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# Kabal Sustainability Report 2023





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# About us

Kabal provides logistics solutions that enhance planning and communication in the oil & gas industry.

The company was founded in 2011 by two entrepreneurs with experience in energy industry logistics and IT. The goal was to digitalize energy logistics by creating one common platform for operators and suppliers. The software-as-a-service (SaaS) solution is used across the globe by most of the world's leading energy companies and 40,000 end users.

By efficiently matching resources – such as people, equipment and transport – to the needs of oil & gas operators, the software dramatically reduces logistics-related costs and pollution.

The company is headquartered in Stavanger, Norway, with additional offices in Lithuania, the United Kingdom, the United States, Brazil, United Arab Emirates and Malaysia.

Kabal complies with the rigorous expectations of customers and the industry. Its Information Security Management System is ISO 27001 certified (SOC2 equivalent). The confidentiality, integrity and availability of data is Kabal's prime concern.

171

NOK m revenue

66

FTEs

99

tCO<sub>2</sub>-eq

0

Accident rate

## Areas of key sustainability-related risks and opportunities

- Carbon footprint management
- Talent management & retention
- Service quality
- Data security & privacy
- Governance & ESG strategy



# Introduction

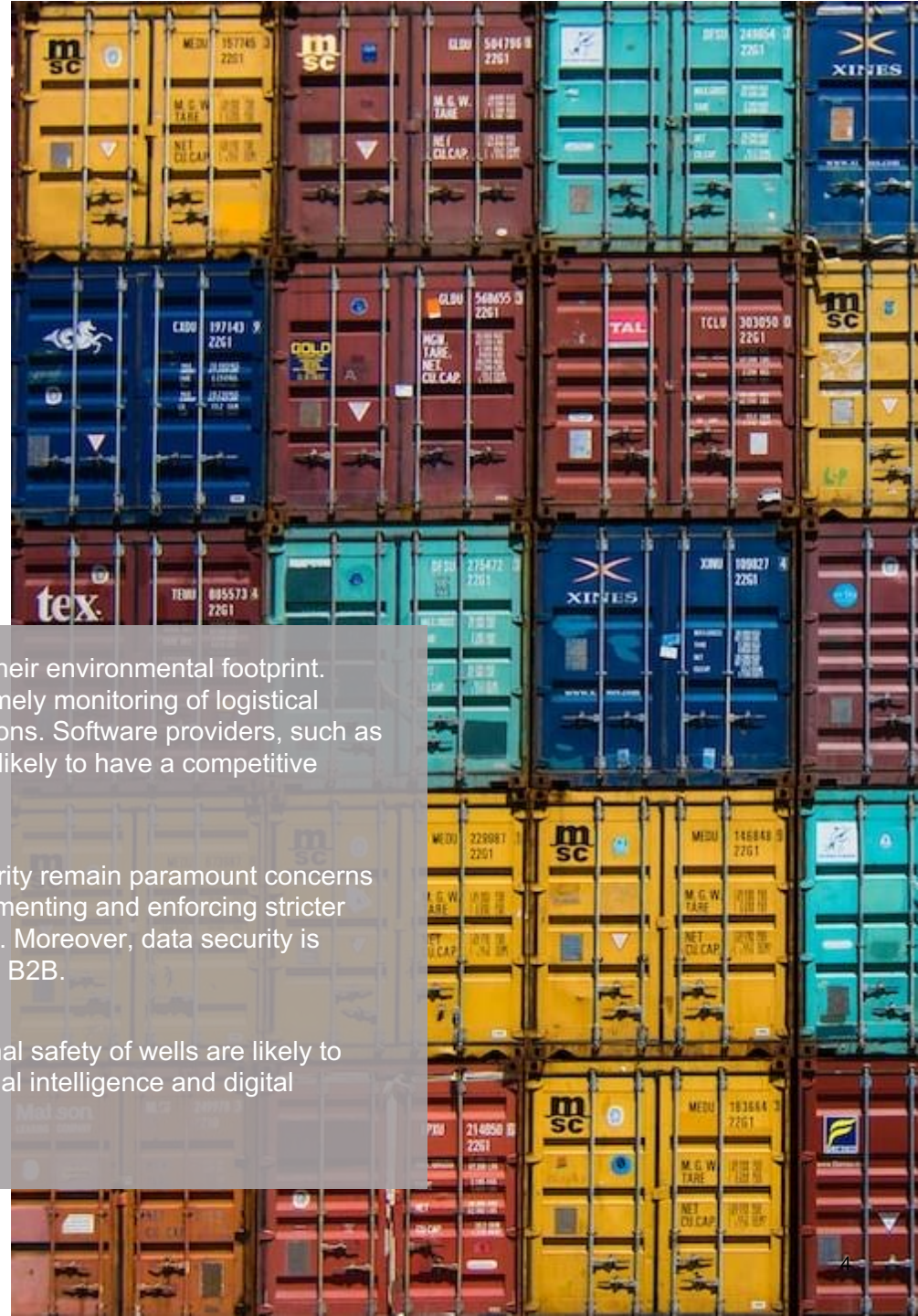
We look at the relevance of sustainability from an industry perspective, and the vision over the longer-term. We have identified focus material themes, selected with a view of the full value chain and reviewed on an annual basis.

