erik Kjelstad, CEO

COMPANY PROFILE

Akastor ASA is an oil-services investment company with a global portfolio of industrial financial holdings. The company has a flexible mandate for active ownership and long-term value creation. Akastor ASA and its portfolio companies (hereinafter jointly referred to as "Akastor") are organized as independent stand-alone companies responsible for all aspects of their own operations. Aker Kværner Holding AS, which is owned by Aker ASA and the Norwegian government, is the largest shareholder of Akastor with a shareholding of 40.27 percent. The Akastor shares are traded on the Oslo Stock Exchange under the ticker AKA. The Akastor portfolio had 2018 revenues of NOK 3 800 million, EBITDA of NOK 290 million and 1 775 employees (FTE) worldwide at year-end.

The Akastor headquarters are located at Fornebu outside Oslo, Norway and the business has a global presence. The Akastor corporate organization consist of a team of 17 employees, overseeing the portfolio through active management and assessing transactions and other opportunities for the group. Akastor has a range of strategic, operational and financial value-creating measures at its disposal, including operational improvements and organic growth, acquisitions and divestments, and financial measures. Akastor's focus and goal is to create added value in our holdings by being an active owner and to make value-generating transactions.

CURRENT PORTFOLIO

MHWirth

MHWirth is a global provider of integrated drilling solutions and services with world class technology and leading engineering and project management capabilities. MHWirth has a global reach covering five continents with presence in 14 countries and more than 1400 employees.

STEP Oiltools

STEP Oiltools is a global provider of solids control and drilling waste management services to the oil and gas and civil engineering industries. Located in 12 countries in Australia, Asia, the Middle East and Europe, it has more than 200 employees.

First Geo

First Geo is a provider of operation and wellsite geology services. First Geo delivers products and advice to E&P companies within subsurface, drilling and well management. First Geo is based in Norway and has about 65 employees.

Cool Sorption

Cool Sorption is a supplier of Vapour Recovery Units (VRU) and systems. Cool Sorption has a complete product portfolio, which ranges from small compact units to the industry's most complex systems, making it a recognized technology provider worldwide. The company has about 30 employees with headquarter in Copenhagen, Denmark.

Other investments

NES Global Talent

Akastor holds a ~17.7 percent economic interest in NES Global Talent, which is workforce solutions specialist that provides candidates across the Oil & Gas, Power, Construction & Infrastructure, Life Sciences, Manufacturing, Chemicals, Mining and IT sectors worldwide. The company is based in the UK and has over 50 offices in 28 countries. As NES Global Talent is not an entity controlled by Akastor, hence its activities are not covered in this report.

Akastor also has other investments, including a 50 percent ownership share of DOF Deepwater, which is a joint venture with DOF ASA, 50 percent ownership of AKOFS Offshore, which is a joint venture with Mitsui O.K.S. Lines, Ltd., and Mitsui & Co., LTD, an USD 75 million preferred equity investment in Odfjell Drilling and a 5.5 percent ownership share of Awilco Drilling. The activities in these companies are not described in this report, as outlined in the chapter "Reporting Principles" on page 18. More information about the investments can be found in the Akastor Annual Report 2018.



Photo: Rolf Estensen

SUSTAINABILITY FIGURES 2018

Akastor maintains a key focus on Health, Safety and Environment (HSE) and integrity. The portfolio companies are continuously keeping employee safety the highest priority, and no fatalities occurred in any of the companies or their sub-contractors while working for the group last year. The companies experienced a slight increase in HSE incidents from 2017 to 2018, ending on a total of seven recordable incidents, which all relate to eye, hand and foot injuries. The individuals involved were attentively taken care of, and none of the incidents caused any material damage on the companies' assets. All incidents occurred in MHWirth, and the company has thoroughly analyzed the situations and taken actions to avoid similar incidents going forward. One example is MHWirth's Mobile Equipment and Lifting operations awareness campaign in 2018.

Akastor launched a new classroom training in 2018, and the reported figures for this year are related to the new course. Implementation of the new course has been successfully completed for the target group. In addition, the Portfolio Companies have various tailored classes for employees with no access to a computer, like for example workshop and service personnel in MHWirth and STEP Oiltools. Hence, all employees in Akastor are target for training in Akastor's Code of Conduct. The courses are valuable for implementation and awareness of integrity in Akastor and this focus on integrity will continue in 2019.

