



Sustainability  
report

2023

START READING →





# Driving Energy Transformation

We are the world's leading manufacturer of Type 4 composite cylinders and fuel systems for alternative fuels. Our solutions enable global OEMs, fleet owners and distributors to displace diesel and make the switch to clean energy.

With over 20 years of experience in the industry, our solutions are in use across the world - as fuel systems on commercial vehicles, in gas transportation modules to provide areas with access to clean energy, and in homes, as its own energy source.

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# About this report

This Sustainability report provides a performance update on Hexagon’s 2023 development, targets and initiatives within Environmental, Social and Governance (ESG).



This report has been prepared in accordance with the Global Reporting Initiative GRI 2021 Universal standards. Our overview of disclosures according to GRI, including references to sections where GRI indicators are reported upon can be found [www.hexagongroup.com](http://www.hexagongroup.com). The communication of progress for the United Nations Global Compact will be done through their digital platform and made public on the UN Global Compact website by 31 July 2024.

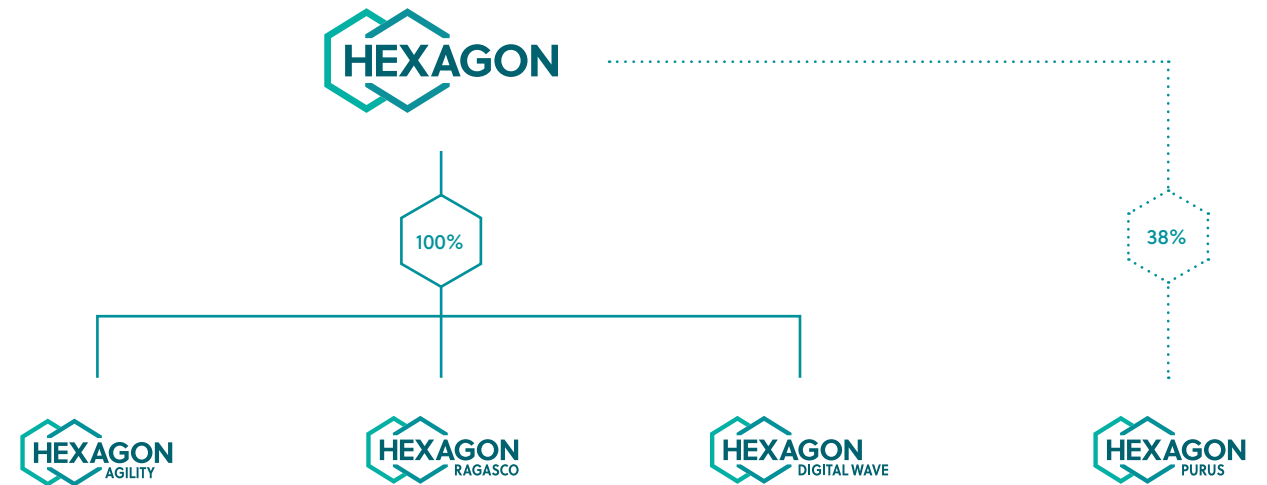
When we reference Hexagon in this report, unless otherwise stated, we are referencing our portfolio of businesses; Hexagon Agility, Hexagon Ragasco, Hexagon Digital Wave and Hexagon Purus .

### The Norwegian Code of Practice for Corporate Governance

The Company shall comply with the Code of Practice established by the Norwegian Corporate Governance Board (NUES). The latest version of the Code of Practice is available at [www.nues.no](http://www.nues.no). Further information on corporate governance can be found in the Board of Director’s corporate governance report on our [website](#).

### Report boundaries

The report boundaries are, in general, drawn around companies under the operational control of Hexagon Composites ASA. Hexagon Purus was deconsolidated as of 29 June 2023 when Hexagon Composites’ ownership stake changed from 68% to 38%. Hexagon Purus is included in the report for the period from 1 January 2023 until 29 June 2023. For the period from 1 July 2023 until 31 December 2023 and full year 2023, please refer to Hexagon Purus’ Sustainability report available on [www.hexagonpurus.com](http://www.hexagonpurus.com).



# ESG governance

We are committed to our purpose of driving energy transformation – enabling a positive impact on society, people, and the planet is the reason we come to work every day. In its first year as an integral part of our organization, Hexagon’s ESG Team made significant progress in further establishing and driving our ESG initiatives in 2023. The leaders of Hexagon’s Environmental, Social and Governance efforts established concrete action plans and targets for the work and priorities within their areas including milestones throughout the year. These plans and targets were also linked to Hexagon’s short term incentive programs for executives and business area management teams.

Hexagon’s SVP Sustainability leads our sustainability (“Environment”) strategy, conceptualizing and developing the vision and strategy to drive the company’s CO<sub>2</sub> reduction efforts, including Hexagon’s Science Based Targets, as well as the roadmaps for implementing and executing these initiatives.

Hexagon’s Senior Director of People & Culture and “Social” Officer, leads our social criteria strategy, setting targets and goals to drive the company’s relationships with employees, suppliers, customers, and the communities where we operate.

Hexagon’s SVP Legal & Government Affairs and “Governance” Officer, ensures that we as a company comply with outside regulatory and legal requirements as well as internal policies and bylaws, working with management and staff to identify and manage regulatory risk.

These are all highly cross functional leadership roles that partner with the business areas to improve Hexagon’s ESG profile and drive



innovative solutions that support our material topics and net zero commitment.

Each business area in the Hexagon Group has dedicated resources and cross functional teams which support the development of the relevant strategies and targets, and implement them in local operations.

All three E, S, and G leaders coordinate with our ESG reporting efforts, led by our VP Investor Relations & ESG, to secure the necessary transparency and support improvements in our external ESG reporting.

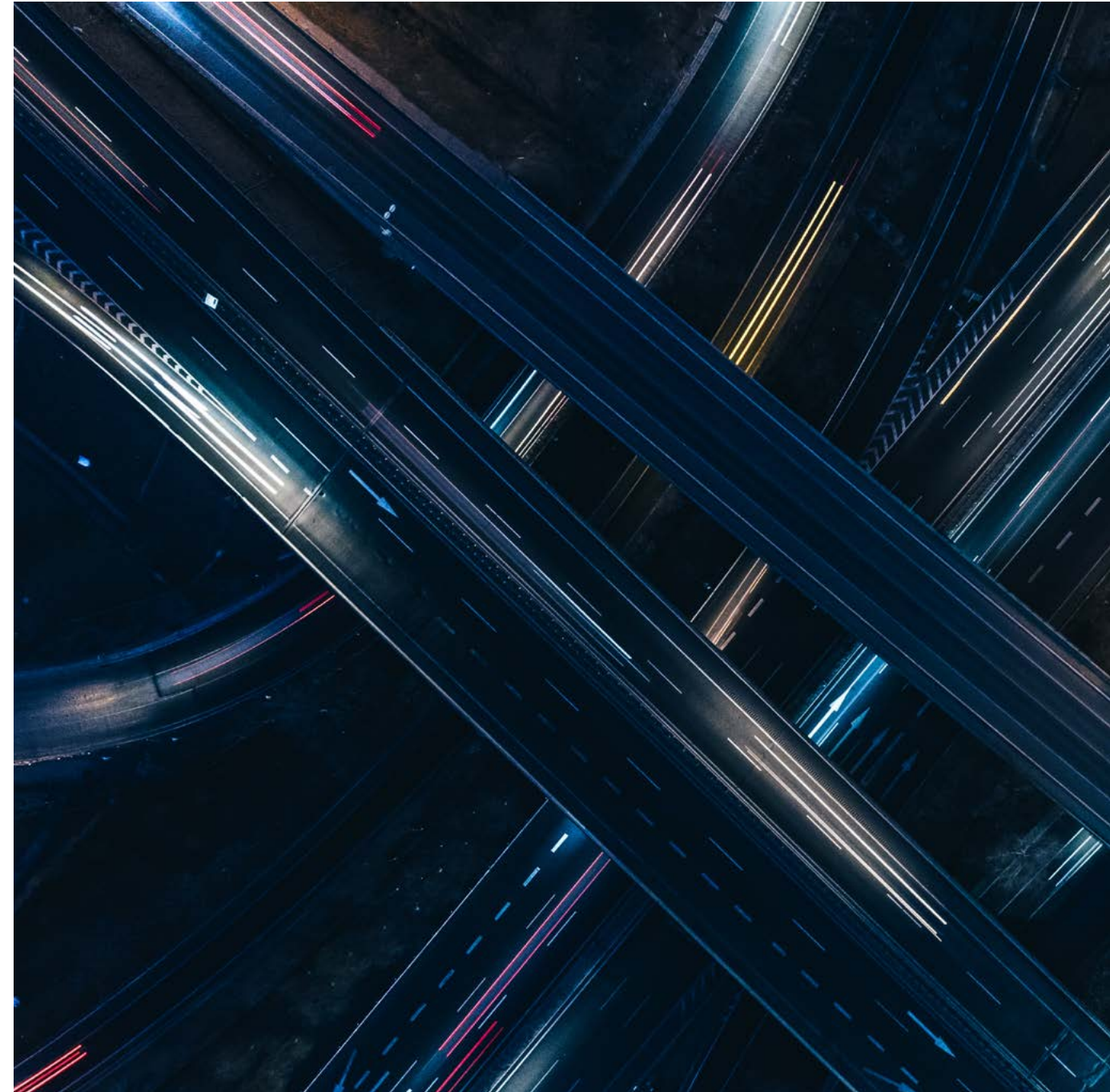
The key responsibilities of the ESG organization are to:

- Evaluate and provide guidance on Hexagon's ESG strategy, Group policies, and performance
- Assess and monitor annual ESG targets and results
- Discuss and evaluate key ESG strategic decisions and directions

- Discuss and assess the impact of current and future ESG trends relevant to the Group
- Evaluate and further develop the Group's approach to ESG risk assessment and transparency.

Hexagon's ESG organization is supported by the Group executive team (GET) and the CEO. The highest decision-making responsibility for sustainability is with the company's board of directors and is included in the board's annual strategy process as well as the quarterly reporting to the board's audit committee.

Sustainability topics and stakeholder engagement are reviewed by the GET on a monthly basis and is a fixed topic on the quarterly agenda for Hexagon's audit committee. The development of annual ESG performance indicators as well as tracking of progress towards key targets, is also reviewed regularly by the audit committee. Hexagon's sustainability report is reviewed and approved as part of the annual report by the board of directors.

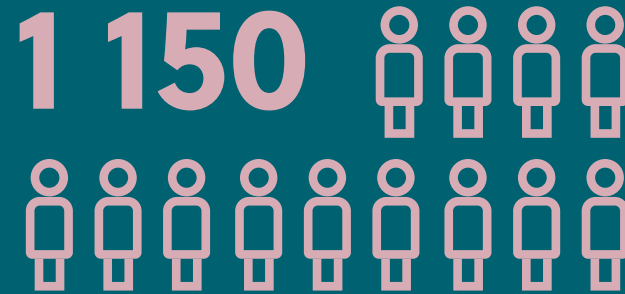


# Sustainability in Hexagon

Since its establishment in 2000<sup>1</sup>, Hexagon has been contributing to creating a better future for people and the planet by enabling the transition to clean energy solutions within transportation, infrastructure and leisure. Sustainability for Hexagon means generating positive social and environmental impact and business value through our products and solutions, while at the same time ensuring that sustainability considerations are embedded throughout our products, operations and ways of working.

## OUR PEOPLE

Employees<sup>2</sup>



<sup>1</sup> Referring to the establishment of Hexagon Composites ASA

<sup>2</sup> Head count

<sup>3</sup> The Alternative Fuel Life-Cycle Environmental and Economic Transportation (AFLEET) tool from the Greenhouse gases, Regulated Emissions, and Energy use in Technologies (GREET<sup>®</sup>) model has been used for estimating emission reductions.

## OUR CONTRIBUTION

Hexagon Group's solutions have avoided



metric tons of CO<sub>2</sub> equivalent emissions<sup>3</sup>



Committed to reach net-zero by



Avoided **6x** more GHG emissions than generated in our operations

## Material topics

Hexagon provides alternative fuel solutions to commercial vehicles, gas distribution companies and people across the world. Our solutions enable our customers to make the switch to cleaner energy solutions and are key to accelerating the transition towards a cleaner and more low-carbon global society.



### Development of material topics

Hexagon's material topics have been identified based on stakeholder expectations, significant impacts, and internal strategic priorities throughout our value chain, first identified through stakeholder dialogue in 2019. Our key stakeholder groups include employees, customers, investors, suppliers, partners and NGO's. See [stakeholder engagement chapter](#) for more details.

The input from stakeholders was prioritized and taken into our strategy and risk planning by Group management, which also evaluated our actual and potential positive and negative impacts on people, planet and society. In 2021, we surveyed our stakeholders, which reconfirmed

our material topics and identified "Diversity and inclusion" and "Minimizing operational environmental footprint" as key issues with a strong increase in relevance for both internal and external stakeholders.

Our material topics have remained unchanged since 2021.

### Double-materiality assessment

In the past year, Hexagon has focused on improving performance indicators and ambitions on our material topics, whilst initiating the work on its double materiality assessment. The double materiality assessment will form the basis for our 2024 report.

	MATERIAL TOPICS 2023	DESCRIPTION
 <b>Environment</b>	<b>Our contribution through our solutions</b>	Hexagon has a positive impact by enabling access to alternative fuel solutions that contribute to reduced impact on the climate.
	<b>Greenhouse gas emissions</b>	We recognize the importance of reducing our own carbon footprint to reach our net-zero commitment by 2050.
	<b>Material waste and circularity</b>	It is essential for us to understand how our own consumption affects the planet and what we can do to minimize our impact.
 <b>Social</b>	<b>Product safety</b>	Hexagon's solutions transport and store various highly pressurized gases. If safety is not managed well, it has the potential to negatively impact people and society.
	<b>Occupational health and safety</b>	Hexagon's manufacturing involves complex machinery and industrial processes, rapidly moving equipment, heat, caustic chemicals, and pressurized gas which can cause potential negative impact on people and society if not managed well.
	<b>Diversity and inclusion</b>	Hexagon believes a diverse and inclusive working environment will have a positive impact on the business. The lack of diversity, equal opportunities or the presence of biases can lead to potential negative economic and social impacts to our people and our regions.
	<b>Workforce development</b>	With 1 150 employees operating in a fast-paced industry, we recognize the potential positive impacts of engaging and investing in our employees' development.
 <b>Governance</b>	<b>Business ethics, anti-corruption and responsible procurement</b>	We hold ourselves accountable for all our interactions with customers, suppliers and owners, our people and the communities in which we operate. Hexagon is committed to conduct its business fairly, honestly and openly with no tolerance for corruption.