We have identified some key performance indicators (KPI) on the identified material themes and reflect on these throughout this report. Finally, we have identified value creation opportunities and formulated an action plan to drive progress.

Companies in the energy and marine industry are looking for ways to reduce their environmental footprint. There is a growing demand for software companies that provide clients with timely monitoring of logistical movements to increase operational efficiency, thereby lowering carbon emissions. Software providers, such as Kabal, that can quantify the positive impact of their product or/and service are likely to have a competitive advantage.

Due to the increasing number of privacy-related issues, data privacy and security remain paramount concerns in the software services industry. Regulatory bodies such as the EU are implementing and enforcing stricter regulations (e.g., GDPR) by imposing large fines on non-compliant companies. Moreover, data security is increasingly more important in the world of software provision in both B2C and B2B.

Looking towards the future, services that drive greater efficiency and operational safety of wells are likely to increase further over the coming decades, with an increasing number of artificial intelligence and digital solutions becoming available.



# Key themes across our value chain

	SUPPLIERS	OPERATIONS	CUSTOMERS
<b>ENVIRONMENTAL</b>			
Climate & energy	Carbon footprint management		Impact of products & services
Material circularity			
Biodiversity & ecosystems impact			
<b>SOCIAL</b>			
Employee well-being		Talent management & retention	
Customer impact			Service quality
Corporate citizenship			
<b>GOVERNANCE</b>			
Corporate governance		Data security & privacy	
Supply chain management			
Business resilience & ESG		Governance & ESG strategy	

## Carbon footprint management

Companies should align carbon emission strategies with international climate goals. Business travel is the biggest contributor of carbon emissions for Kabal.

## Talent management & retention

The demand for technologically savvy personnel is higher than ever and therefore it is important to coordinate the HR policy to ensure the maximum attraction and retention of personnel.

## Service quality

Ensuring quality of the service offering is critical for companies to ensure long-term customer retention and business growth.

## Data security & privacy

Companies are handling more sensitive customer data than ever and therefore it is important to have check and balances in place to ensure the safekeeping of that data.

## Governance & ESG strategy

Integrating ESG and sustainability knowledge and establishing best practices throughout the company, enables ESG and value creation to coincide.



# Carbon footprint

Kabal cares about reducing the impact it has on the environment. 100% of the electricity procured by Kabal is of renewable origin, backed by Guarantee of Origin certificates. Kabal is also looking to further reduce office electricity consumption through installing an automatic light switches system (powered by sensors). The company will also focus on improving insulation of windows to increase energy savings.