The total energy use in the group is reduced in 2018 compared to 2017, and the CO₂ emissions (scope 1 and 2) were reduced. This is due to a reduction in MHWirth's operations in Asia, where the electricity to a large extent is generated from non-renewable sources. One of MHWirth's largest sites, in Erkelenz, Germany, has used less electrical power and natural gas due to less energy consuming activities and focused on energy saving operations.

In 2018, STEP Oiltools continued its focus on reducing the use of energy. In its Thailand operations, they managed to reduce use of electricity by 14 percent from 2017 to 2018 by introducing new routines ensuring that electrical equipment was switched off when leaving the premises, even for short periods. The overall data for 2017 has been adjusted for STEP Oiltools as it was discovered a too high level of energy was reported for that year.

Akastor reduced recorded hours worked last year, from 3.6 million in 2017 to 3.2 million in 2018. The energy and CO₂ intensity were also reduced in the period, which implies that the relative reduction of energy consumption was reduced more than reduction in hours worked. Total waste increased significantly in 2018 due to a higher activity level at MHWirth's Mobile location, where riser cleaning (grease, drilling mud, cleaners) is performed with significant use of water resources. Waste water from riser cleaning is currently 100 percent collected and approx. 9 000 tons were hauled off to a local waste water treatment facility. As the waste water is not considered recycled waste, it caused an increase in the total waste, and a drop in the recycling factor, which impacted the result for MHWirth and Akastor in total.

STEP Oiltools reported an increased amount of waste and recycling last year due to a relocation of its Australia operations. Previously, waste and recycling was collected by the local council, who were unable to provide reporting of volume. After the relocation, STEP Oiltools entered into a new contract for waste management and are now able to provide data in this area for 2018.

MHWirth's Brazil location significantly increased its management of hazardous waste from 36 tons in 2017 to 108 tons in 2018. The reason is an all-time high activity in buoyancy repair and painting in 2018, which generated an increase of hazardous waste from operations. MHWirth will continue to ensure appropriate management of its hazardous waste.

3.8 NOK billion
total revenues

1 775
employees worldwide (FTEs)

AKASTOR GROUP KEY FIGURES (continuing)¹

	2018	2017
Total revenues (NOK million)	3 800	3 606
EBITDA (NOK million)	290	116

PEOPLE

Employees incl. hired-ins (FTE) ²	1 775	1 835
Female / Male (%) ³	19/81	19/81

INTEGRITY

Integrity classroom training (%) ⁴	97	95
Code of Conduct e-learning (%) ⁵	96	92
On-site compliance reviews (%) ⁶	76	65
Whistleblowing reports	5	6

ENVIRONMENT

Energy used (MWh)	27 400	30 600
Energy intensity (MWh per million hours worked)	8 490	8 610
CO ₂ emissions (tons) ⁷	5 600	6 770
CO ₂ emissions intensity (tons per million hours worked)	1 740	1 900
Total waste (tons)	14 500	4 500
Recycling factor (%) ⁸	34	86
Hazardous waste (tons)	220	140

HEALTH AND SAFETY

Lost Time Incident Frequency (LTIF) ⁹	1.6	0.8
Total Recordable Incident Frequency (TRIF) ⁹	2.2	1.1
Fatalities incl. subcontractors	0	0
Sick leave (% of hours worked)	2.6	3.2

¹ Following 50 percent divestment of AKOFS Offshore, its operations have been excluded from the group's key figures. The figures referred to in this report relate to companies Akastor has operational control (more than 50 percent ownership) and historical comparative figures have been restated accordingly.

² Include approximately 145 hired-ins.

³ The reported figure is based on permanent employees (1 630 people).

⁴ The participation rate is calculated as percentage of target group. The target group includes all managers and staff who interact with business partners, comprising 90 percent of all employees. A new course was implemented in 2018, reported figure is all employees who were trained in the new course.

⁵ The participation rate is calculated as percentage of target group. The target group includes all managers and office-based employees with PC, constituting 93 percent of all employees.