## Measuring our results

PRIORITIES/MATERIAL TOPICS	OBJECTIVES	MEASURED BY	2022	2023 <sup>1</sup>	STATUS 2023
Responsible employer	Increase percentage of women to 25%	Increased percentage	19% <sup>2</sup>	20%	●
	Keep our employees safe	Reduce number of work-related injuries	25	24	●
	Create an engaging and attractive workplace	Great Place to Work Trust Index	75% <sup>2</sup>	77%	●
Product safety	Zero incidents related to product safety	Incidents reported to us by customers	0	4	●
Our contribution through our solutions	Enable our customers to make the switch to alternative fuel alternatives	Avoided emissions from solutions put into operation on an annual basis	1 350 690	1 500 000	●
Our greenhouse gas emissions	Reduce our operational footprint	Metric tons of CO <sub>2</sub> equivalent	228 362	255 365	●
Governance	Raise awareness of business ethics	Number of employees trained	Not applicable	48%	●
Waste and circularity	Completed waste stream mapping for sites in the US and Germany	Number of sites with mappings	Not applicable	4/4	●

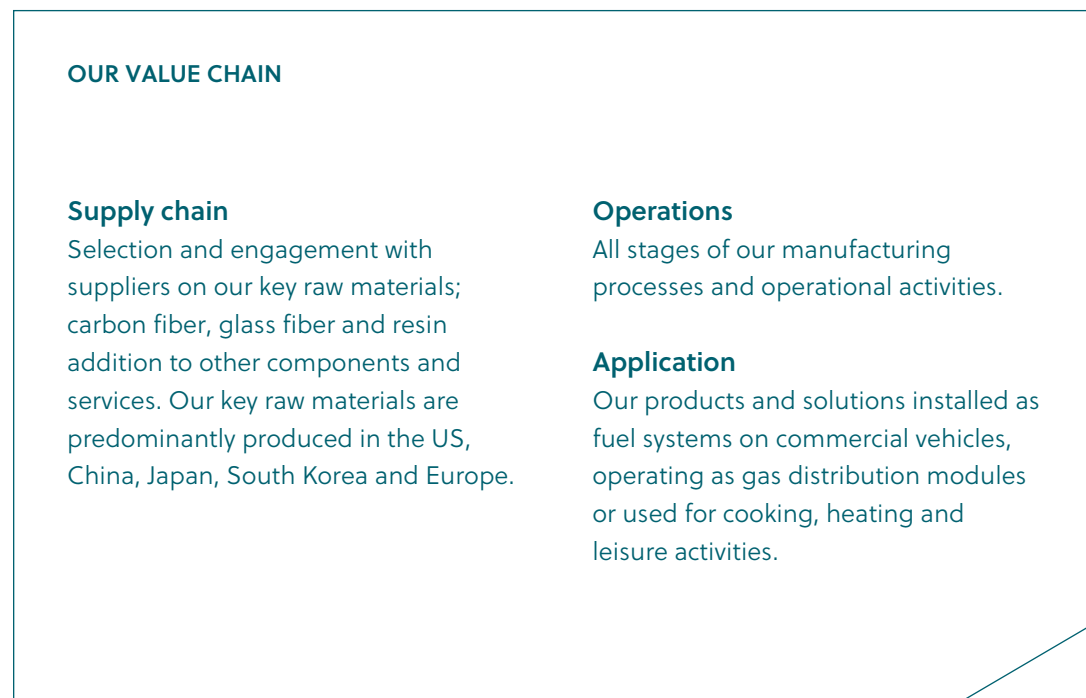
● Target met in 2023 ● Target not met for 2023

<sup>1</sup> Excludes data from Hexagon Purus

<sup>2</sup> Includes data from Hexagon Purus




## Impacts in our value chain

Hexagon’s material topics are an integrated part of our business. Our topics are managed based on the potential positive and negative impacts they might have on people, planet and society. The impacts are managed and evaluated as part of our strategic and operational planning.



Note: Distribution of products from factory door to customers is only relevant for Hexagon Ragasco, which represents approx. 15% of Hexagon’s revenues. It is therefore not included as part of our value chain.

The table illustrates the potential impact of our material topics in Hexagon’s value chain

	Material topics	Supply chain	Operations	Application
 <b>Environment</b>	Our contribution through our solutions	●●●	●●●	●●●
	Our operational footprint	●●●	●●●	●●●
	Material waste and circularity	●●	●●●	●
 <b>Social</b>	Product safety	●	●●●	●●●
	Occupational health and safety	●	●●●	●●●
	Diversity and inclusion	●●	●●●	●
	Workforce development	●	●●●	●
 <b>Governance</b>	Business ethics and anti-corruption	●●●	●●●	●
	Responsible procurement	●●●	●●●	●

● Low ●● Medium ●●● High

## Stakeholder engagement

We actively and regularly engage with internal and external stakeholders to discuss our priorities, performance, approach and strategy. Our stakeholders are selected based on the level of impact they can have on Hexagon or the impact we can have on them – both positive and negative.

Through regular engagement and feedback we can enhance and challenge our own priorities and ultimately improve our performance and strengthen our strategic direction.

Throughout 2023, we engaged with numerous stakeholders, including employees, investors, regulators, suppliers, customers and non-governmental organizations in the form of meetings, written communication, seminars, events and surveys.

### Employees and potential employees

Hexagon's employees are essential for the company to achieve its sustainability goals and ambitions. We strive for an active dialogue with employees through day-to-day interaction and digital internal channels. Our employees can give feedback on topics of their interest by communicating with their managers, using local feedback systems, workforce surveys or via our grievance system. Feedback from employees is

channeled to management which evaluates and initiates actions or improvements in close cooperation with local HR teams.

### Customers

Hexagon's customers directly impact the company through their purchasing behavior. Enabling our customers to meet their sustainability targets is part of what drives Hexagon's business forward. For both existing and potential customers, our role is to understand their needs and requirements in the alternative fuel segment and advise, adapt and deliver to the best of our capabilities.

### Owners, analysts and financial community

Hexagon's investors and owners have a direct impact on us through control functions such as the general meeting. We engage with our investors on a regular basis, and it is our policy to provide all investors with correct, consistent, relevant and timely information. For investors and

the financial community, the Group executive team, Finance function and the board of directors are engaged.

### Partners and suppliers

Hexagon has an active approach towards our partners and suppliers. Being a world leader in Type 4 composites technology, our suppliers of carbon fiber are significant to our business activities and strategy. We have a close dialogue with our key suppliers, and undertake visits, surveys and meetings to ensure our expectations for quality, safety and sustainability are met. For key suppliers, we engage on all levels of the organization, from procurement leads to the board of directors.

### National/International regulators, NGO's and governments

Regulators and local governments can directly affect Hexagon's business operations and strategy through regulations and legislations.

To maximize the potential positive impact of our solutions, we conduct meetings and host events with NGO's to educate and influence both potential customers and policy makers.

### Incorporation of stakeholder's feedback

Throughout this report we have included examples that demonstrate how we incorporate stakeholder feedback into our management and approach for each topic. The management is responsible for involving and updating Hexagon's Board of Directors on relevant feedback, topics and impacts from Hexagon's stakeholders. Updates are done on a quarterly basis.

See [appendix 2](#) for a summary of how we engage with our stakeholders, topics raised, and channels used.

# Our contribution through our solutions

## Materiality

The race to net-zero is accelerating. There is an urgent need to transition to a resource-efficient, low-carbon economy. As a provider of clean energy solutions to people and industries around the world, Hexagon works with global OEMs, fleet owners and distributors to enable and accelerate the adoption of alternative fuel solutions.

This is a material topic for Hexagon, because of the positive impact we make by enabling access to alternative fuel solutions and contributing to reduced impact on the climate. From point of deployment, our solutions can immediately reduce CO<sub>2</sub> emissions, positively impacting the environment and people.

Transportation is a hard-to-abate sector and in 2023 approximately 97%<sup>1</sup> of new heavy-duty trucks were diesel. To reach the Paris Agreement and emission reduction targets for transportation, the industry needs to pick up the pace. By

educating our stakeholders on the possibilities and impacts of our solutions, Hexagon can contribute to accelerating the adoption of alternative fuels.

We are fully committed to driving the energy transition forward. Our growth ambitions are supported by our broad portfolio of alternative fuel solutions and global presence in key energy markets.

<sup>1</sup> Source: [https://www.acea.auto/files/ACEA\\_truck\\_fact\\_sheet.pdf](https://www.acea.auto/files/ACEA_truck_fact_sheet.pdf)



## Our approach

Hexagon continues to leverage the demand and market opportunity in our core markets to enable the transition to alternative fuel solutions. Our portfolio of companies offer the full spectrum of alternative fuel mobility solutions, including high-pressure composite tanks and fuel systems for renewable and compressed natural gas (RNG and CNG), bio-liquid natural gas (bio-LNG) hydrogen, and battery electric - all solutions ready for immediate deployment. Our broad range of solutions enable our customers to make the switch to alternative fuels within three market segments; commercial vehicles, gas distribution and LPG cylinders for domestic/leisure.

### Low and below zero emissions for commercial vehicles

Transportation is considered a hard to abate sector and the fastest growing source of emissions worldwide, currently responsible for 17% of annual greenhouse gas emissions. We are working with global leading OEMs and fleet owners such as Scania, UPS, Volvo, Daimler and Iveco to support and enable their adoption of low-carbon mobility solutions.

Our priority is to offer solutions that reduce carbon emissions and at the same time offer the most suitable technology to meet the needs of our customers.

### The use of renewable natural gas in transportation

There is a growing demand for the use of renewable natural gas (RNG) as a transportation fuel.

#### What is RNG?

Renewable natural gas is produced from organic and landfill waste. When organic waste decomposes, methane is released into the atmosphere. RNG projects capture and recover methane produced at a landfill or an anaerobic digestion facility. The waste is collected and placed into digesters where the methane, which would otherwise be emitted into the atmosphere, is captured and purified into RNG.

The global warming potential of methane is at least 28 times greater than CO<sub>2</sub> with a relatively short (12-year) atmospheric life. When burned as a fuel, rather than being released directly into the atmosphere, methane is converted into water and carbon dioxide and contains zero to very low levels of ethane, propane, and butane.

As of today, RNG is the only carbon negative fuel available at scale. A carbon negative fuel means it removes more carbon from the atmosphere than it puts back through burning.

### Renewable natural gas as a fuel

Commercial vehicles that run on natural gas can also use renewable natural gas. The two are interchangeable. The same goes for natural gas infrastructure. In addition there is a growing number of dedicated fuel stations dedicated to RNG. In 2022, 69% of all on-road fuel used in natural gas vehicles was RNG.

RNG enables fleets to displace both existing diesel and conventional natural gas solutions, further reducing emissions without comprising on range, efficiency or cost.

Hexagon recognizes the near-term positive impact RNG has on the planet - and works closely with customers to enable the switch to a clean fuel solution that cut emissions and keep operations running.

### Holistic approach to emissions reduction

Hexagon offers a full range of alternative fuel solutions that can displace diesel in the

#### DID YOU KNOW

Today, 69% of natural gas used in transportation in the US, is renewable. RNG comes from organic waste such as food, manure and landfill. It can go beyond net-zero and achieve a negative carbon-intensity rating. When produced from manure, RNG has a carbon-intensity score of -340.

Source: [www.cleanenergyfuels.com](http://www.cleanenergyfuels.com)



*Our solutions represent a sustainable alternative, with immediate positive climate impact and a proven lifetime of 20+ years.*

commercial vehicle sector. From our view, regulations should promote a mix of low-carbon, renewable energy and powertrain technologies that could scale up collectively. To permanently reduce the global carbon footprint of the transport sector, emission reductions should be viewed holistically, and account for all elements of a technology's life cycle .

In cooperation with NGO's and selected partners, we work to educate regulators and customers on the restrictions and possibilities of the different alternative fuel solutions for commercial vehicles.

#### **Gas distribution**

Access to clean energy is essential to drive the energy transition. Hexagon's gas distribution solutions are used by global leading industrial gas distributors such as Certarus, Air Liquide and Linde, to transport and distribute compressed gas to industries and people lacking pipeline infrastructure.

In North America, our solutions have moved from operating in traditional oil and gas sectors to transporting and enabling access to renewable natural gas (RNG). The number of RNG production facilities has nearly doubled in the past 3 years. These facilities are often located in off-grid

areas and gas distribution solutions are needed to move stranded gas to pipeline or fuel stations.

We recognize that our solutions are essential to further develop clean fuel supply chains. To leverage growth and enable access to clean energy, we are currently expanding our capacity in this segment both in Europe and in the US. In 2023, 50% of our gas distribution was related to RNG, contributing to the increased availability of RNG as a fuel.

#### **LPG cylinders**

The use of liquid petroleum gas (LPG) for cooking and heating produces practically no particulates. Its CO<sub>2</sub> footprint is 20 per cent lower than that of heating oil and 50 per cent lower than coal. For homes and smaller industrial applications, Hexagon's low pressure composite LPG cylinders are offered as a safer and lighter alternative to steel cylinders for consumers. Hexagon's cylinders are 50% lighter than the equivalent steel cylinder, and the composite LPG cylinder does not explode if exposed to fire. The enhanced features of Hexagon's composite LPG cylinder help our customers attract new LPG users.

A priority for Hexagon is to continue to educate potential customers on the benefits of composite

LPG cylinders and make composite LPG cylinders an equal alternative to steel.

### Impacts on our GHG emissions and end-of-life

Hexagon recognizes the fact that materials used in our solutions are impacting our own greenhouse gas emissions and we engage with our suppliers to find ways of improving our footprint without compromising the safety of our solutions. We acknowledge that the emissions must be reduced throughout the value chain to further strengthen our business model. Learn more about our processes and initiatives in [Minimizing our operational footprint](#).

Our solutions represent a sustainable alternative, with a proven lifetime of 20+ years. At the same time, we acknowledge that currently there are no sustainable end-of-life handling solutions for composite cylinders, which means they must be disposed at landfills or through energy recovery. Both are low on the waste hierarchy.

Hexagon is actively working on improved recycling applications for “end of life” for composite cylinders and are investing resources in finding solutions to end-of-life (see [Product safety and compliance](#)). We believe that with global efforts and partnerships, new methods of recycling can be commercialized on a global scale in the next decade.

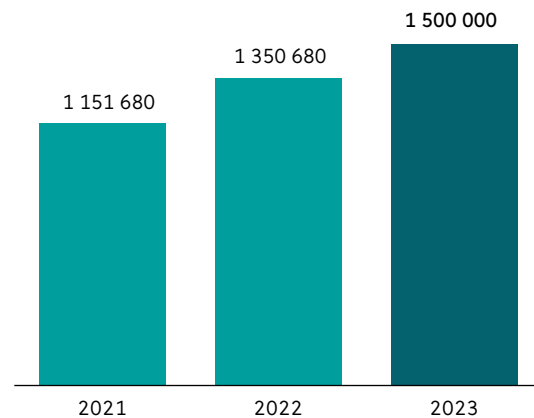


## Results and achievements 2023

Hexagon has experienced high demand the past year, with gas distribution being the main driver for growth. We measure our impact and progress on a quarterly basis by calculating the greenhouse gas emissions our solutions have avoided by being put in operation. Measuring the reduction of CO<sub>2</sub> reminds us of the positive impact our solutions have on people and the planet. The avoided emissions are calculated based on the type of solutions we put into operation and what type of solution/fuel they replace. See [appendix](#) for further information on methodology.

### DEVELOPMENT OF AVOIDED EMISSIONS

Metric tons per year



We are pleased to see an increase in the number of emissions avoided in 2023, confirming the growing demand and increased adoption of our alternative fuel solutions.

### Educating our stakeholders

With decades of experience, our employees have extensive knowledge of the role our solutions play in decarbonizing society. To maximize the potential positive impact of our solutions, we have in the past year increased our work with NGOs in order to educate and influence both potential customers and regulators.

In 2023, we held one webinar in cooperation with the European Biogas Association addressing the challenges and opportunities in the regulatory framework and advising on the spectrum of solutions for the transportation industry in Europe. We also hosted an event to meet with policymakers and industrial stakeholders in Brussels where we shared our view on what should be included in future emission reduction regulations for heavy-duty vehicles. In addition, our senior leaders from Finance, Sales and Government relations regularly presented at industry and investor conferences as well as other events to inform and educate various stakeholders.

### PERFORMANCE EVALUATION AND LOOKING AHEAD

Hexagon’s revenue related to gas distribution (Mobile Pipeline) showed more than 50% underlying revenue growth in 2023. This indicates the momentum in the industry, and growing demand for alternative fuel solutions. Hexagon has ongoing expansion projects to meet future demand and to continue delivering high-quality alternative fuel solutions for the industry.

A key priority for 2024 will be to continue to engage with policy makers, NGO’s and OEM’s to educate them on why we need to take into account all elements of a technology’s life cycle to permanently reduce the global carbon footprint of the transportation sector.





# Minimizing our operational environmental footprint

Hexagon delivers products and services that enable the transition towards clean energy. To do so responsibly also means mitigating the embodied climate impact of our own operations.

# Waste and circularity

## Materiality

The world is seeing the results of years with poorly managed waste. We all have a role to play to minimize the pollution and impact of waste and energy consumption. Hexagon's manufacturing processes involve substances and materials that can potentially cause harm to the environment if not handled properly. Carbon and glass fiber are non-biodegradable materials and key raw materials in our production processes. We recognize the importance of establishing processes that ensure the material can be recycled and repurposed by other industries.

It is essential for us to understand how our own consumption affects the planet and focus on what we can do to minimize our impact.

## Our approach

Hexagon is committed to protecting the environment by managing its business in an environmentally sensitive and responsible manner. Driving energy transformation is our purpose, and it is a clear expectation from our stakeholders that we will do our utmost to minimize the impact of the waste related to our manufacturing processes. We have close dialogue with suppliers, research institutions and employees to find new ways to reduce our footprint.