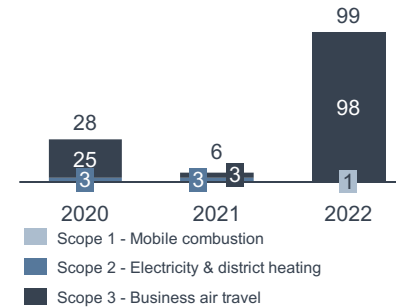
Kabal's cloud solutions are hosted through Amazon Web Service (AWS) and Microsoft. The energy consumption of data centres is not monitored; although Kabal is aware that it is powered by 50% renewable energy and that AWS has the ambition to become net-zero by 2040.

Kabal has implemented a novel methodology where it can obtain the carbon footprint of its data centre suppliers (e.g. AWS and Microsoft). This new methodology also enables the company to manage its carbon footprint till a further extent. The methodology is also integrated in the selection process for new suppliers by the procurement division.

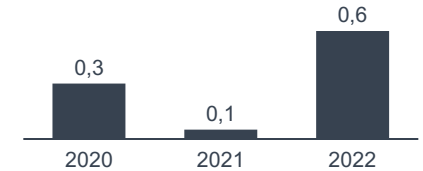
100% | Renewable energy procured

<sup>1</sup>As defined by The Greenhouse Gas Protocol; The carbon footprint includes the GHG emissions CO<sub>2</sub>, and is expressed in equivalent tonnes of carbon dioxide (tCO<sub>2</sub>e). Source: Greenhouse Gas Protocol, Company data, MJ Hudson analysis

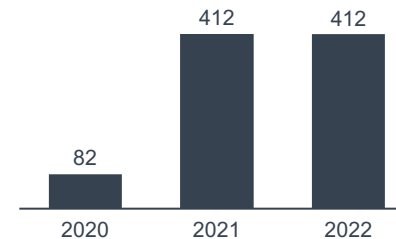
**Carbon footprint<sup>1</sup>**  
tCO<sub>2</sub>-eq



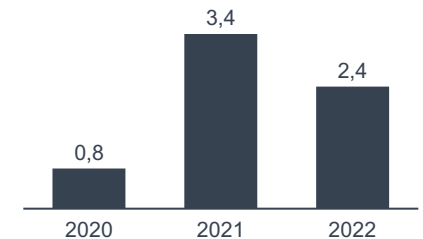
**Carbon intensity**  
tCO<sub>2</sub>-eq/NOKm



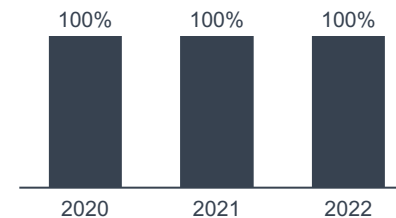
**Energy consumption**  
MWh



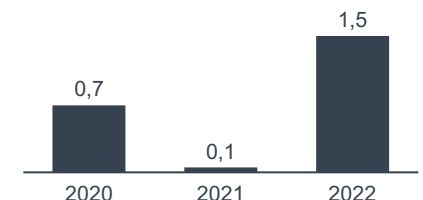
**Energy intensity**  
MWh/NOKm



**Share of renewable energy**  
%



**Carbon intensity of travel per employee**  
tCO<sub>2</sub>-eq/FTE



# Talent management & retention

In 2022, Kabal introduced the "Kabal Academy", which is a 3 level training program for all of its staff, including:

1. General introduction to the industry
2. General introduction to the Kabal's software
3. Discipline specific training, e.g. IT, sales, etc.

Kabal has been hosting share & learn sessions to promote diversity. Interactive sessions have been organised in cooperation with the ODA Network, an organisation for women in tech in the Nordics, of which some Kabal employees are members.