⁶ The figure is accumulative and includes percent of entities/country operations (>10 FTE, totally 20) that have been the target of a compliance review in the period 2015 to 2018 by Akastor's or the portfolio company's compliance function.

⁷ GHG Protocol standard is used to calculate tons CO₂ emissions; the 2018 figures are Scope 1: 2 050 and Scope 2: 3 550

⁸ Recycling factor is calculated by weight of segregated waste per total waste

⁹ The reported figure for LTIF and TRIF is calculated using incidents per million hours worked and includes subcontractors.



Photo: MHWirth

MANAGING CORPORATE RESPONSIBILITY IN THE PORTFOLIO

Ethical Commitment

Within its corporate responsibility efforts, Akastor is focused on the environmental, social and governance activities and processes that build financial and non-financial value in the portfolio. Akastor focuses on working against corruption, caring for health and safety, respecting human rights and minimizing adverse impact on the environment. The focus areas are established to strengthen the companies' long term and continuous focus on corporate responsibility and follow our stakeholder's expectations. Each portfolio company is required to implement a corporate responsibility strategy based on the main priorities of the group.

Akastor's Code of Conduct constitutes the most important guideline for corporate responsibility and integrity in Akastor. It describes the group's commitments and requirements to business practices and personal conduct. Adhering to the Code of Conduct is mandatory and applicable to all employees, hired-ins and other representatives of Akastor. The Code of Conduct is available for download from the company website, www.akastor.com.

The Akastor Integrity Program is outlined in the Akastor Integrity Policy and describes the processes and internal controls that must be in place in all the portfolio companies to ensure that the principles set out in the Code of Conduct are implemented.

Akastor seeks to align its operations with the principles of the UN Global Compact, the United Nations Convention against Corruption, the Universal Declaration of Human Rights, the UN Guiding Principles for Business and Human Rights, as well as the ILO Declaration on Fundamental Principles and Rights at Work. These international principles guide the design of the Akastor Code of Conduct and Integrity Program and provide the overall framework for the corporate responsibility efforts in the Akastor group.

Operating Model

Akastor is represented on all portfolio company boards and asserts its active ownership through regular business reviews and day to day interactions and follow up on business and governance issues. Each Akastor portfolio company conducts its own risk assessment; establishes a process and work flow for risk management; and reports its risk mitigating activities to the portfolio company's board of directors.

Akastor's Legal and Compliance function supports and monitors policy implementation of Akastor's Code of Conduct and Integrity Program through continuous dialogue with the portfolio companies, quarterly compliance status reports, which include a summary section for of any compliance issues addressed in the quarter, and by undertaking reviews of portfolio company operations. Certain business activities require approval from Akastor Legal and Compliance before they are carried out. Each portfolio company has appointed a compliance officer who oversees the implementation of the Akastor Integrity Program and is the main contact person for day-to-day compliance and integrity assessments and discussions.

Integrity and corporate responsibility work is reported quarterly by the management to the Akastor Board of Directors and its Audit Committee.

DATA PRIVACY AND SECURITY

Akastor has had a Data Protection Standard for Processing and Transfer of Personal Data in Akastor (Binding Corporate Rules (BCR)) since 2015, which guide processing of personal data in the group. The procedure was updated in 2018 to ensure compliance with the General Data Protection Rules (GDPR), a European Union regulation. Implementation has been a process which has involved several functions and management in Akastor.

ANTI-CORRUPTION INITIATIVES

Corruption has been identified as a key impediment to the UN Sustainable Development Goal 16, which is to promote just, peaceful and inclusive societies. Working against corruption in all its forms is a key building block of Akastor's Integrity Program, which supports the Code of Conduct by outlining procedural requirements and controls that must be in place to ensure compliance, such as integrity training, due diligence and know your customer procedures. Corruption presents an important risk to Akastor's business, along with related risks such as money laundering, conflict of interest and fraud. Akastor implements a strong zero tolerance policy towards corruption.