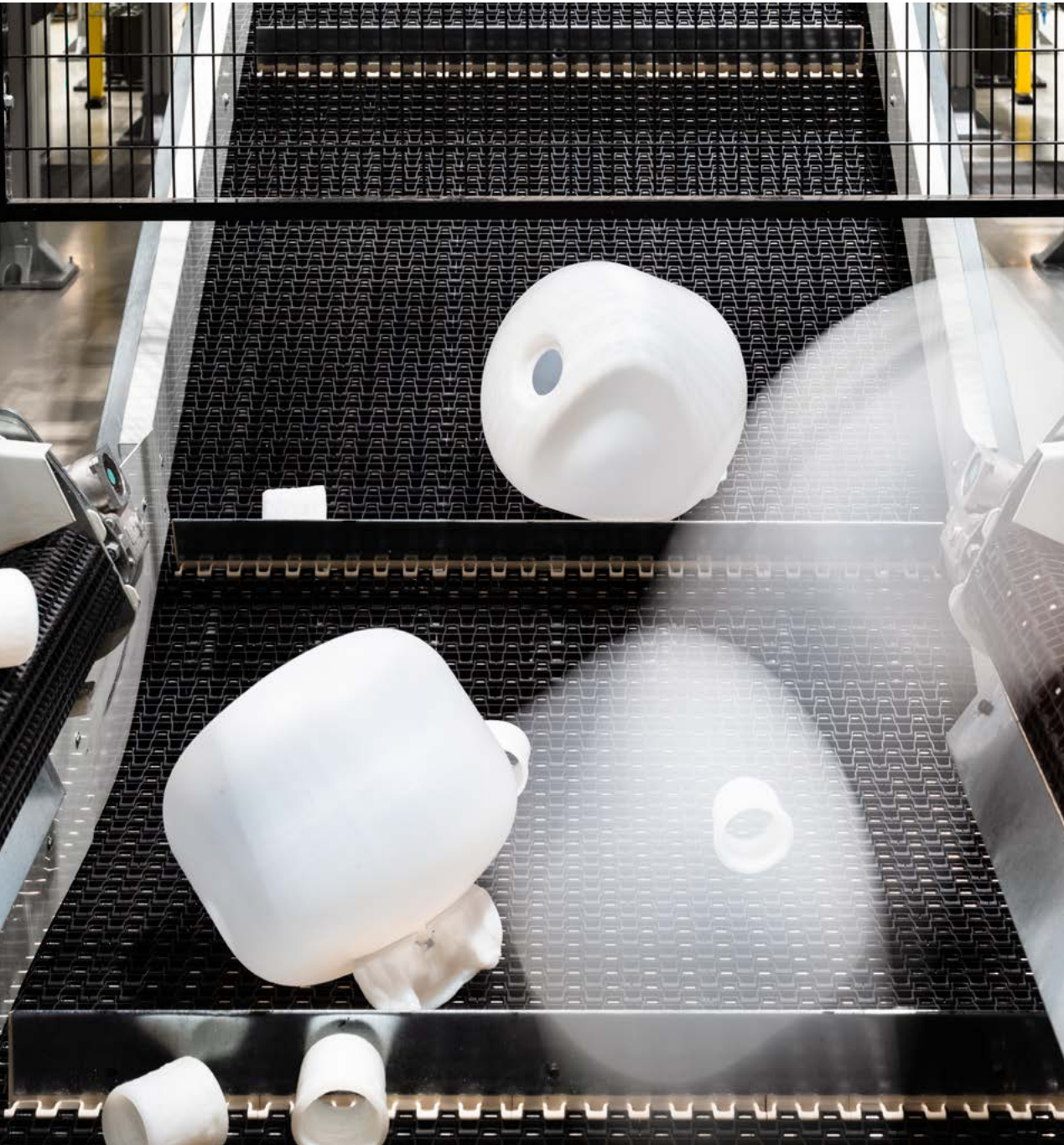
Our processes are supported by certified environmental management systems and the majority of our manufacturing sites are certified to ISO 14001 Environmental Management (see all ISO certifications at [www.hexagongroup.com](http://www.hexagongroup.com)). Emissions from the various manufacturing sites are regulated by national and/or local authorities.

### Zero waste and zero impact

The Group has set a common approach through its Environmental, Health and Safety guidelines where management is responsible for achieving

our long-term goal of 1) zero waste to landfill from production and advancing a zero-impact energy culture with efficient design, CO<sub>2</sub> efficient operational and procurement choices to reduce energy consumption and carbon emissions. Employees at every level are expected to actively participate in the success of environmental programs and report any environmental concerns to management.

Environmental awareness is part of our culture, and we engage with our employees through various initiatives to promote environmental awareness and enable them to participate and suggest improvements in our operations and in our surroundings. Hexagon generates waste both upstream and downstream in its value chain, ending up as scrap during production, distribution, and testing, including carbon fiber, cardboard, paper, plastic, wood, e-waste and metals, as well as regular household types such as packaging and food waste.



All production sites are committed to conserving natural resources and reducing our environmental footprint by applying the reduce, reuse and recycling principles.

Our top priorities involve:

- Reducing the presence of hazardous materials
- Recycling processes for carbon and glass fiber used in production
- Reducing waste to landfill

#### Reducing the presence of hazardous materials

Some of the waste associated with our operations is hazardous. Hexagon employs specialized contractors who safely dispose of this waste. Waste data is provided by third-party haulers, confirmed through local environmental, health and safety team members, and validated by the organization. Environmental compliance requirements are based on local environmental laws and operations.

All sites have done an initial screening and identification of current raw material replacements

that reduce the presence of hazardous materials in Hexagon's products. Within the business areas, there are several initiatives being ongoing to reduce or eliminate raw materials used in products or processes that result in waste streams or presence of material that may harm the environment. Such initiatives include recycling of pallets, packaging materials, returnable shipping racks and pallets, reduction in painted parts, plastic bottles, foams, seal and packing materials.

#### Recycling of plastic

Hexagon Ragasco is improving their recycling of HDPE plastic by installing a HDPE grinder at their facility. This will be used to grind production scrap from HDPE which will be reused to form new casings or other injection moulded products.

#### Recycling of carbon and glass fiber

We are actively working to both reduce and recycle raw materials used in our manufacturing processes. The recycling of unused carbon fiber has advanced over the past years, and unused carbon fiber material is now being sent to vendors for grinding before being used in other products containing carbon fiber.

## Results and achievements 2023

### Reduce plastic

Hexagon Ragasco reduced spill of microplastics and established closed loop for sludge water. As well as reducing 25% of HDPE waste through on site recycling efforts.

### Reuse of carbon fiber

- Collectively, recycled 74 metric tons of carbon fiber
- Hexagon Agility established a new agreement in Germany to secure collection and recycling of carbon fiber scrap. The recycled carbon fiber will be recycled into carbon fiber compound or other short fibers and used in other products.

### Improve waste streams

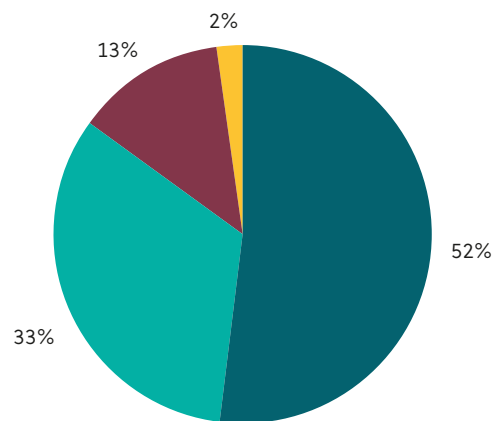
- Conducted waste stream mapping for all waste types, recycling, landfill, hazardous and electronic, at sites in Lincoln, Salisbury, Fontana, and Kassel, Germany.
- No violations or non-compliances of local environmental laws were identified in 2024

We see a increase in waste generated in 2023, which is consequence of higher production activity. However, we are pleased to see that our initiatives have led to improved recycling processes and the implementation of sustainable recycling processes for recycling of carbon fiber, glass fiber and HDPE.

### WASTE

Total waste (kg) %

- Recycled material
- Waste to landfill
- Waste to energy
- Hazardous waste



### WASTE KPI

Metric tons	2023 <sup>1</sup>	2022
Carbon fiber recycled	74	181
Cardboard Recycled	236	227
Paper Recycled	2.86	4
Metal recycled	445	471
Plastic Recycled	357	366
Paint recycled	38	Not reported
Wood Recycled	624	446
Mixed Waste recycled	209	321
Food waste recycled	1.68	Not reported
Solid waste to energy	496	449
Solid waste to landfill	1 280	1 120
Non-hazardous waste	3 760	3 690
Hazardous waste	86.6	84
<b>Total amount of waste generated</b>	<b>3 852</b>	<b>3 780</b>

<sup>1</sup> Excluding Hexagon Purus. Waste data for Hexagon Purus available in appendix.

## PERFORMANCE EVALUATION AND LOOKING AHEAD

We have made good progress in reducing and recycling waste and material where applicable. The waste stream mapping conducted is essential to realize our full potential and to capture gaps in current processes. We recognize the importance of our close dialogue with research institutes, suppliers and our dedicated workforce to move forward in this area. Targets and improvements are an integrated part of our employees' daily work.

In 2024, Hexagon will continue to execute and structure initiatives to ensure we continuously reduce our own operational footprint.

### Targets 2024

#### Improve processes

- Audit waste streams and identify potential and set targets per site.
- Hexagon Agility in Germany to be ISO 14001 certified

#### Reduce and recycle carbon fiber

- Continue established recycling processes
- Hexagon Ragasco: long term target of 0 kg of glass fiber waste in own operations by 2026.
- Hexagon Agility: to implement new recycling process of carbon fiber in Germany. Aims to contribute to recycle and repurpose 100 metric tons in 2024

#### Recycling of plastics

- Implement HDPE grinder in Hexagon Ragasco to re-use material for new casings or other injection moulded products



# Our greenhouse gas emissions

## Materiality

Climate action and the transition to net-zero is high on the global agenda. As a provider of solutions that enable the switch to low-carbon solutions, Hexagon recognizes the importance of reducing our own carbon footprint to reach our net-zero commitment by 2050. Reductions in our own emissions may also contribute to a positive impact on people and the economy.

The main portion of our carbon emissions are generated from the raw materials and input factors of our cylinder manufacturing. Hexagon's opportunities to contribute positively to reducing greenhouse gas emissions lie largely in the development of our products, both in manufacturing and in the disposal of our cylinders at end-of-life. It is therefore of high strategic importance to reduce our indirect carbon usage and to further develop our cylinders and solutions to minimize the impact they have at end-of-life.

## Our approach

Hexagon has reported its scope 1 and 2 emissions since 2019. The main share of our carbon emissions are generated in scope 3 activities. In 2023, continued the work to further detail our scope 3 emissions reporting to ensure we capture the most significant indirect sources of GHG emissions in our value chain. In January 2022, we signed the Science-Based Targets initiative and are committed to reaching net-zero as soon as possible before 2050. In 2023 we submitted both near-term reduction targets for 2033 in line with the 1.5oC Paris Agreement, as well as net-zero targets by 2050.

For Hexagon, 96% of our carbon emissions are generated from scope 3 activities. More specifically, through key raw materials and other purchased goods and services with carbon fiber being the main driver of our scope 3 emissions.

During the year, we have increased dialogue and engagement with our key suppliers via procurement departments, self-assessment scorecards, and across management levels to further understand their climate ambitions, their future impact

### DID YOU KNOW

With the introduction of our newest Mobile Pipeline product in fourth quarter 2023, the TITAN 450, we have achieved substantial reductions in cylinder material consumption per unit of stored gas volume from our former designs. In addition, we have increased the stored volume per module by 24%, meaning 24% fewer units are needed to transport the same amount of RNG/CNG or other gases.

#### Achievements:

- Steel consumption reduced by more than 15%
- Carbon fiber has been reduced by at least 5%<sup>1</sup>
- Resin has been reduced by at least 5%<sup>1</sup>
- Plastic has been reduced by more than 5%

<sup>1</sup> The carbon fiber and resin stats reflect the minimum reduction as product mix delivered in 2023 included some products which reflect an even higher reduction per unit

and plans and their potentials for emission reductions.

For carbon fiber, our main driver of our Scope 3 emissions, we have signed a new long term

agreement with our key supplier that includes a commitment to emission reductions. Similar agreements will be developed for other key raw materials.



In addition, the competence and expertise of our employees are essential as we assess alternative raw materials and processes. Hexagon's R&D teams are dedicated to testing alternative carbon fiber and resin materials that are more environmentally friendly as they become available. This is an area where we need to carefully balance the environmental impact with product safety before concluding on next steps. In 2023, our teams worked on improvements to carbon fiber that increased fiber strength translation and reduced the amount required in new products.

Additionally, the US Department of Energy awarded Hexagon Agility a three-year R&D contract extension to research low-cost carbon fiber that includes opportunities for new processing and recycling methods that contribute to GHG reductions.

#### **Eco design**

Hexagon considers the environmental aspects of its products during the research and development (R&D) stage of product development. In 2023, we integrated Eco Design principles into Advanced Product Quality Planning (APQP) for new products which is part of our management

system. The principles cover potential impacts on materials, energy consumption and waste, and is also part of our project manager training and the project approval template that is mandatory for all new projects. We will include Life Cycle Assessments (LCA) to this process once we have completed the LCA cradle-to-grave for our products in 2024. The LCAs will allow our teams to quantify and evaluate design choices based on analysis of GHG impacts of the various materials and components included to ensure we are designing with both as little material as possible, and the most sustainable materials available.

#### **Life cycle and end-of-life**

The total lifecycle and end-of life of our cylinders are of key importance to both Hexagon and our customers. Reducing our own carbon footprint will positively affect our products. However, due to today's limited recycling options for composite materials, we recognize that the main challenge is at the product's end-of-life. Hexagon is currently running several R&D projects aimed at finding new ways to recycle composite materials and will keep our customers up to date on relevant findings.

## Results and achievements 2023

### Restatement of numbers

In 2023, we performed a re-evaluation of carbon fiber emission factors in cooperation with carbon fiber suppliers. This resulted in a lower emission factor for almost 3 600 tons of carbon fiber and hence a recalculation of the emissions from this key raw material. We calculate our carbon fiber-related emissions based on the annual

quantity of carbon fiber purchased, using emission factors specific to our suppliers. This marks an improvement over previous reporting years, where we due to limitations in data availability, used a generic emission factor from EuCIA for all carbon fiber purchased. Further, we have applied a conservative 25% adjustment to account for any data limitations to ensure that we do not

under-report emissions. This approach was selected to better reflect the specifics of our supply chain in the emissions reporting, while at the same time ensuring that any estimations are conservative. In addition, the model for spend-based emission factors was updated in 2023, requiring the recalculation of spend-based emissions from prior years to maintain consistency across reporting periods.

In total, this resulted in a reduction of previously reported numbers and we are therefore restating our total carbon footprint from 2021-2022. Due to the deconsolidation of Hexagon Purus from 29 June 2023, our 2023 sustainability reporting only includes Hexagon Purus' contributions for the first half of the year. For further details about Hexagon Purus' sustainability work, please visit [www.hexagonpurus.com](http://www.hexagonpurus.com).

### Total carbon footprint

Hexagon Ragasco reduced the carbon footprint per LPG cylinder by 8% from a 2019 baseline by sourcing around 30% of the glass fiber from Norway instead of China and reducing the waste percentage per cylinder by 0.72 percentage points.

### Lifecycle and end-of-life

There are several examples of a lifecycle approach to reducing our CO<sub>2</sub> footprint in Hexagon. This includes several projects.

#### Hexagon Ragasco

- Installation of a composite grinder and shredder, enabling the reuse of HDPE for new casings or other injection molded products.
- Sourcing of post-consumer recycled material (PCR) from suppliers.