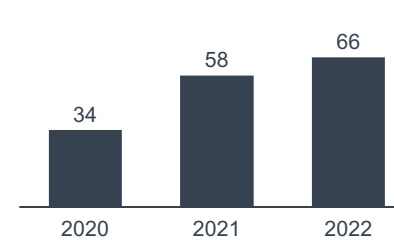
Kabal continues to maintain a STOP card system where employees are encouraged to raise issues, observations, etc. The STOP card system means that an employee can 'stop' work in case of feeling that a certain action might lead to uncomfortable behaviour or a potential accident. The target for 2023 is to issue 700 STOP cards.

In 2022, Kabal moved to a new office building including a new restaurant with a dedicated chef, playroom, height elevated desks, social meeting rooms and available space for growth.

Kabal offers reduced rates for health center and gym membership to employees, encouraging adoption of healthier lifestyles.

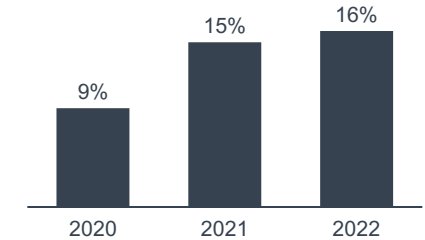
## Employees

FTE



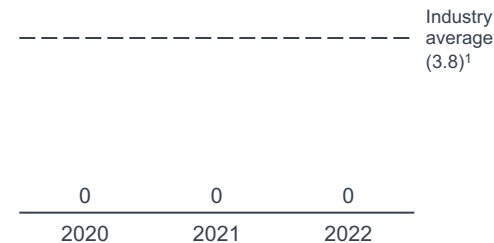
## Employee turnover

%



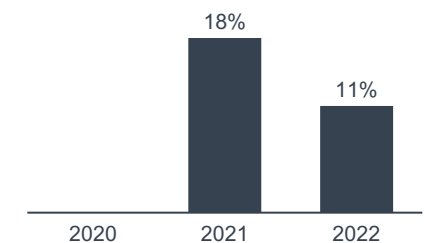
## Accidents rate

# accidents / 1,000 FTE



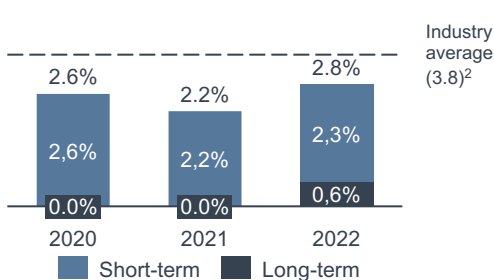
## Unadjusted gender pay gap

%



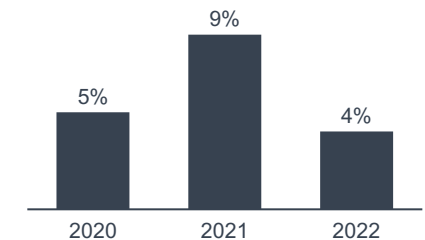
## Absenteeism

%



## Training budget

% of payroll



<sup>1</sup>Benchmark of all industries combined in Norway in 2021; <sup>2</sup>Benchmark of companies providing SaaS services in Norway in 2020

Source(s): MJ Hudson database, Norwegian Statistics Bureau

# Service quality

Kabal aims to continuously improve its service quality and can be considered a market leader in its field. In 2023, the focus will be on scoping the specific necessities required to improve service quality and finish off software deliverables in progress.

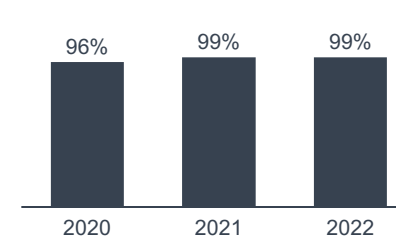
Service quality is monitored through the resolved number of IT inquiries and the time spent on bug fixes in the IT department.

Although there is no formal customer satisfaction survey in place, customer feedback is monitored closely through planning individual client meetings. Kabal assigns one key account manager for each customer, who is in frequent contact with the to follow-up on outstanding actions and inquiries.