Integrity Training and Awareness

High integrity is a valuable safeguard against corruption and unethical conduct, and is a key pillar in a sustainable, value-based business. Training and awareness-raising are in place throughout Akastor to ensure that all representatives of Akastor recognize integrity risks and know when to raise a concern and how to respond to unacceptable practices. Dilemma based classroom training and e-learning courses are implemented throughout the group - some broadly targeting all employees while others are more tailored towards specialized employee functions, like our employees in the workshops and those who work in supply chain. In 2018, a new dilemma-based class room training course was implemented.

Third Party Risk

Working with third parties constitutes a potential integrity risk. Akastor implements risk-based evaluations and monitoring of suppliers, service providers and JV-partners.

Akastor has had a restrictive approach to third party representatives (agents) for several years and continued this focus in 2018. Portfolio companies that require the use of sales agents or other third-party representatives are required to implement strong controls, such as in-depth due diligence; integrity training; and monitoring of services and payments.

Country Risk Evaluations

To enable prudent operations in high risk countries, Akastor maintains a "Country Watch List" which prescribes different risk assessment and approval procedures for countries according to their risk level.

Through these due diligence procedures, the portfolio companies build increased awareness of potential risks, such as corruption risk, risk of sanctions and trade embargoes, labor risks, human rights impacts and environmental risks. The due diligences are mainly done by making use of screening tools, media reports and in some situations with help from external service providers. With this, they are better positioned to address such risks at an early stage or withdraw from the business if necessary.

Compliance Reviews

Akastor's Legal and Compliance team regularly undertakes on-site compliance reviews to assess and give feedback on the implementation of the Akastor Integrity Program in portfolio companies. The reviews strengthen the implementation of the Akastor Integrity Program through defined follow-up activities and provide extended insight into relevant business risks and challenges. In 2018, compliance reviews were undertaken in cooperation with compliance resources in the portfolio companies, of operations in Denmark, Singapore, Aberdeen, Dubai, and Houston. Observations made in the reviews have been related to challenges to ensure segregation of duties in offices with few employees, documentation of know your customer assessments and conducting Supplier Declaration based audits in the supply chain. In addition, other review activities were completed, such as; HSE and quality audits of suppliers; audit of third-party representatives; and investigations related to whistleblowing reports.

Whistleblowing

Whistleblowing is an important channel for receiving information about negative issues so that they can be properly corrected and adhered to. All employees in Akastor are required to report breaches of the Code of Conduct, and Akastor encourages reporting of any concerns pertaining to potential breach of law or ethical standards. Employees can report concerns to their line manager, compliance officer, top management or via the whistleblowing channel.

Akastor's whistleblowing channel is available for reports relating to all Akastor portfolio companies. All notifications reported are received by Akastor Legal and Compliance and investigated in accordance with the Akastor Whistleblowing Investigation Procedure. The whistleblowing process is monitored by the Akastor Board of Directors and its Audit Committee.

All notifications received in 2018 have been investigated and resolved. Most notifications received were allegations concerning working environment and management issues, and one concern was related to suspicions of fraud. Akastor received five whistleblowing notifications for its operations in 2018, which is on the same level as last year. Two of the investigations resulted in corrective actions. The suspicion of fraud was not supported by documentation reviewed in the investigation, and no wrong doing was found. The number of whistleblowing notifications is considered to be within the international average compared to the number of employees, based on the NAVEX Global benchmarking report issued in April 2018. In 2019, Akastor will continue to ensure quality in the investigation procedures and raise awareness of the whistleblowing channel.



ENVIRONMENTAL IMPACT

Reducing consumption of materials and solving challenges related to air, soil and water pollution are important steps towards achieving UN's Sustainable Development Goal 12 on Responsible Consumption and Production, and Goal 13, Climate Change. Avoiding discharges to sea is necessary to achieve Goal 14 - conserving and using the oceans, seas and marine resources for sustainable development. Akastor will continue to take responsibility for its activities in these areas. Our expectations and policy on environmental caution is included in the Akastor Code of Conduct.

Akastor works to ensure that its portfolio companies implement strategies to reduce adverse impact on the environment caused by their products or operations. The portfolio companies also aim to support their customers in managing environmental risks. Akastor requires each of its portfolio companies to set goals and strategies for their environmental impact, which are monitored by their boards of directors.