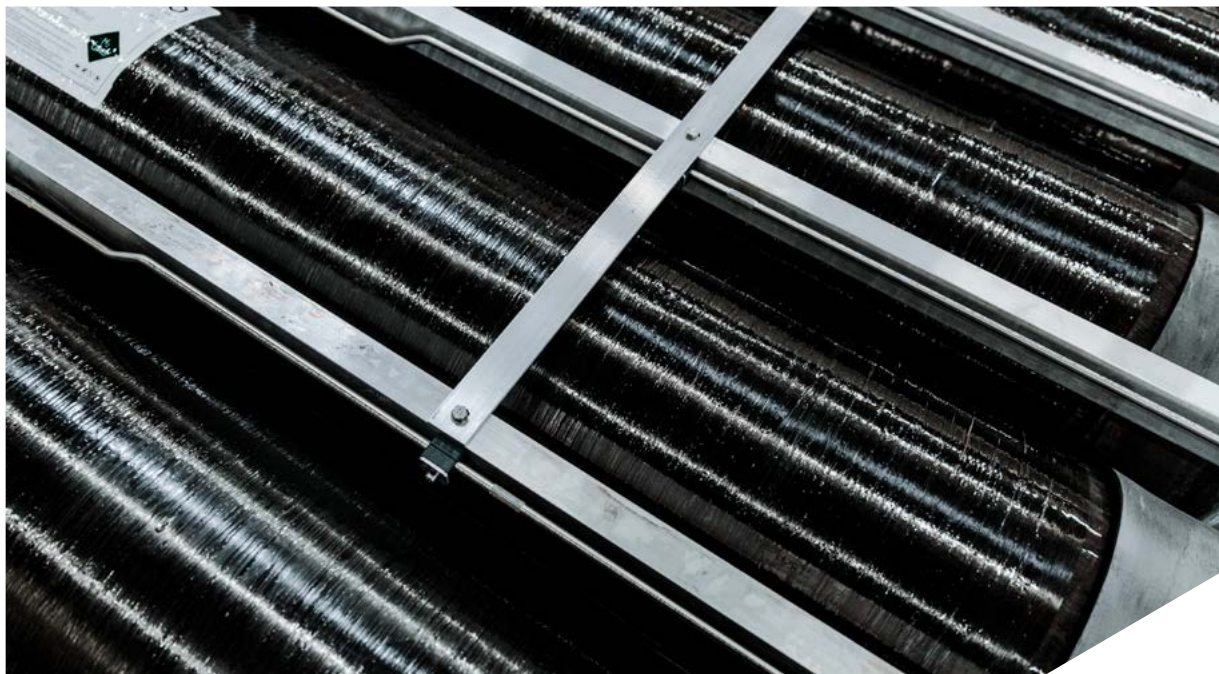
The combination of increasing the use of recycled plastic and the reduction of waste in production has the potential to cut the CO<sub>2</sub> footprint of LPG cylinders by 11%.

Both projects have been externally funded.

#### Hexagon Agility

Reparation of damaged liners from cylinders instead of discarding as waste. This initiative resulted in more than 23 tons of HDPE saved in 2023.

Overall Hexagon Agility diverted 74 tons of carbon fiber in the form of end-of-life tanks and carbon scrap - from landfill to carbon fiber



recycling facilities. At these facilities carbon fiber is recovered from the scrapped tanks and subsequently chopped into small pieces and repurposed for applications including compounding and concrete production.

Hexagon is currently developing an end-of-life guide for fuel systems to enable customers to choose the most sustainable method of disposal, refurbishment or repurposing for their systems. The guide outlines how to participate in the Certified Pre-Owned program, ideas

for repurposing systems, and a detailed list of which components can be recycled if disposal is selected.

Hexagon is working on LCAs for our products, and we have conducted screening cradle-to-gate LCAs according to ISO 14040 for our highest running cylinder and fuel system. The next step is a cradle-to-grave analysis and a formal LCA according to ISO 14044 for these two products. This data will form the foundation of future LCAs for Hexagon Agility’s entire product line.

For Hexagon Ragasco’s LPG cylinders, a cradle-to-grave LCA was performed 2022 and an EPD (Environmental Product Declaration) according to ISO 14025 was completed in 2022. The results of this LCA and EPD can be found at [www.hexagon-ragasco.com](http://www.hexagon-ragasco.com).

**Science Based Targets**

In 2022, Hexagon committed to set company-wide emission reductions in line with climate science with the Science Based Target initiative (SBTi). Targets were submitted in 2023 and SBTi approval is currently pending. One of our largest sources of Scope 3 emissions is the use of carbon fiber in our products.

**Energy use**

Hexagon is currently tracking energy consumption at all facilities and is in the process of certifying sites outside Norway according to ISO 50001. To get an extensive understanding of our potential to reduce our emissions, we continue the efforts to improve our data collection processes. In 2023, we have been performing full technical energy reviews at two sites, Fontana and Salisbury, resulting in various proposed improvement initiatives such as energy monitoring of main equipment/machinery, motion sensors for lighting, temperature controls and change

to LED lights. This work will continue in 2024 for additional sites.

We are working on increasing our renewable energy use and are planning for green energy transition at all sites. As of 2023, we have started to purchase renewable energy certificates for all electricity used at our Kassel and Lincoln sites. In addition, Hexagon Ragasco installed solar panels with a calculated annual production of 370 000 kwh. Both Hexagon Ragasco and Hexagon Digital Wave achieved their energy reduction targets of 2% and 5% reductions for 2023 respectively. In Salisbury, North Carolina, and Fontana, California, we started to purchase RNG in October 2023 for filling vehicles being serviced or delivered to customers. Evaluation of solar panel installation is underway for the Salisbury plant in the US.

This year each operating location improved their capture and containment of eligible recycling materials, improved measurement of the materials and researched additional opportunities to eliminate or reuse “single use” items.

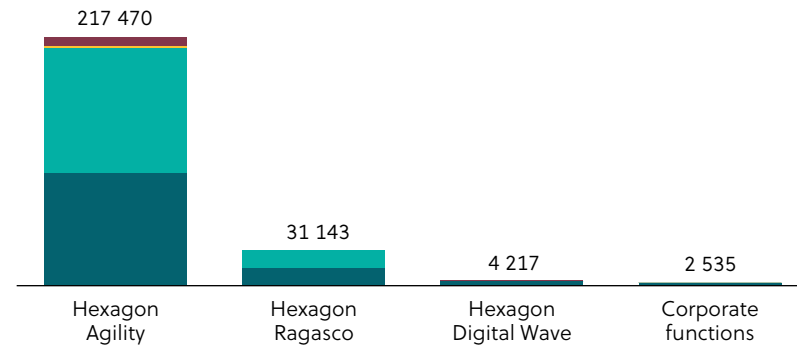
Emissions scope <sup>1</sup> – greenhouse gas emissions (tons of CO <sub>2</sub> equivalent)	2023	2022
Scope 1 (direct emissions)	2735	3 422
Scope 2 (location based)	7 880	6 694
Scope 2 (market-based)	9 262	12 031
Scope 3 <sup>2</sup>	244 749	218 246
<b>Total<sup>3</sup></b>	<b>255 364</b>	<b>228 362</b>

Energy consumption	Unit	2023	2022
Non-renewable fuel consumption	GJ	47 820	62 530
Electricity consumption	GJ	92 505	101 327
Heating consumption	GJ	6 169	5 637

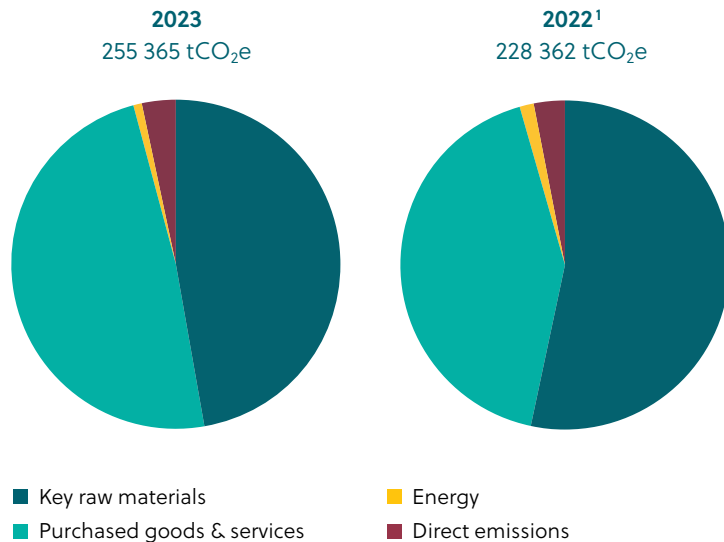
<sup>1</sup> Restatement of numbers. New numbers due to new calculation method. Numbers exclude Hexagon Purus.  
<sup>2</sup> Restatement of numbers due to new calculation method in 2022  
<sup>3</sup> Scope 2 market-based not included in total

**EMISSIONS BY BUSINESS AREA 2023**

Tons of CO<sub>2</sub> equivalent



**OUR TOTAL CARBON FOOTPRINT**



<sup>1</sup> Base year

**Scope 3 emissions**

**Description**

**Calculation Methodology**

**Estimated GHG Emissions (metric tons of CO<sub>2</sub> equivalent)**

**2023**

**2022**

**Key raw materials**

Our most used raw materials hold a significant share of our reported GHG emissions, providing ample opportunities to improve in line with our ambitions/goals/targets.

Our sourcing specialists analyzed all raw material transactions across our operational business areas, the top four raw material categories were found to contribute more than all other raw materials entering our group combined.

Sum of key raw materials: **123 994**      Sum of key raw materials: **96 154**

**Carbon fiber**

Carbon fiber emission factors from EuCIA.

**94 400**      **63 563**

**Ingredients & accelerators**

Consists mainly of resin. A global, industry average life-cycle inventory for epoxy resin was used to calculate the emission factor for this category.

Emissions from key raw materials are estimated by multiplying transaction (mass) data from our ERP system with industry average life-cycle emission factors per unit mass of each key raw material. This corresponds with the average-data method provided in the GHG Protocol.

**11 746**      **9 866**

**Fiberglass**

**6 001**      **9 960**

**Extrusions**

Extrusions consists mainly of high-density polyethylene (HDPE). A global, industry average life-cycle inventory for HDPE was used to calculate the emission factor for this category.

**5 958**      **7 554**

**Aluminum**

**4 774**      **5 040**

**Steel**

**1 000**      **-**

**Purchased goods and services**

This category includes all of our other purchases of goods and services. This includes, but is not limited to, capital goods and investments, upstream emissions from the production of fuels, transportation, operational waste and business travel.

Embodied carbon from other purchased goods and services is estimated by multiplying our spend data with emission factors per monetary unit spent. This enables us to report estimated emissions from all group-wide economic activities.

**120 756**      **122 092**



## PERFORMANCE EVALUATION AND LOOKING AHEAD

Hexagon's underlying revenues grew by 11% (excluding FX) from 2022.

As a result, we had higher activity in our operations and a natural increase in spend and purchase of key raw materials., especially carbon fiber.

In total, the increase of 12% in our Scope 1-3 emissions is mainly a consequence of higher activity within Hexagon Agility.

### Targets 2024

- Receive approval for our near term and net-zero Science Based Targets
- Implement detailed roadmaps to net zero including transition to green energy planning at all sites

### Hexagon Agility

- Expand and execute life cycle assessments for a Hexagon Agility cylinder, system, and Mobile Pipeline product lines to understand the environmental impact of the product design and enable eco-design
- Work with suppliers to improve their sustainability using Ecovadis rating platform and developing individual supplier goals for improvement over time of emission reductions

- ISO 50001 certification for US sites in 2024.
- ISO 14001 certification for Kassel site in Germany

### Hexagon Ragasco

- reduce carbon footprint per cylinder by approximately 15% from 2019 baseline.
- Zero composite waste by 2026

Energy reduction targets: overall goal of 5% in scope 1 and 2 for the group

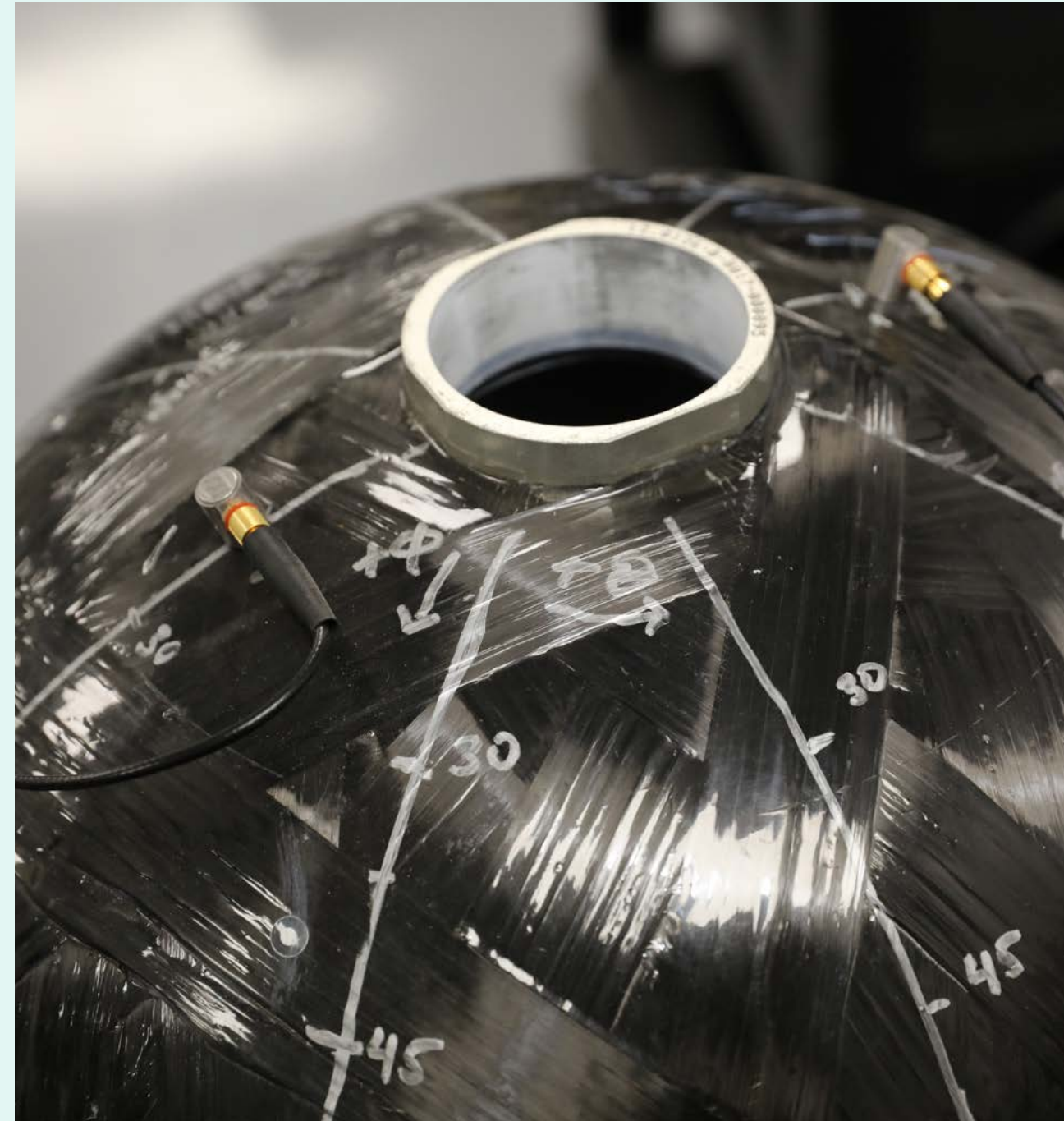
# Product safety and compliance

## Materiality

At Hexagon, the safety of our cylinders and system assemblies is our top priority and essential to our operating and regulatory objectives. Every cylinder is tested according to the appropriate internal, local, national, industry and international requirements and associated procedures before being shipped to the customer, built into fuel systems, or installed on vehicles at our own facilities.

Hexagon's cylinders are used to transport and store various highly pressurized gases such as hydrogen, RNG/CNG, LPG and helium. As a pioneer in composite technology and a global leader within composite manufacturing, quality and operational excellence have always been at the forefront of Hexagon's work. Product safety is an essential component of conducting responsible business and of building and maintaining

trust in our products. Our high-pressure composite cylinders weigh up to 50 percent less than steel cylinders, are corrosion-resistant and not susceptible to material fatigue - which is of crucial importance to the cylinders' lifetime and safety. The lower weight of our composite cylinders improves efficiency over the lifetime of the customer installation through less maintenance and lower fuel consumption for transportation.