Kabal is working on determining KPIs for the quantification of impact made through its software (e.g. carbon savings).

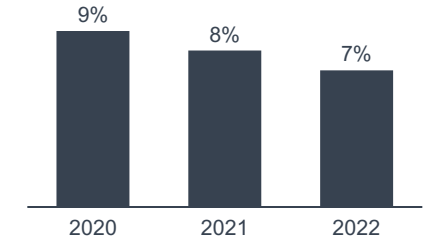
## Resolved IT inquiries

%



## Time spent for bug fixes

% of total time of IT department



99%

Resolved IT inquiries





# Data security & privacy

To support robust data security and privacy, Kabal has certified its information security management system with ISO 27001 (accredited in 2020). This implies that policies and procedures on data management are established and in line with ISO 27001 and GDPR requirements. The ISO 27001 (information security) certification is audited on an annual basis by a third-party 'DnV'.

Over the past few years, Kabal has reported zero cases of severe security breaches or hacking incidents.

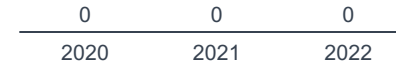
100% of employees received information and security awareness training, which occurred either in 2021 or 2022.

ISO 27001

Certified

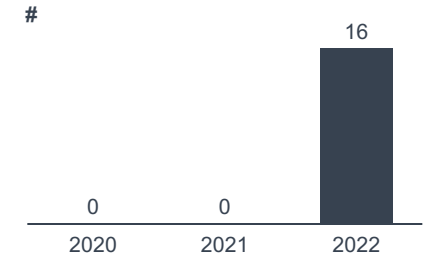
## Data security incidents

#



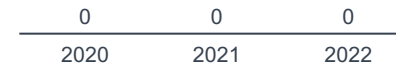
## Employees who received cybersecurity training

#



## Data policy breaches

#



## GDPR complaints

#



# Governance and ESG strategy

In 2022, Kabal has been working on creating a sustainability page for its website, including publication of its annual ESG report.

Kabal has investigated the opportunity to further enhance the ESG credentials of the software system through impact quantification. This will be further explored in 2023.

In 2022, a team building session was arranged to discuss what values mean Kabal's employees. The key values and takeaways from the session were summarized and presented in a lunch and learn.

The company has a fulltime compliance officer and Kabal has a live risk management process, where relevant risks are addressed on a regular basis. The responsibility of compliance risks is owned by the Chief Legal Officer who attends all risk management meetings.

There are currently five members of the board, of which four are independent and one of whom is a woman. The board also approves relevant procedures/policies that refers climate-related risks and opportunities and discussed ESG twice a year.

Kabal makes yearly contribution to an international not for profit organisations (e.g. Doctors Without Borders) and to a local (Norwegian) not for profit organisations (Asfalt).

Policy <sup>1</sup>		Comment
ESG / CSR policy	✓	› Revised in October 2021
Code of Conduct / Employee Handbook	✓	› Revised in October 2021
Sanctions procedure	✓	› Formalised in trade compliance policy; updated in 2021
Third-party risk management procedure	✓	› Formalised in trade compliance policy; updated in 2021
Supplier Code of Conduct	✓	› Revised in October 2021
Contract policy	✓	› Longstanding; material changes made in 2021
Diversity / anti-discrimination policy	✓	› Revised in October 2021
Anti-corruption and anti-bribery policy	✓	› Revised in October 2021
Whistleblowing policy	✓	› Revised in October 2021
Anti-trust policy	⌚	› To be implemented in 2023
Data / privacy / IT security policy	✓	› Information Security Handbook; revised in October 2021
Dawn raid procedures	⌚	› To be implemented in 2023
Health & safety policy	✓	› Revised in October 2021
Social media policy	✓	› Covered in Information Security Handbook