Supporting Sustainable Operations

Most of Akastor's portfolio companies have a role to play in reducing environmental risk or impact created by the oil and gas sector. MHWirth's key environmental goal is to provide leading technology and products which reduce the adverse environmental effects of MHWirth's and its customers' operations. For example, "Greener drilling" is an MHWirth innovation initiative to reduce overall environmental footprint of drilling operation. "Greener drilling" consists of three main components so far, utilising batteries instead of fuel, reduction of power consumption due to adjusting speed on pumps to be on demand, compared to constant, and utilising power regeneration when lowering equipment with hoisting systems. The next rig to be delivered to Keppel FELS, and its end customer Awilco Drilling will be delivered with all three "Greener drilling" components as part of the design. The estimated fuel reduction on the Awilco rig compared to a similar rig from early 2000 is 25 percent. MHWirth will continue with the "Greener Drilling" project in 2019 identifying possible energy efficient solutions resulting in an improved environmental footprint.

Further, MHWirth has started to test the Ecotrack tool. Ecotrack is an LCA (Life Cycle Assessment) model developed by NODE in cooperation with 40 NODE Companies. It is a tool used to calculate and document CO₂ emissions throughout the whole value chain and life cycle of products. The information can be used to help suppliers establish and maintain a sustainable value chain and help customers to choose between environmental (CO₂) friendly products or production alternatives. The knowledge and eventual usage of the tool can be important for MHWirth to meet future customer requirements.

Cool Sorption's Vapour Recovery business experienced continued demand in 2018. Their technologies for the downstream oil and gas segment support capturing of vapour at loading facilities and thereby reduction in emissions to the air. Volatile Organic Compound (VOC) vapours, for example gasoline or benzene, are harmful to the environment and strict regulations apply to such emissions. Vapour Recovery also provides economic benefit in many cases where the recovered product can be resold. Cool Sorption's successful solutions to Vapour Recovery challenges have delivered the largest vapour recovery units (VRU) in operation today, making a positive impact on the environment and local communities where these are installed.

STEP Oiltools' industry-leading Advantage slop water treatment system continues to perform above expectations. It greatly reduces the environmental impact of the customer's operations by treating slop water at source and eliminating the need for transportation and treatment of the waste stream onshore.

Reducing Emissions and Discharges

MHWirth has several initiatives in the pipeline that will contribute to reduce emission to the environment. For example, their Erkelenz operations use from 1 January 2019 certified hydropower that will reduce CO₂ emissions with estimated 1 600 tons CO₂/equivalents per year. In the Lyngdal facility, they are currently in a process of replacing the oil heating system which will reduce the use of non-renewable resources.

MHWirth location Erkelenz has converted all processing machines in the manufacturing department to a less water polluting cooling lubricant. The water pollution class could be minimized from two to one. As an additional positive effect, the new cooling lubricant is not classified as a hazardous substance and employees are less at risk.

Recycling and Waste Reduction

All Akastor companies work to conduct their operations with efficient use of materials and energy, and with minimum waste and damage to the environment. This approach also reduces cost of materials, energy and waste disposal. Recycling (waste segregation) is a key focus in the Akastor portfolio, and the recycling factor of the group is 34 percent, mostly influenced of MHWirth's operations. MHWirth is actively working with contractors to design filtration systems optimized for recycling of water, and the goal is to reduce waste and save cost from reduced waste disposal fees. Akastor AS, STEP Oiltools, Cool Sorption and First Geo generate limited volumes of waste from their operations as they are mainly service driven and/or office based.



WORKING ENVIRONMENT

Protecting labor rights and promoting safe and secure working environments for all workers are important components of UN's Sustainability Goal 8, to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Akastor had about 1 630 permanent employees and 145 hired-ins at year-end. All Akastor portfolio companies strive to protect the health, safety, human rights, labour rights, and well-being of their workforce. In particular, health, safety and environment (HSE) is a key priority for Akastor businesses. Akastor believes that value is created when people are motivated, engaged and allowed to challenge themselves in a safe and healthy working environment.