## Our approach

Hexagon has continuously leveraged its composites expertise from more than six decades of pressure containment experience to improve the safety of all its cylinders and cylinder systems. This depth of experience with composite pressure cylinders has enabled us to develop best-in-class fuel systems and gas transportation modules. The fully integrated business model ensures that process improvements and detailed knowledge can be shared across the business units to improve performance and safety.

### Training and continuous improvements

Our people take pride in the safety of our products, and are trained to identify potential design, engineering, manufacturing and quality risks, and to immediately report such risks to supervisors. Hexagon promotes transparency along with safety to ensure diligence in assessing risk, and all Hexagon employees are responsible for doing their part to ensure product safety and quality. In 2023 manufacturing locations directed significant effort to ensure written work instructions were up to date and able to be used in training both new and existing personnel.

Hexagon also offers multiple training courses in person, online and virtual classrooms for

customers and end users of our products. In 2023, more than 4 000 technical training interactions occurred. Since such learning curricula vary by product area, specific training may also be provided to address unique operational, start-up or incident scenarios. Safety is a critical component of all training courses being offered, as well as operation and maintenance procedures, diagnostics and repair procedures, and cylinder inspection.

### Compliance with standards and regulations

Hexagon develops highly regulated products that must demonstrate compliance with worldwide regulations through actual test results, qualification by similarity and analytical modeling. During production, for example, every cylinder is tested at a pressure higher than it will ever experience in the field. To ensure best-in-class products, we consistently exceed the minimum standards, and our cylinder design and development processes include verification of customer and industry requirements followed by rigorous testing sequences that subject the product to extreme performance thresholds. Hexagon tests systems well above and beyond the regulatory standards, including vehicle crash testing, rollover testing, and durability testing exceeding 1 million miles.

When validation testing is complete, the product is certified for operation. For further details, see our Product Safety Policy on our website.

The safety of our products is assured throughout product development during our design review process. We follow the highest automotive processes and tools such as Advanced Product Quality Planning (APQP) and Design Failure Modes and Effects Analysis (DFMEA). Every design or design enhancement is subjected to rigorous peer review, allowing for multiple iterations and multi-disciplinary input. Regular product segment reviews and roundtable safety

sessions are conducted to evaluate potential field issues and every field issue is tracked together with any associated corrective action. In addition, all warranty claims are monitored to gather further feedback on product performance.

We conduct forensic evaluations on select populations of products that have completed their useful life to understand in-field aging effects and residual performance capabilities. This information is used to continuously improve our products' safety. For more than 40 years, Hexagon has been integrally involved in the development of safety codes and standards within the commercial pressure cylinder industry, both through leadership positions on the standards committees, as well as actively participating in standards evaluations and reviews. As new products are developed, we critically assess how safety codes and standards should be modified or revised to address any new risks. Hexagon designs its products to drive more rigorous and stringent standards, thereby promoting safety advancements across the industry. Most of Hexagon's businesses are certified to ISO 9001 and 14001. For a full overview, please visit [www.hexagongroup.com](http://www.hexagongroup.com).

*Hexagon designs its products to drive more rigorous and stringent standards, thereby promoting safety advancements across the industry.*

## Results and achievements 2023

For 2023, our key focus areas go beyond compliance, push for improvements to international standards and relentlessly strive to improve product safety; further product innovation through digitalization; various waste stream initiatives to minimize materials that may harm the environment and improved recycling applications for “end-of-life” composite cylinders.

With decades of experience assisting localities and countries with development of equitable, safe and consistent rationale for applying advanced technology to pressure containment, Hexagon has during 2023 played an important role in convening, participating, monitoring and offering opinion on a significant number of national or international standards relating to compressed gas system components and operating guidelines.

Throughout 2023, Hexagon continued to develop and innovate digital products. Pilot demonstrations of SMART cylinders for Hexagon Ragasco’s LPG and Hexagon Agility’s CNG/RNG tanks and

systems are underway with Hexagon Digital Wave supporting the latter. The Hexagon Ragasco Linktra® cylinders enable consumers to have full control of the gas level of their cylinder, and LPG distributors of their stocks and supply logistics.

Hexagon Ragasco had four product safety incidents in 2023, all were related to minor filling incidents for forklift trucks in the US. There were no damages or injuries related to the incidents. All incidents are being thoroughly investigated and corrective actions will be implemented as soon as the investigations are concluded.

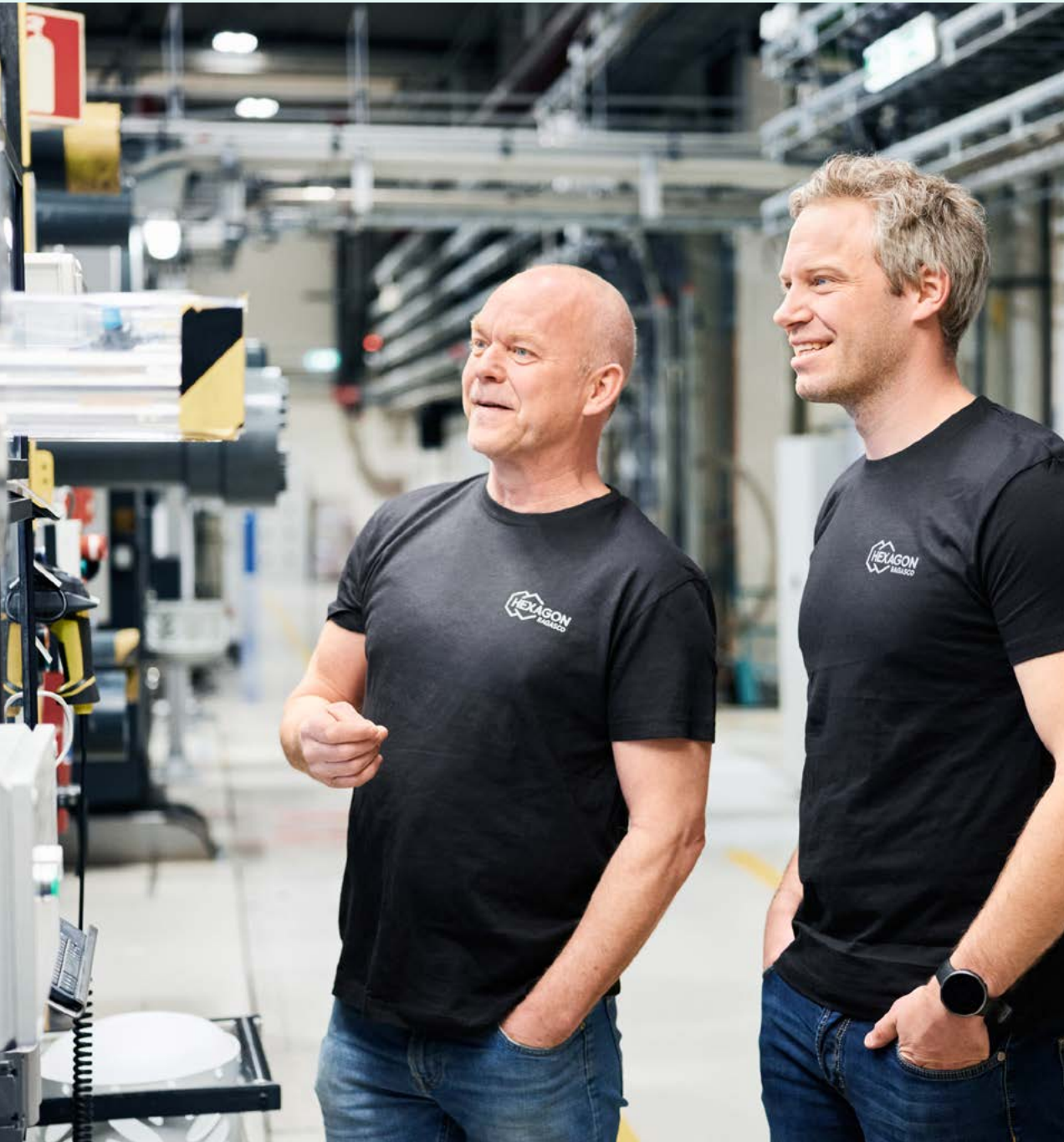
Through innovation in product development, Hexagon has tested and is now fielding gas distribution systems that contain meaningful reductions in metals, plastics, resin and carbon fiber. These innovations result in reduced waste streams and beneficial reduction in greenhouse gas emissions related to purchased materials without compromising product performance or safety.

### PERFORMANCE EVALUATION AND LOOKING AHEAD

Building on our six decades of composites experience, Hexagon continues its focus on safety and compliance for all products and is a strong contributor to further development of safety codes and standards, promoting safety advancements across our industry. Our market leading position comes with a responsibility to contribute where we can to prevent any product safety incidents and Hexagon is committed to this role through extensive support of key Standards Development Organizations and Regulations, Codes, and Standards (RCSs) that they support.

#### Targets 2024

- Pursue reduction or elimination of materials that result in unnecessary waste streams or presence of material that may harm the environment
- Recycling applications for “end-of-life” composite cylinders
- Zero incidents related to product safety.



# Occupational health & safety

## Materiality

Hexagon actively promotes a positive health and safety culture to achieve our overall goal of zero injuries and zero impact on people and the environment. Hexagon's manufacturing involves complex machinery and industrial processes, rapidly moving equipment, heat, caustic chemicals, and pressurized gas which can cause potential negative impact on people and society if not managed well. Keeping our employees safe during our operations is vital, and we work actively with our employees and suppliers to mitigate any potential impact on our employees' safety, health, and well-being.

## Our approach

We maintain ambitious health and safety standards to prevent hazards and incidents for all our employees and for other parties working on behalf of the Group. Everyone working for Hexagon is required to follow our global Environment, Health and Safety (EHS) Policy, available on our website, in addition to local safety regulations and policies depending on the type of work.

Overall responsibility for health and safety resides with the senior management and Boards of the respective business areas in Hexagon. They are responsible for leading and developing a zero-injury health and safety culture, and relevant departments, including EHS, HR and our operational teams, manage and monitor day-to-day implementation.

Hexagon strives to ensure employees are properly trained and provided with appropriate safety and emergency equipment. Local management teams work daily to ensure that

all work activities are done safely by taking action to eliminate unsafe acts and conditions that endanger employees' health and safety. In addition, management is responsible for making health and safety factors a priority in all operating decisions. Employees in Hexagon are responsible for reporting incidents, near incidents, safety breaches and hazards, and each site follows local environment, health and safety (EHS) standards and regulations.

We have adopted tools and routines to systematically assess hazard recognition and implementation of preventive measures. This is conducted at each site by the EHS manager at that site. Our employees are encouraged to report any irregularities, without fear of retribution, in a no-blame culture. They also have access to our global, third-party whistleblowing channel, which complies with national and international standards.

### Occupational health services

In Hexagon, 100 per cent of employees are covered by our occupational health and safety management system. The occupational health and safety management system is intended to enable our organization to provide a safe and healthy workplace, prevent work-related injury and ill health, and continually improve our performance. The well-being and health of our employees is a priority for us, and we offer access to physical and mental health services, in addition to internal activities to promote physical activity.

### Monitoring and learning

All incidents and potential incidents in health & safety are closely monitored. Incidents at production sites are tracked and reported daily as part of morning meetings. Each location has its targets based and set of safety requirements based on type of work performed, and actions are customized to fit local needs.

### Training

We have an active approach towards health and safety training and awareness. The training focuses on operational requirements, hazard recognition and safety behavior and is done both virtually and as on-hands training. Time spent on training is tracked and for part of our organization, a minimum of two weeks hands-on training is required before being authorized to work alone. It is the responsibility of the managers to ensure that their employees have received proper training to perform the job safely.

### Managing risks and identifying hazards

Employees at all levels are responsible for identifying and reporting potential hazards. The EHS manager, in cooperation with the operations manager, is responsible for assessing the risk and utilize the hierarchy of control to manage it. Priority will be given to eliminating, isolating or replacing the risk. The EHS manager is responsible for mitigating the hazard to an acceptable risk level.

## Results and achievements 2023

Due to the negative trend in the past years, Hexagon has had continued focus on health and safety to mitigate incidents and to ensure safety is top of mind across the organization.

### Initiatives completed in 2023

- Implemented reporting of high-consequence injuries across all sites.
- Implemented hazard identification and correction systems at all manufacturing sites.
- Implemented tracking of absenteeism at our North American sites
- Hexagon Agility has reassessed Job Hazard Analysis and Work Instructions to include needed PPE and trained the workforce accordingly.
- Hexagon Agility has implemented EHS Tier 3 Board; weekly meetings with leadership to review and discuss metrics and observations

### Training

Monthly safety training has been introduced as a requirement for all employees, both existing employees and new hires. The training mainly focuses on operational requirements, hazard recognition and safety behavior, and we offer both virtual and on-hands training.

- EHS training Norway 39.5 hours

### KEY PERFORMANCE INDICATORS

Indicator	Unit	HEX excl. HPUR 2023	HPUR 1H 2023 <sup>4</sup>	HEX Full Year 2023	2022
Fatalities	Number	0	0	0	0
Recordable work-related injuries <sup>1</sup>	Number	24	7	31	36
High-consequences injuries	Number	0	0	0	Not reported
Rate of recordable WRI	Number	1.95	3.9	2.4	2.9
Rate of high-consequence WRI	Number	0	0	0	Not reported
Lost Time Incidents	Number	7	9	16	20
Lost Time Incidents Frequency <sup>2</sup>	Number	0.57	0.56	0.56	0.69
Close calls <sup>3</sup>	Number	373	10	383	
Working hours	Hours	2 100 455	521 595	2 622 050	2 659 285

Rates are calculated per 200 000 hours worked

<sup>1</sup> Recordable Work-Related injuries: A work related incident is recorded as an WRI if it results in one of the following; death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, loss of consciousness, significant injury or illness diagnosed by a physician or other licensed health care professional

<sup>2</sup> Lost Time Incident Frequency is defined as the number of lost time injuries occurring per 200 000 hours worked

<sup>3</sup> Close calls: an incident where no injury or ill health occurs, but has the potential to do so.

<sup>4</sup> Hexagon Purus ASA 1.1-30.6.2023

- Safety training North America including employee safety orientation, hearing conservation, industrial ergonomics, first-aid, hand and power tool safety was completed by the majority of the workforce.

### Recordable injuries and working hours.

Hexagon delivered 2.62 million working hours with no fatalities in 2023. We had 31(36)

recordable work-related injuries. The recordable injuries are mainly from cuts/laceration and strains.

### Sick leave

Sickness absence levels in Norway and Germany were 5.6 (5.7) per cent and 5.6 (5.1) per cent respectively. No occupational disease cases were recorded in the Group. In North America,

sickness absence was not recorded as employees are allocated generic paid time off (PTO) of 15 days – which includes but is not limited to sickness absence. To better understand potential employee absence in the US, we have implemented sickness absenteeism as a new parameter for our US sites.