Health and Safety

Each Akastor portfolio company works to ensure safe working conditions for its employees and brings this core value and commitment to its customers, employees and business partners. The portfolio companies have implemented occupational HSE management systems, policies and procedures to ensure that HSE is an integrated part of the companies' cultures. All portfolio companies have dedicated resources to follow up HSE work at all the portfolio companies' sites. The HSE resources have implemented several campaigns during the year, an example being MHWirth's continuation of "Just Rules", an awareness campaign that includes a handbook with rules to prevent injury or harm. Another example is MHWirth's Mobile Equipment and Lifting operations campaign which is an awareness campaign based on negative trends within Mobile Equipment and Lifting operations Just Rules areas.

For the second year in a row, STEP Oiltools obtained the RoSPA Gold achievement based on HSE performance in 2017. Issued by the Royal Society for the Prevention of Accidents (RoSPA), the designation is given based on the organisation's individual occupational health and safety performance assessed against the judging criteria. In 2018 there were no negative health and safety events that impacted STEP Oiltools, and the management team are extremely proud to have had another incident free year, following a similar result last year.

Working with Trade Unions

Akastor acknowledges the right of all employees to form and join trade unions of their own choice, and work to ensure that global operations are free from harassment, discrimination and use of child or forced labor.

MHWirth considers its cooperation with local unions to be of great value, and where local unions are present, all main events and changes in the organization will involve an open discussion with unions before implementation.

Akastor is also committed to following the Global Framework Agreement entered into by Aker with the trade unions Fellesforbundet, IndustriALL Global Union, NITO and Tekna on 17 December 2012. The agreements build on and continue the commitment from the previous framework agreements. The parties commit themselves to achieving continuous improvement within the areas of working conditions; industrial relations with employees; health and safety standards at the workplace; and environmental performance. In 2018, as in previous years, no events violating the agreements were reported.

Equality and Diversity

The Akastor portfolio companies have a world-wide presence and the employees represent a multitude of nationalities and cultural backgrounds. Akastor works to ensure that all employees can expect a workplace free from harassment and discrimination. All portfolio companies work actively to advance equality no matter gender, sexual orientation or background. A high proportion of the employees in Akastor portfolio companies are male. All portfolio companies regularly assess whether they live up to the principle of equal pay for equal work and no significant differences have been identified.

Employee surveys are regularly conducted throughout the group to obtain feedback on how employees consider the current work environment. In 2018, for the most employees are satisfied working in its respective company, however some feedback has also for example been views on management style which affect the work environment negative. Where such surveys or other reports of concerns indicate a need for improvement, the companies work diligently to address the situation, and where relevant with their works councils, which include representatives from management and employees.

In the Akastor group, the men/women ratio is 81/19, and it has been a challenge to increase the number of women employed in the Akastor portfolio companies. All the portfolio companies are considering activities that will increase the share of permanently employed women. For example, last year, MHWirth launched a “Diversity and Inclusive Guideline”. The purpose of this policy was to promote and manage diversity and provide inclusion to all (potential) employees. The guideline provides principles with regards to recruitment, succession planning and talent management. MHWirth will continue to reinforce the principles in this guideline, and some of their targets are; to increase the proportion of women in management positions, diverse age distribution across all management roles, and continuously improve the diversity and inclusion guidelines.

In business ethics training, all employees are made aware of the possibility to raise their voice if observing or experiencing any wrong-doing. In 2018, the whistleblowing channel handled four reports related to the work environment. One of these cases involved allegations of discrimination, but the following investigation reviewed documentation that did not support the allegation, and no wrong doing was identified. All notifications received in 2018 have been investigated and resolved according to the Akastor Whistleblowing procedure.



Photo: MHWirth

GLOBAL IMPACT

COUNTRY	EMPLOYEES including hired-ins (FTE) ¹⁾	REVENUES NOK million	COUNTRY	EMPLOYEES including hired-ins (FTE) ¹⁾	REVENUES NOK million
Australia	14	86	Malaysia	0	9
Azerbaijan	61	261	Netherlands	1	3
Brazil	112	108	Norway	854	1 980
Canada	1	14	Pakistan	77	27
China	9	1	Russia	35	52
Denmark	39	100	Singapore	51	106
Germany	277	491	Thailand	41	33
India	41	0*	UAE	28	158
Indonesia	25	11	UK	46	127
Kazakhstan	3	18	USA	60	215

* Internal revenue only

¹⁾ The location of employees and hired-ins under contract is based on the location of the company where they were employed as of 31 December 2018 (operations with more than 50 percent ownership).