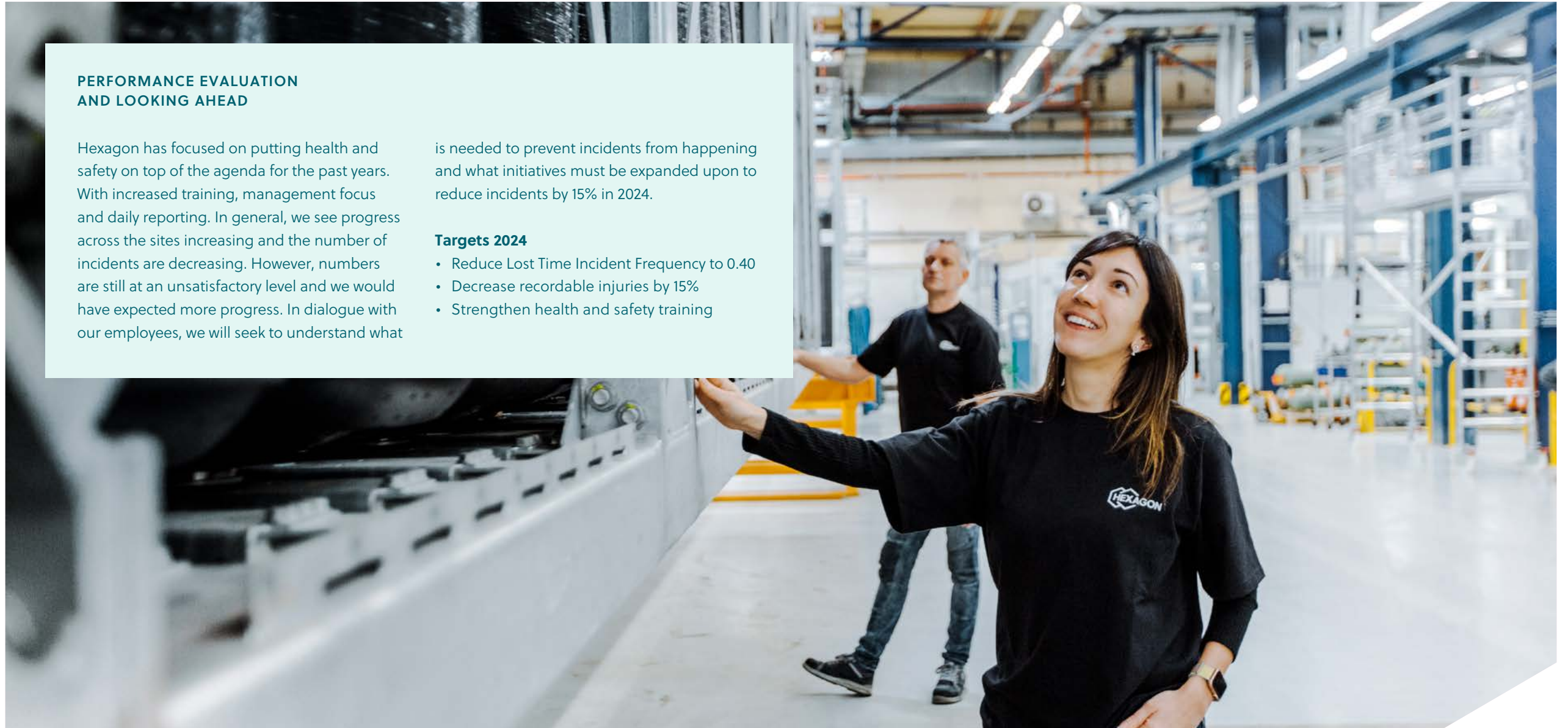
## PERFORMANCE EVALUATION AND LOOKING AHEAD

Hexagon has focused on putting health and safety on top of the agenda for the past years. With increased training, management focus and daily reporting. In general, we see progress across the sites increasing and the number of incidents are decreasing. However, numbers are still at an unsatisfactory level and we would have expected more progress. In dialogue with our employees, we will seek to understand what

is needed to prevent incidents from happening and what initiatives must be expanded upon to reduce incidents by 15% in 2024.

### Targets 2024

- Reduce Lost Time Incident Frequency to 0.40
- Decrease recordable injuries by 15%
- Strengthen health and safety training



# Our people

Our employees' expertise, engagement and motivation are key to driving the energy transition forward.



# Workforce development

## Materiality

Having 1 150 employees across the world at various locations, operating in a fast-paced industry, we recognize the potential positive impacts of engaging and investing in our employees' development.

The race to attract and retain talent is challenging given the current trends and the nature of the manufacturing industry where production employees must be on site to perform their job. Historically, the industry is male-dominated and female candidates are few in most of the markets where we operate. Hexagon's ability to drive workforce development is critical to maintain healthy retention rates, attract new talents, improve diversity and secure long-term sustainable growth - for individuals and across the Group .

## Our approach

Our workforce are enablers of a clean energy future. Hexagon's six leadership principles, Grow, Inspire, Transform, Achieve, Ascend and Align describe the path we want our employees to follow, regardless of level in the organization. We strive to build a culture that removes barriers, drives engagement and provides employees with opportunities to achieve their full potential.

The responsibility for workforce development lies with HR teams in each business area and management teams at each location. The processes are overseen by the Group's People & Culture function.

The main objectives are to ensure our processes are set up to:

- Grow talent
- Build leadership capabilities
- Enhance technical skills
- Create engagement

We have seen the need to have a more structured approach to our processes. Throughout 2023, we have increased collaboration between functions, conducted leadership training and shared best practices across the HR teams- all leading to defined steps and people processes needed to further develop our workforce in the year to come.

### Training and development

Our training and development functions are offered across various topics and channels. From 2-day workshops, individual follow ups to 30 min online training sessions.

- **Hexagon University** is our hub for learning and professional & personal development activities for Hexagon's people. The training session are conducted virtually, making them accessible to employees across the world.
- **Drive** is Hexagon's leadership accelerator course, intended for all our leaders across the Group. It is a comprehensive, two-day workshop that engages our leaders in activities, discussions, and hands-on practice in a variety

of leadership competencies, such as feedback, coaching, change leadership, and team development.

- **Clifton Strengths Finder:** an internationally recognized tool is used to enable employees to identify their strengths. This is combined with coaching and teambuilding to identify - and attain - their best potential.
- **Safety and quality training:** conducted on a regular basis. Both on site and virtually.
- **Technical training:** enhancing technical skills through our own training lab in Salisbury, North Carolina. We have several positions within production and manufacturing where skilled labor is not required. By providing training, we can improve efficiency, enhance knowledge and reduce the risk of injuries.

## Results and achievements in 2023

Hexagon use a variety of processes to track and measure our improvements. From daily interaction, analogue feedback boxes, on site, retention rates, diversity tracking and our Great Place to Work® survey. Priorities and targets are set and tracked per site, as each site has differences in type of work, areas of improvement and demographics different in demography.

### Creating a Great Place to Work

Since 2017, Hexagon has conducted the Great Place to Work Survey® on an annual basis. The survey enables employees to give open and honest feedback to Hexagon as an employer on what works well, what can be improved and what needs to change. Management teams at each location are responsible for following up and implementing actions where needed.

The 2023 survey had a 59% response rate, up from 51% in 2022. The average of "Taking everything into account, this is a great place to work", ended at 77%, up two percentage points from 2022.

The increase in the response rate is a positive trend; however, the rate is still below our target of 70%. To increase the response rate for 2024,

we seek to further improve access to the survey for our workers who are not regularly using a computer in their work and increase internal awareness.

We are pleased to see that our business areas met the criteria in 2023 to become officially certified as a Great Place to Work® (GPTW). Although GPTW certified, we score lower than external benchmarks and we will strive to continuously improve our score and participation rates.

### Employee gender balance

Given our industry, retaining, and attracting female candidates are important to Hexagon. To achieve this, we have expanded our recruitment pipelines and introduced tools to help us eliminate gender biased language in job postings. Internally, Think Twice!, an unconscious-biased course is rolled out across sites to raise awareness of how our unconscious biases influence our decision making processes. In 2023, the total percentage of women ended at 20%, up from 19% in 2022. However, we see a decline in female managers from 24% to 21%. Learn more in the [Diversity & Inclusion](#) chapter.

### RESULTS FROM THE GPTW SURVEY 2023

Statement	2023	2022
Respondents feel they are treated fairly regardless of their sexual orientation	90%	93%
Respondents perceive that people are treated fairly regardless of their race	89%	90%
Respondents perceive that people are treated fairly regardless of their gender	89%	89%
Respondents perceive that people are treated fairly regardless of age	85%	87%
Respondents perceive that management avoids favoritism	62%	63%
People here are treated fairly regardless of disability.	89%	N/A
Respondents feel they make a difference in the organization	78%	
<b>Taking everything into account, I would say this is a great place to work.</b>	<b>77%</b>	<b>75%</b>



**Established a Talent Development Cycle program**

Identifying competencies and developing our people is critical for Hexagon. To achieve long-term, sustainable results, we have established a series of people processes that build upon each other and form the Talent Development Cycle program. This program structures: talent reviews, succession planning, individual performance objectives, strategic workforce planning, individual development plans and performance feedback. The intent is to remove systemic barriers that could hinder employees from reaching their full potential and provide equal opportunities for all. Ultimately, the program should drive growth in both our people and our business.

**Training and personal development**

We continued our training and development programs throughout 2023. Drive, our leadership accelerator course was held in Germany for the first time, both in English and German.

Individual training plans for each employee have been developed across our largest sites in North America. The same set-up will be rolled out to other locations in 2024 as part of the Talent Development Cycle program.

At our largest assembly site in Salisbury, North Carolina, we set up a technical training lab in 2023 to provide technical training for the various roles needed in production. The training lab was set up based on feedback from employees wanting more hands-on experience to perform their job.

**PERFORMANCE EVALUATION AND LOOKING AHEAD**

We are making steady progress within the various areas of workforce development. Through our 2023 actions and initiatives, employees confirmed the importance of developing and systemizing our human capital development, tools, and policies. As a response, the Talent Development Cycle program will be rolled out across our largest facilities in 2024.

**Targets 2024**

The implementation of our Talent Development Cycle program will be a key focus area across the organization, including:

- Strategic workforce planning – how to bridge gaps between the organization’s current capabilities vs its future needs.
- Structured individual development plans, process performance feedback and individual performance objectives.
- Talent review – leadership to assess the organization’s capabilities and potential.
- Continued personal development in form of Clifton Strengths Finder, unconscious biased training, technical trainings and the Drive accelerator course.

**Number of employees participated**

	2023	2022
Drive accelerator program	100	200
Clifton Strengths finder	33	150
Unconscious biased training	65	72

# Diversity & Inclusion

## Materiality

Hexagon is committed to **workplace diversity, ensuring equal opportunities for all, and fostering a culture of inclusion. Having employees of more than 30 different nationalities, we subscribe to the idea that our greatest asset is our people and believe diversity will enable better decision-making and increase value creation in the company.**

Hexagon believes a diverse and inclusive working environment will have a positive impact on the business, and the regions in which we operate. We recognize that the lack of diversity, equal opportunities and biases can lead to potential negative economic and social impacts to our people and our regions.

## Our approach

Hexagon's approach to diversity and inclusion is governed by our Diversity & Inclusion policy and Code of Conduct, available on [hexagongroup.com](https://www.hexagongroup.com)

Leaders within Hexagon are, as part of their job performance, responsible for specific diversity and inclusion activities and for achieving measurable outcomes. This includes setting goals to foster diverse representation among teams, including but not limited to, our attraction and hiring process, performance and rewards management, learning and development programs and initiatives.

Every employee, manager and consultant of Hexagon, its subsidiaries and affiliates are tasked with promoting diversity and fostering a culture of inclusion. Preferential treatment or discrimination in working conditions due to gender, race, religion, age, national origin, disability or sexual preference are strictly prohibited.

All employees shall be treated in a nondiscriminatory manner and are encouraged to report any form of discrimination through Hexagon's Whistleblowing channel.

### **Building a diverse, equal and inclusive workforce**

To build a diverse workforce, we recognize the importance of expanding our recruitment pipelines and eliminating bias within our talent processes.

Throughout 2023, Hexagon has focused on implementing equality in recruitment and hiring strategies, and executive sponsorship for diversity programming initiatives.

We have also increased our collaboration with universities across our regions to both raise awareness of the industry and the possibilities it brings. The availability of female candidates within Science, Technology, Engineering and

Mathematics are increasing and we are also targeting this groups specifically to attract new talent.

Instead of developing new governing policies across the Group, we have focused on developing people processes which in sum lay the ground for our Talent Development Cycle program. This program should ensure equal treatment and mitigate any systemic barriers that could hinder employees from reaching their full potential.

## Results and achievements 2023

At the end of 2023, Hexagon had 1 149 (1 698) full-time employees in its workforce, of whom approximately 49 per cent were categorized as production employees. The remaining 51 per cent were employed in administrative roles such as sales, marketing, R&D, procurement, engineering HR and finance.

Women represent 20% the total workforce. On manager level, we have 79% male managers and 21% female managers.

The decrease in full-time employees compared to 2022, is related to the deconsolidation of Hexagon Purus as of 29 June 2023.

At our US operations, we have worked systematically to have a more inclusive application pool. Digital tools have been implemented to ensure recruitment ads hold an inclusive language and layout, and contribute to reduce any potential barriers toward gender, age and mindset. A diversity dashboard has been created to track and analyze our progress. Our new initiatives have led to better insights into our applicants, our areas of improvement, and our potential within the different fields of work.

As a result, in Lincoln, Nebraska - our largest site in the US - we increased the number of female workers by 2% in 2023.

Other initiatives completed:

- Think Twice! – our unconscious bias training has been launched to 65 participants
- In the US, facility and policy improvements have been completed to allow space for lactation support and meditation, as well as a review of flex work options.
- Developed Talent Development Cycle program that will be launched in 2024

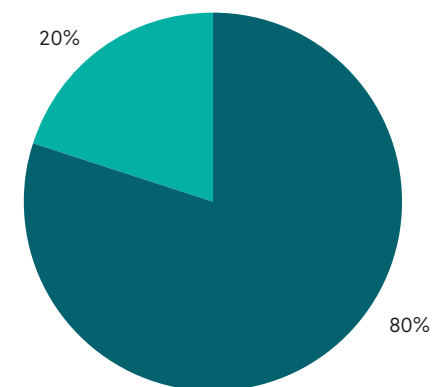
### GOVERNANCE BODY

	Gender (% female)		Age group (%) 2023		
	2023	2022	<30	30-50	>50
Board of directors	43%	43%	-	29%	71%
Executive management	25%	22%	-	25%	75%
Headquarters (Norway)	33%	47%	7%	33%	60%
Managers	21%	24%	1%	62%	36%
<b>All employees</b>	<b>20%</b>	<b>19%</b>	<b>19%</b>	<b>57%</b>	<b>24%</b>

Total numbers of employees per region and gender is available in the appendix.

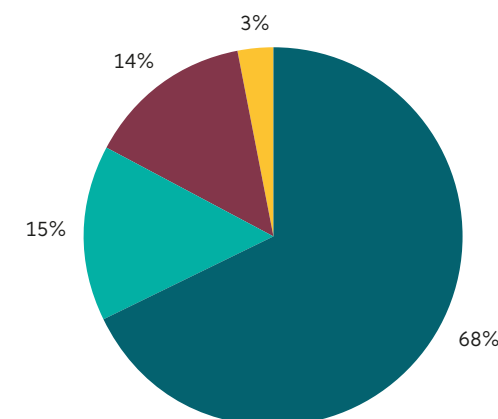
### GENDER BALANCE

■ Men ■ Women

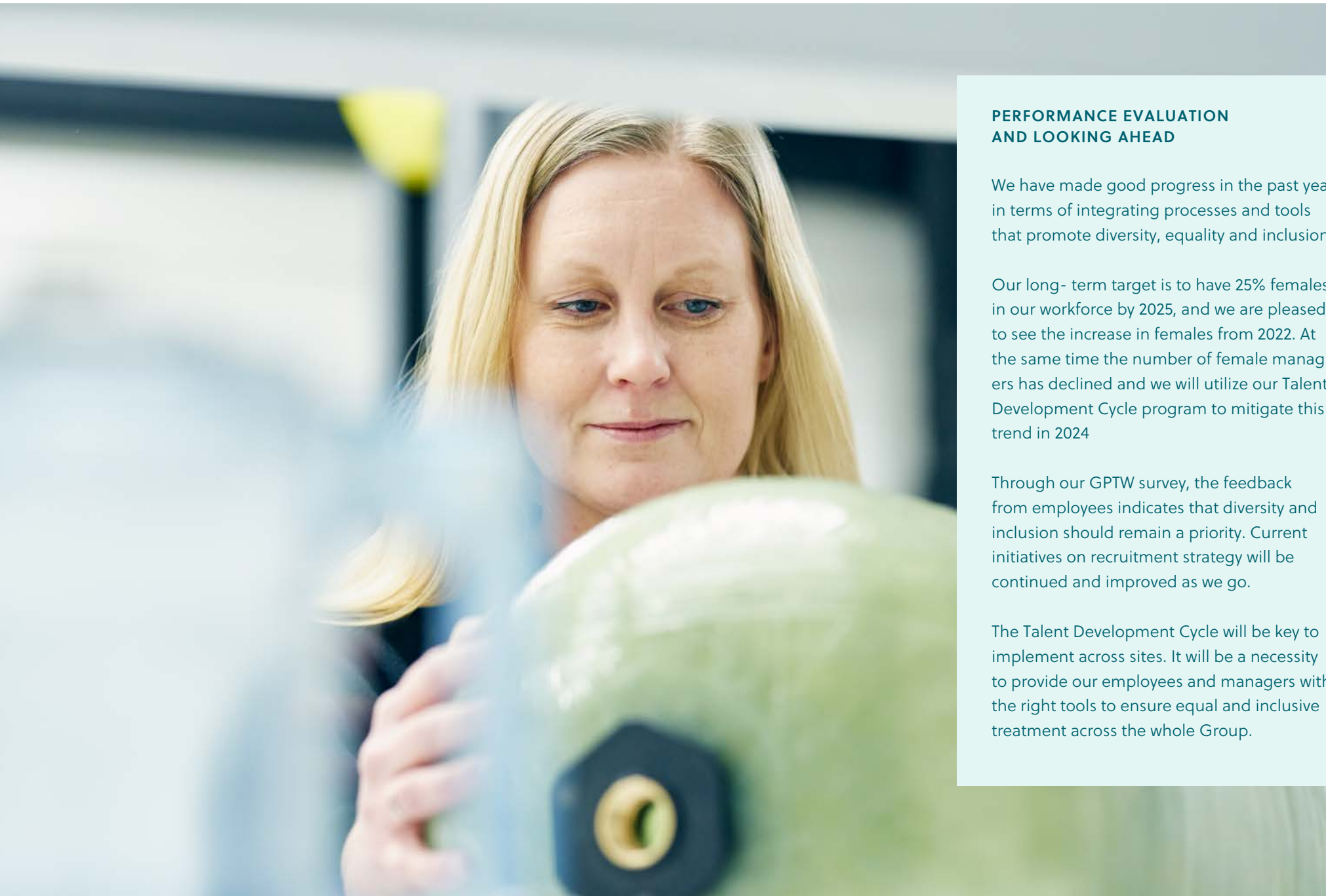


### EMPLOYEES PER REGION<sup>1</sup>

■ USA ■ Germany ■ Norway ■ Canada



<sup>1</sup> FTE per 31.12.2023. Breakdown of gender balance per country is available in appendix.