Akastor is active on six continents and serves customers from bases in 19 countries. 31 percent of the work force is based outside of the EU and Norway, and 28 percent of revenues are generated from operations outside of Europe. The portfolio companies are integral participants in the countries and regions in which they operate and are often important contributors in local communities. Akastor's goal is that its portfolio companies contribute positively in the societies where they are active, and that they do their utmost in protecting, respecting, and contributing positively towards the environment and human rights.

Supply Chain

Akastor requires that activities in the supply chain are conducted with focus on integrity and the principles described in our Code of Conduct. The Supplier Declaration outlines key requirements to ethical conduct, respect for environment and human rights, and compliance with HSE requirements, and must be signed by all significant suppliers as well as other suppliers identified as high risk. The supplier selection criteria also mandate quality, on-time delivery, fulfilling customer requirements, appropriate competition and equal treatment of suppliers.

In order to be qualified for the vendor shortlist, suppliers have to complete a questionnaire regarding HSE, quality, integrity and human rights; sign and agree to the Supplier Declaration; and pass a due-diligence screening. All portfolio companies have KPIs measuring the supplier's performance, and suppliers not performing according to the requirements will be audited and followed up. The supplier declaration was updated end of 2018, to be launched early 2019. In parallel with this update, MHWirth is also implementing a new supplier management system.

In 2018, MHWirth performed two supplier audits which included the Supplier Declaration in the audit scope. The updated Supplier Declaration will be a part of the standard supplier audit within 2019.

Local Commitment

Akastor has an international portfolio and a widespread local presence. Its social development goal is to safeguard that the value derived from operations also benefits the societies in which the company is present. In 2018 the companies continued their focus on local content, regional production requirements and local expertise, which also support the UN sustainability Goal 8, Decent work and economic growth. One example is MHWirth, through the University of South-Eastern Norway, engaging students who would like to write their bachelor and master thesis in cooperation with the company.



Social Engagement

Akastor and its portfolio companies endeavour to engage in their local communities and considers strong local social engagement an important part of their sustainable development. In Norway, Akastor AS is part of the initiative launched in 2018 called “Stiftelsen VI”, which is a non-profit entity working to provide disabled people equal opportunities to have a meaningful and active life. As part of the demobilisation of the Jurong project in Aracruz, Brazil, MHWirth donated furniture and electronics to a local NGO that focuses on education and financial support to local families in need. In Thailand, STEP Oiltools is an active sponsor and participant in the Thailand Oilmen’s Charity Invitational Golf Tournament, where the proceeds from the tournament are donated to Thai charitable organisations. All portfolio companies have internal processes for assessing donations to NGOs or social engagements.



Photo: MHWirth

REPORTING PRINCIPLES

This report describes the corporate responsibility approach and activities of Akastor ASA and its portfolio of companies in 2018, to the extent these are consolidated as subsidiaries in the Akastor group accounts. The report should be read in conjunction with Akastor's Annual Report for 2018 to acquire the complete picture of our business and how Akastor creates value.

The figures referred to in this report relate to operations where Akastor has more than 50 percent ownership. Following the sale of 50 percent of shares in AKOFS Offshore in 2018, Akastor no longer have operational control of the company, hence its activities are not covered by this report. Historical comparative figures have been restated accordingly.

This corporate responsibility report builds on our own analysis of stakeholder expectations. This analysis has not been validated by stakeholders. The information presented about corporate responsibility activities and Key Performance Indicators (KPIs) is based on reporting by Akastor's portfolio companies.

This report is intended to make Akastor and its portfolio companies compliant with the corporate responsibility requirements of the Norwegian Accounting Act. The report has been prepared with inspiration from the Global Reporting Initiative (GRI) Sustainability Reporting Standards, the UN Global Compact's guidelines for communicating on progress and the Oslo Børs (Oslo Stock Exchange) guidance on reporting of corporate responsibility.



Photo: Ilja C. Hendel

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