### PERFORMANCE EVALUATION AND LOOKING AHEAD

We have made good progress in the past year in terms of integrating processes and tools that promote diversity, equality and inclusion.

Our long-term target is to have 25% females in our workforce by 2025, and we are pleased to see the increase in females from 2022. At the same time the number of female managers has declined and we will utilize our Talent Development Cycle program to mitigate this trend in 2024

Through our GPTW survey, the feedback from employees indicates that diversity and inclusion should remain a priority. Current initiatives on recruitment strategy will be continued and improved as we go.

The Talent Development Cycle will be key to implement across sites. It will be a necessity to provide our employees and managers with the right tools to ensure equal and inclusive treatment across the whole Group.

We will continue initiatives started in 2023, using training, awareness and tools to overcome any diversity challenges, promoting a culture that removes barriers.

#### Targets 2024

- All managers to complete Think Twice! – our unconscious biased training.
- Pilot a global Women's Leadership Group for high potential female talent across the business, establishing executive sponsorship for the initiative.
- Implement talent development cycles and strategic workforce planning, ensuring employees are given the opportunity to achieve their full potential, regardless of gender and background.
- Target of 20% females at our facility in Lincoln, Nebraska



# Governance

## Materiality

Hexagon has a proud industrial history and a strong, value-based culture that drives our business performance. Our core values; integrity and drive, support our behavior and our beliefs. We hold ourselves accountable for all our interactions with our customers, suppliers and owners, our people and the communities in which we operate, and we are committed to carrying out business fairly, honestly and openly with no tolerance for corruption. Business ethics, anti-corruption and responsible procurement are therefore material topics for Hexagon.

## Our approach

Hexagon's Code of Conduct serves as a compass, providing descriptions, guidance, and insight into how to act in accordance with our governing principles, including our vision, purpose and values. Acting with integrity, adhering to internal policies, and complying with external laws and regulations are foundations to our success and reputation. The Code of Conduct equips our people to navigate potential ethical dilemmas and establishes clear guidelines for key areas like human rights, labor rights, anti-corruption and bribery, conflicts of interest and other relevant areas.

We value strong partnerships and work to ensure our partners align with our anti-corruption rules and policies, as well as relevant laws. Our Supplier Code of Conduct outlines our compliance expectations for those we work with.

### Anti-corruption

Hexagon fosters an organizational culture based on integrity and the highest ethical standards, which is essential to maintaining our high product quality and reputation as a trusted business partner. The company is committed to carrying out its business in accordance with the highest standards, with zero tolerance for

corruption. Hexagon works proactively to design, implement, and monitor robust procedures to prevent any form of corruption. We conduct thorough risk assessments, both regionally and for specific contracts, to identify and mitigate potential vulnerabilities. In 2023, Hexagon launched a 12-month anti-corruption training program for all employees to ensure all levels of the organization are aware of our commitment to anti-corruption principles. At year end, 48% of our employees had completed this training.

Our Anti-Corruption Policy and Guidelines is endorsed by the board of directors and supplements Hexagon's Code of Conduct. The policy is available on our website.

### Human rights

Respect for human rights is a fundamental value for Hexagon, and the protection of human rights across our operations and value chain is a business priority. Hexagon respects all internationally recognized human rights and our human rights policy is aligned with the UN Guiding Principles, the International Covenant on Economics, Social and Cultural Rights, the International Covenant on Civil and Political Rights and the International Labor Organization's core conventions to

prevent, address, and remedy human rights abuses committed in business operations. Our Policy on Human Rights and Working Conditions is available on our website and confirms our commitment to respecting human rights across all our business enterprises wherever we operate.

In addition, Hexagon is committed to actively conducting human rights due diligence in accordance with the Norwegian Transparency Act and OECD Guidelines for Multinational Enterprises. In 2023, Hexagon performed its first comprehensive due diligence analysis of its value chain, including a saliency assessment and value chain mapping, and identified near term action items to ensure all levels of Hexagon's supply chain have human rights protections in place. We remain committed to continuous improvement across our own operations and throughout our value chain. Hexagon's Transparency Act statement is available on our website.

### Responsible procurement

Hexagon's business relationships are governed by our Supplier Code of Conduct. This includes specific provisions related to human rights and working conditions, working hours and leave, wages and benefits, non-discrimination, fair

treatment, and the absence of child and forced labor. In 2023, we updated the Supplier Code of Conduct to specifically require suppliers to submit certain ESG information and to confirm that robust due diligence is required for sourcing of high-risk or conflict minerals. The Supplier Code of Conduct is explicitly included in contractual terms and conditions with our business partners. We reserve the right to require suppliers to provide evidence of compliance and should adverse human rights impacts be identified, Hexagon maintains the ability to immediately terminate the business relationship and is committed to notifying relevant authorities of the violation, as well as being involved with necessary remediation processes.

In 2023, Hexagon published its Supplier Management Policy, which sets forth Hexagon's approach to supply chain management. Our supply chain management approach starts at the very top of our organization, with our Board of Directors. The Board maintains oversight of critical supply chain decisions and has the authority to review and approve key supplier relationships. At the next level, managerial oversight of the supplier selection process within each of the Business Areas ensures a consistent approach



*Hexagon strives to maintain a transparent business climate, with a focus on business ethics and fostering open discussion and resolution of difficult or undesirable incidents.*

to supplier selection throughout the Hexagon Group.

Hexagon subscribes to the “do no harm” rule, whereby we are duty-bound to prevent, reduce and control the risk of environmental harm caused by our company. Our suppliers play an integral part in our sustainability journey; we will never succeed without our partners and suppliers making sustainability a top priority. Suppliers are required to complete self-assessments, questionnaires, or scorecards to demonstrate their sustainability initiatives and goals. Each supplier is evaluated based on certain criteria that reflect the sustainability targets and priorities of Hexagon. Hexagon may perform on-site evaluations, full or limited audits of various scopes, remote evaluations (supplier performance reviews or business evaluations), technical assessments or product evaluations to understand and assess Supplier’s approach to sustainability, among other key performance indicators. Understanding the carbon footprint of our suppliers, learning about suppliers’ efforts to reduce energy consumption and waste, and obtaining data from our suppliers regarding emissions is an important step in achieving our sustainability goals.

In 2023, the new supplier screening involved a supplier self-assessment related to various ESG

criteria and documentation and more than 165 suppliers within various procurement categories were assessed. During the year, a balance score-card for suppliers was developed with 10 specific metrics we will measure suppliers on. ESG is one of the components with a weighting of 15%. In 2024, this self-assessment will continue, and we will implement a review of all new suppliers, as well as the 200 largest suppliers in our largest business area, Hexagon Agility through the ESG supplier management platform, EcoVadis. Hexagon will utilize Ecovadis to develop both a minimum acceptable score and a corrective action plan for any contracted suppliers not meeting our minimum requirements.

#### **Human rights due diligence**

Hexagon is committed to actively conducting human rights due diligence in accordance with the Norwegian Transparency Act and OECD Guidelines for Multinational Enterprises. Please refer to Hexagon’s Transparency Act statement.

Based on our sector and geographic area of operations, we have identified five areas that we have been prioritizing, working hours and leave, wages and benefits, freedom of association and collective bargaining, supplier compliance, access to grievance mechanism. In addition to working on these areas, we have processes in place to identify potential human rights risks with

suppliers. Prior to engaging with a new business partner, Hexagon utilizes a supplier questionnaire and scorecard to identify overall supplier risk and decides whether additional due diligence needs to be undertaken.

In 2023, Hexagon performed its first comprehensive due diligence analysis of its value chain, including a saliency assessment and value chain mapping to identify high-risk suppliers and high-risk geographies related to relevant raw materials in our supply chain. We identified our critical raw materials, critical suppliers, the geographic footprint of these suppliers, and evaluated the sufficiency of the human rights protections in place. We also assessed and categorized the suppliers according to risk area using reputable human rights indices, and performed individual follow-ups based on these evaluations. Through this process, we evaluated, identified and mitigated as necessary, any potential human rights risks throughout the entire value chain. Currently, high-risk suppliers may trigger additional inquiries and audits before we enter a formal business relationship.

**Reporting concerns - Whistleblowing**

Hexagon promotes a culture of ethical business practices where difficult issues can be openly discussed and addressed. We offer a secure whistleblowing channel in four languages on our website available to anyone with concerns about potential misconduct violation or potential violation of any applicable law or Hexagon’s policies and/or procedures. The whistleblowing channel is hosted by an independent third-party and available to all employees and external parties to report issues or concerns anonymously. Employees are encouraged to contact their line managers, local compliance officers and/ or human resources teams with any issue or concern, without fear of any retaliation.

In 2023, we revised our whistleblowing policy to describes protocols in place to process whistleblower reports and to clarify that our policy provides protection of whistleblowers’ employment status as well as protection of whistleblowers from harassment in the workplace.

During 2023, one incident was reported, while nine incidents were reported during 2022. The incident was investigated and processed according to Hexagon’s whistleblowing procedures and policy; the policy is also available on our website. The whistleblower was informed of the outcome of the investigation and invited to provide further feedback. The incident resulted in appropriate internal measures to address the situation.

Incident	2023	2022
Potential corruption	-	-
Discrimination/hostile work environment/favoritism	-	3
Health and safety	1	2
HR related issues (e.g., compensation; attendance)	-	4



## Results and achievements 2023

The various risks related to supply chain, partners and other areas are regularly assessed and evaluated in the business area closest to the relevant risk factor. The risk assessment is updated regularly, including using third party due diligence tools, and details of the main risks and any changes are presented to the company's audit committee quarterly. For 2023, no specific high-risk corruption factors were identified, and Hexagon received no penalties related to corrupt or anti-competitive behaviors during the year.

Hexagon continues to promote zero tolerance for corruption and anti-competitive behavior internally and externally. During the year, we completed a year-long anti-corruption training program for all employees to ensure all levels of the organization are aware of Hexagon's commitment to anti-corruption principles. We also revised our Anti-Corruption Policy to address lobbying, political expenses, and political involvement and updated our Code of Conduct to specify that robust due diligence is required for

sourcing of high-risk or conflict minerals. We also adopted a Supplier Management Policy to detail our approach to supply chain management.

Within the human rights area, our 2023 key focus area was performing a comprehensive due diligence analysis of our value chain, including a saliency assessment and value chain mapping. Hexagon published its updated Policy on Human Rights and Working Conditions in 2022 and has continued in 2023 to work to ensure that our high standards are met and respected across our organization. While we had no specific concerns related to human rights in 2023, we continued our work to better understand our impact on human rights both in our own operations and supply chain, conducting our human rights due diligence in accordance with the Norwegian Transparency Act and OECD Guidelines for Multinational Enterprises. We remain committed to continuous improvement across our own operations and throughout our business relationships within this area and are developing.

For procurement, we continued mapping key human rights and ESG risks in our supply chain, utilizing questionnaires and scorecards to identify and recognize those suppliers who embody our ESG values. As part of our human rights due diligence, we assessed and categorized all suppliers according to risk area using reputable human rights indices, and performed individual follow-ups based on these evaluations. In total, 100% of our new suppliers were screened for social and environmental criteria. We also started further direct engagements with high-impact suppliers to better understand their ESG risks and mitigating activities, which will continue in 2024.

*Hexagon continues to promote zero tolerance for corruption and anti-competitive behavior internally and externally.*

## PERFORMANCE EVALUATION AND LOOKING AHEAD

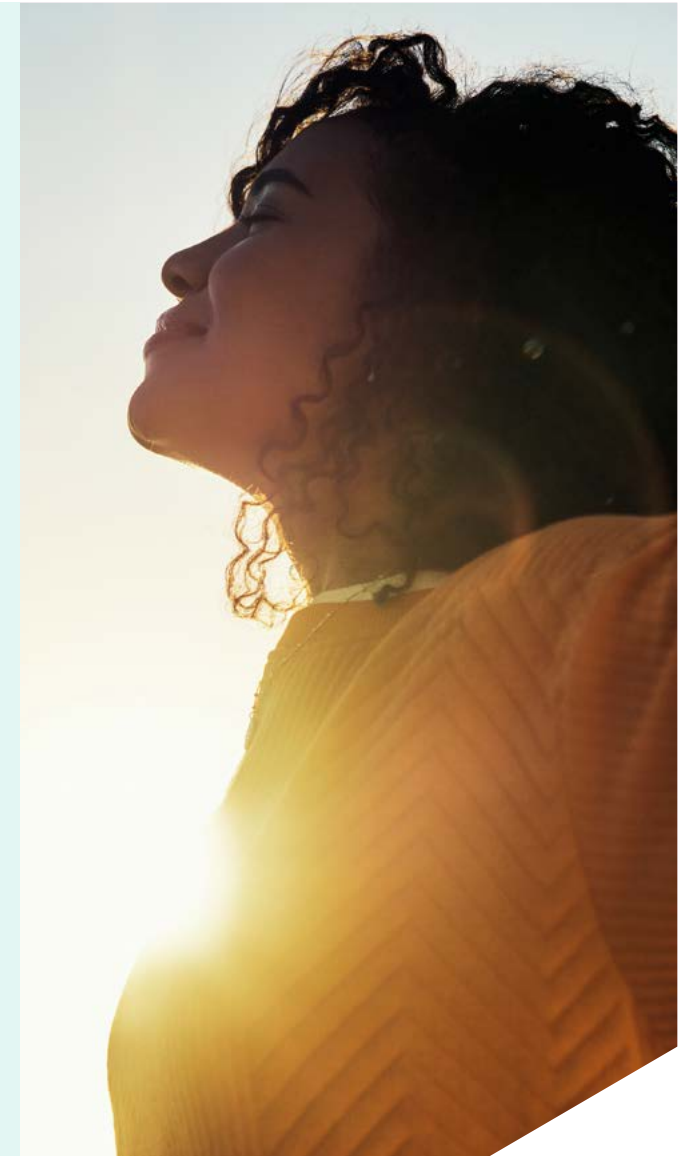
In 2023, we have continued our efforts to strengthen Hexagon's compliance program by updating our Code of Conduct and establishing and implementing key supporting policies, with mandatory training being rolled-out. Promoting our value-based culture and further awareness building and training related to our business ethics and anti-corruption policies continued. We believe that these are important factors to ensure that our people are comfortable raising concerns or seeking guidance and at the same time know what to do in challenging situations.

For 2024, we will continue to raise awareness of business ethics by holding trainings for applicable employees and managers on the Supply Chain Management Policy and updated Code of Conduct. In addition, we continue communications efforts to all stakeholders around business ethics topics.

For procurement, we continued mapping key human rights and ESG risks in our supply chain, utilizing questionnaires and scorecards to identify and recognize those suppliers who embody our ESG values. As part of our human rights due diligence, we assessed and categorized all suppliers according to risk area using reputable human rights indices, and performed individual follow-ups based on these evaluations. We also started further direct engagements with high-impact suppliers to better understand their ESG risks and mitigating activities, which will continue in 2024, with the target of refining a preferred supplier program within our largest business area, Hexagon Agility to measure our supply base across ten specific metrics including ESG. This new supplier selection process will also focus on compliance with our Supplier Code of Conduct as well as establishing a minimum EcoVadis score in advance of any new business awards.

### Targets 2024

- Further develop and deepen our knowledge of our supply chain by implementing our preferred supplier program, evaluating our supply chain across ten metrics, including human rights protections and other ESG metrics.
- Implement EcoVadis environmental and social screening as a key requirement for all new suppliers and evaluate 95% of current suppliers
- Work closely with our supply chain on sustainability improvements including implementing ESG criteria in the preferred supplier qualification process.
- Continue implementing relevant supporting policies to our Code of Conduct and revise existing policies annually to close perceived gaps.
- Develop and roll out Supply Chain Management Policy and Code of Conduct training programs to employees.
- Develop a global responsible export policy.





Statsautoriserte revisorer  
Ernst & Young AS

Langelandsvegen 1, DaaeGården  
6010 Ålesund

Foretaksregisteret: NO 976 389 387 MVA  
Tlf: +47 24 00 24 00

www.ey.no  
Medlemmer av Den norske Revisorforening

## INDEPENDENT ACCOUNTANT'S ASSURANCE REPORT

To the board of directors in Hexagon Composites ASA

### Scope

We have been engaged by Hexagon Composites ASA to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Hexagon Composites ASA's sustainability reporting as defined and specified in the Hexagon Composites ASA's GRI Index (see the document GRI content index 2023 on <https://hexagongroup.com/sustainability/esg-resources> (the "Subject Matter") as for the year then ended.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual report, and accordingly, we do not express a conclusion on this information.

### Criteria applied by Hexagon Composites ASA

In preparing the Subject Matter, Hexagon Composites ASA applied the relevant criteria from the Global Reporting Initiative (GRI) sustainability reporting standards (the "Criteria"). The Criteria can be accessed at [globalreporting.org](http://globalreporting.org) and are available to the public. Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the Subject Matter information may not be suitable for another purpose.

### Hexagon Composites ASA's responsibilities

The Board of Directors and the Group President & CEO (management) are responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

### EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance *Engagements Other Than Audits or Reviews of Historical Financial Information* (*ISAE 3000*). This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects,

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the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

### **Our Independence and Quality Control**

We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Description of procedures performed**

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Interviews with key personnel to understand the business and the reporting process
- Interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- Test on a sample basis the calculation Criteria against the methodologies outlined in the Criteria
- Analytical review procedures of the data
- Comparison, on a sample basis, of data with the underlying source information

Independent auditor's report - Hexagon Composites ASA 2023

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3

- Comparison of the presentation of the Subject Matter with the presentation requirements outlined in the Criteria.

We believe that our procedures provide us with an adequate basis for our conclusion. We also performed such other procedures as we considered necessary in the circumstances.

### Conclusion

---

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as for the year then ended in order for it to be in accordance with the Criteria.

Ålesund, 21 March 2024  
ERNST & YOUNG AS

A handwritten signature in black ink, appearing to read 'War-André Norvik', is written over the printed name.

War-André Norvik  
State Authorised Public Accountant (Norway)

Independent auditor's report - Hexagon Composites ASA 2023

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## APPENDIX 1

**Methodology – summary description**

The data we used to calculate the greenhouse gas (GHG) account comes from internal and external sources and is calculated with the help of sustainability experts from SpareBank 1 Regnskapshuset SMN AS. Reported metric tons of CO<sub>2</sub> equivalents (tCO<sub>2</sub>e) are calculated per the Greenhouse Gas Protocol, its standards, recommendations, and guiding documents.

To report a complete scope 1-3 GHG account, we use two methodological approaches. The first approach is the physical data collection method, which involves collecting and analyzing all inputs of raw materials and energy carriers that go into the manufacture of Hexagon's products. This approach highlighted the most significant contributors to the GHG account. For these key flows, comprising 53% of our GHG account, life-cycle assessment-based GHG intensities were collected.

The second approach is the spend-based approach, which attributes a carbon emission intensity to all activities included in our financial reporting. Here, environmentally extended input-output analysis (EE-IOA) data is used to derive GHG intensities per monetary unit spent. This method helps to fill the data gaps for the remaining 47% of our GHG emissions, which covers the purchase of all other raw materials, facility management services, investments in capital equipment, and so forth.

The combination of these approaches allows us to report with a high degree of completeness while ensuring that specific carbon emissions are reported for key raw materials and energy carriers. This further enables us to set a baseline for carbon mitigation strategies aligned with our ongoing commitment to the Science Based Targets initiative.

## APPENDIX 2

## Stakeholder engagement

Key topics	How we engage/arena for dialogue	Direct/indirect impact on Hexagon
<b>Employees and potential employees</b>		
<ul style="list-style-type: none"> <li>• Workforce development</li> <li>• Occupational health and safety</li> <li>• Diversity and inclusion</li> <li>• Local community relations</li> </ul>	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Townhalls</li> <li>• Strategy updates</li> <li>• Departmental meetings</li> <li>• Employee engagement surveys</li> <li>• Workplace and intranet</li> <li>• Trainings</li> </ul>	<p>Hexagon's employees are essential for the company to achieve its goals and ambitions regarding sustainability. Hexagon has a direct impact on employees through our its policies and agreements, and can indirectly affect employee engagement through active dialogue and day-to-day interaction.</p>
<b>Customers</b>		
<ul style="list-style-type: none"> <li>• Low carbon technology solutions for our customers</li> <li>• Climate action</li> <li>• Responsible procurement</li> <li>• Product lifetime</li> <li>• Governance</li> <li>• Human rights in our supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Emails and meetings</li> <li>• Site visits and audits</li> <li>• Conferences and industry events</li> <li>• Websites</li> <li>• Reports and presentations</li> <li>• Press releases</li> <li>• Customer satisfaction surveys/scorecards</li> </ul>	<p>Hexagon's customers directly impact the company through their purchasing behavior. Enabling our customers to meet their sustainability targets is part of what drives Hexagon's business forward.</p>

## Key topics

## How we engage/arena for dialogue

## Direct/indirect impact on Hexagon

## Owners, analysts, investors and financial community

- EU taxonomy
- External ESG Ratings
- Responsible procurement
- Anti-corruption and integrity
- Corporate Governance and compliance

- Financial presentations & stock exchange releases
- Annual General Meeting
- Meetings and roadshows
- Individual meetings
- Sustainability and annual report
- Website

Investors and owners have a direct impact on the company through its control functions.

## Partners and suppliers

- Responsible procurement
- Human rights in our supply chain
- Anti-corruption and integrity

- Email
- Supplier questionnaires
- Social media
- Website
- Meetings and industry events
- Press releases
- Supplier visits/audits

Hexagon's suppliers are economically affected by the company and their responsibility is indirectly affected by Hexagon's focus on responsible business practices and the expectations placed on them by the company.

## National/international regulators, NGOs and governments

- Responsible procurement
- Anti-corruption and integrity
- Human rights in our supply chain
- Diversity and inclusion
- Local community relations
- Climate action

- Partnerships
- Conferences
- Community and industry events
- Public forums
- Committees and industry advisory boards

Regulations and local governments can directly affect Hexagon's business operations and strategy through regulations and legislations. NGO's can indirectly impact Hexagon by influencing regulations and frameworks.

## APPENDIX 3

## Hexagon Composites data

## Greenhouse gas emissions avoided

Metric tons	2023	2022	2021
Mobility and infrastructure solutions	1 460 000	1 300 000	1 100 000
LPG cylinders	46 030	50 690	51 680
<b>Total emissions avoided</b>	<b>1 506 030</b>	<b>1 350 690</b>	<b>1 151 680</b>

Employees per region and gender<sup>1</sup>

	Female	Male	Total	Female per country %
Norway	32	133	165	19%
Germany	13	159	172	8%
USA	176	603	779	23%
Canada	8	23	31	26%

<sup>1</sup> Full-time equivalents per 31.12.2023

## APPENDIX 4

## Hexagon Purus data 1 January - 30 June 2023

## Waste data

Metric tons	01.01-30.06.23
Carbon fiber recycled	0
Cardboard Recycled	0
Paper Recycled	16
Metal recycled	242
Plastic Recycled	3
Paint recycled	0
Wood Recycled	20
Mixed Waste recycled	62
Food waste recycled	0
Solid waste to energy	0
Solid waste to landfill	41
Non-hazardous waste	384
Hazardous waste	0.5
<b>Total amount of waste generated</b>	<b>384.5</b>

## Energy consumption

GJ	01.01-30.06.23
Non-renewable fuel consumption	3 246
Electricity consumption	9 674
Heating consumption	71

Emissions scope – greenhouse gas emissions <sup>1</sup>

Tons of CO <sub>2</sub> equivalent	01.01-30.06.23
Scope 1 (direct emissions)	103.5
Scope 2 (location based)	820
Scope 2 (market-based)	189.5
Scope 3	13 879
<b>Total 3<sup>2</sup></b>	<b>14 803</b>

<sup>1</sup> Assumed 50/50 ration from Hexagon Purus ASA's full year numbers for 2023

<sup>2</sup> Total does not include market-based

## Scope 3 emissions

Tons of CO <sub>2</sub>	01.01-30.06.23
Purchased goods and services	7 279
Capital goods	5 991
Fuel- and energy-related activities (not included in scope 1 or scope 2)	280
Upstream transportation and distribution	Not reported
Waste generated in operations	26
Business travel	303
Employee commuting	Not reported
Upstream leased assets	Not reported
<b>Sum Scope 3 upstream</b>	<b>13 879</b>

## Glossary

<b>ASA</b>	Public Limited company in Norway	<b>FLEET OWNER</b>	Company that owns and operates groups of motor vehicles owned or leased by a business, government agency or other organization	<b>NO<sub>x</sub></b>	Nitrogen oxides (NO <sub>x</sub> ). A generic term for toxic gas molecules that are chemical compounds between nitrogen and oxygen, a significant component of air pollution
<b>BAR</b>	Unit of pressure 1 millibar = 100 N/m <sup>2</sup>	<b>GHG</b>	Greenhouse Gas	<b>NGO</b>	Non-Governmental Organization
<b>BIOGAS</b>	Produced from raw materials such as agricultural waste, manure, municipal waste, plant material, sewage, green waste or food waste. Also referred to as biomethane or renewable natural gas	<b>HYDROGEN</b>	Light, colourless gas (Symbol H), produced on an industrial scale	<b>OEM</b>	Original Equipment Manufacturer
<b>BEV</b>	Battery Electric Vehicle	<b>IA</b>	Inclusive Workplace	<b>OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES</b>	Recommendations from the Organisation for Economic Co-operation and Development (OECD) on responsible business conduct addressed by governments to multinational enterprises
<b>CNG</b>	Compressed Natural Gas	<b>ISO</b>	International Organization for Standardization – publishes standards in a large number of areas	<b>PARTICULATE MATTER</b>	Generic term to classify air pollutants comprising of suspended particles in air, varying in composition and size
<b>CO<sub>2</sub></b>	Carbon Dioxide	<b>JOINT VENTURE</b>	Legally signed contractual agreement whereby two or more parties undertake an economic activity	<b>X-STORE®</b>	High-pressure composite cylinder for bulk transportation and storage of CNG
<b>COMPOSITE</b>	Combination of glass/carbon fibre and thermosetting plastic, exploiting the malleability of the plastic and the stiffness and strength of the glass/carbon fibre	<b>LDV</b>	Light-Duty Vehicle	<b>RESIN</b>	Chemical adhesives for strengthening glass and/or carbon fiber
<b>CODE OF CONDUCT</b>	An outline of the norms, rules, and responsibilities or proper practices of an individual party or an organization	<b>LNG</b>	Liquefied Natural Gas	<b>RNG</b>	Renewable Natural Gas Pipeline compatible gaseous fuel derived from biogenic or other renewable sources that has lower lifecycle carbon dioxide equivalent (CO <sub>2</sub> -eq) emissions than geological natural gas
<b>EBIT</b>	Earnings before interests and taxes	<b>LPG</b>	Liquefied Petroleum Gas (propane gas)	<b>R&amp;D</b>	Research & Development, activities that companies undertake to innovate and introduce new products and services
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortization	<b>MOBILE PIPELINE®</b>	Gas distribution products		
<b>EV</b>	Electric Vehicle	<b>MAE TECHNOLOGY</b>	Modal Acoustic Emission Technology. Testing method used by placing transducers on the surface of a structure under test, applying stress to the structure and recording any ultrasonic stress waves caused by material fracture		
<b>FCEV</b>	Fuel Cell Electric Vehicle				

<b>SCIENCE BASED TARGETS (SBTs)</b>	Net-zero targets set by companies committed to the Science Based Targets Initiative (SBTi) to promote emission reductions in line with climate science and the Paris Agreement
<b>SCOPE 1</b>	Direct emissions calculated from fossil fuel consumption. Direct emissions from purchased services are reported in Scope 3
<b>SCOPE 2</b>	Indirect GHG emissions from purchased energy (electricity and heat). Scope 2 emissions are calculated in two ways. 100 per cent of reported emissions is based on activity data from operational business areas, such as invoices and meter readings
<b>SCOPE 3</b>	Indirect GHG emissions from the purchase of goods and services, including capital goods, upstream emissions from the production of fuels, transportation, operational waste and business travel

<b>STYREN</b>	Organic hydrocarbon used in the production of rubber and plastic components
<b>TITAN®</b>	High-pressure composite cylinder for bulk transportation and storage of CNG
<b>TYPE 1</b>	Steel cylinder
<b>TYPE 2</b>	Steel cylinder, composite-reinforced
<b>TYPE 3</b>	Composite cylinder with metal liner
<b>TYPE 4</b>	Composite cylinder with polymer liner
<b>U.S. DOT U.S.</b>	Department of Transportation
<b>WHISTLEBLOWING</b>	Reporting information about an activity within a private or public organization that is deemed illegal, immoral, illicit, unsafe or fraudulent

## Financial calendar 2024

### Annual General Meeting

17 April 2024

### 1<sup>st</sup> quarter 2024

8 May 2024

### 2<sup>nd</sup> quarter and half year report 2024

15 August 2024

### 3<sup>rd</sup> quarter 2024

7 November 2024

### 4<sup>th</sup> quarter 2024

13 February 2025

### Details

Interim report and presentation material will be released at 07:00 CET and made available on [www.hexagongroup.com](http://www.hexagongroup.com) and [www.newsweb.no](http://www.newsweb.no).

The interim results are presented live at 8:30 am CET. Hexagon Composites ASA reserves the right to change the dates. All presentations are held in Oslo and are open to all interested parties.

Two weeks before the presentation of the interim report Hexagon Composites practice a quiet period where contact with analysts, investors and media are limited. This is done to minimize the risk of information leakage and potential different information in the market.

## Contact us

### IR contact

Ingrid Aarsnes  
VP Investor Relations & ESG  
Phone: +47 950 38 364  
[ingrid.aarsnes@hexagongroup.com](mailto:ingrid.aarsnes@hexagongroup.com)

### Address

Hexagon Composites ASA  
Korsegata 4B  
6002 Ålesund  
Norway

Phone: +47 70 30 44 50  
[office@hexagongroup.com](mailto:office@hexagongroup.com)  
[hexagongroup.com](http://hexagongroup.com)



[hexagongroup.com](https://hexagongroup.com)