✓ Implemented

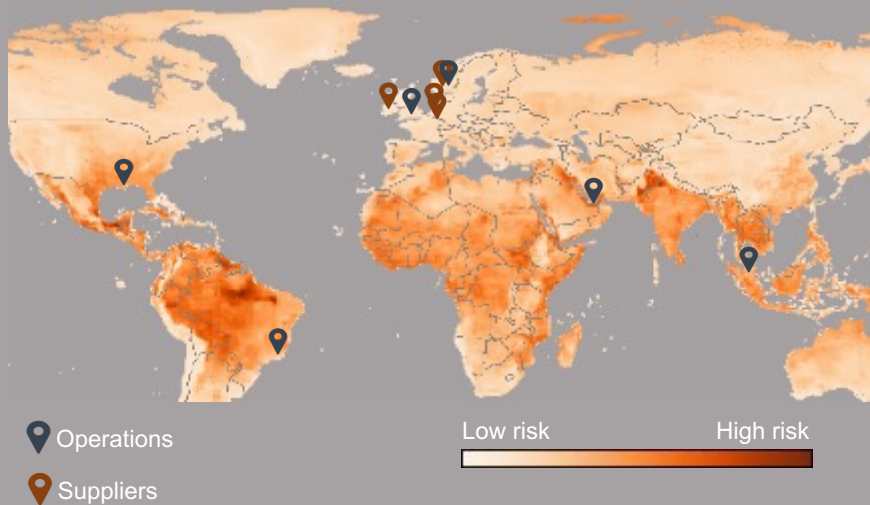
⌚ In progress

✗ Not implemented

<sup>1</sup>Observations based on provided data in WorldFavor

# Overview of climate-related risks & opportunities

## Climate-related physical risks facing Kabal & its suppliers



Kabal's operations are located in Northern Europe, North and South America, the Middle East, and Southeast Asia. Nordic operations are predominantly impacted by more frequent cyclonic events along their coasts. Operations in warmer climates (e.g., Malaysia, UAE & Brazil) are at risk of high heat stress, and more heat waves (UAE), lower precipitation, and changes in snowfall patterns (Brazil). Kabal is at greater risk of climate-related physical risks due to the vast spread of operations in high-risk areas. Kabal's suppliers are less exposed to climate-related risks due to their northern geographies.

<sup>1</sup>Based on the three RCP scenarios: RCP 2.6 (very strong mitigation, <2 °C), RCP 4.5 (strong mitigation, 2-3 °C), and RCP 8.5 (business as usual, >3 °C); <sup>2</sup>Out-of-10 risk scores, with a score of 10 denoting the highest long-term global risk or opportunity; <sup>3</sup>Based on three NGES scenarios – Net Zero 2050 (1.5°C), Below 2°C (2°C) and Current Policies (3.5°C).

Source: MJ Hudson analysis

## Overview of climate-related transition risks & opportunities

Kabal faces the highest reputational risks due to their operations in Brazil and the UAE as well as technological risks in the long term. Despite this, Kabal's product offerings are in line with a low-carbon economy, and thus, their market opportunities are expected to grow over time.

Climate-related metric	Scenario	Short- & medium-term impact	Long-term impact
Physical risk score <sup>1,2</sup>	< 2 °C	0,9	1,3
	2 °C -3 °C	0,9	1,6
	> 3 °C	0,9	2,0
Transition risk score <sup>2,3</sup>	1.5 °C	3,7	5,4
	2 °C	3,1	4,5
	3.5 °C	2,7	3,9
Opportunity score <sup>2,3</sup>	1.5 °C	6,3	7,5
	2 °C	6,9	7,6
	3.5 °C	4,3	5,4

## Climate-related risks & opportunities in the value-chain



Kabal's suppliers are vulnerable to high technology risks due to market pressures which can be mitigated by using green energy and improving resource efficiency. Worldwide customers are exposed to technological and market risks which can be addressed via low-carbon and circular solutions (e.g., waste management).

Type	Upstream		Downstream	
	2025	2050	2025	2050
Physical risks	Low (0.6)	Low (1.2)	Low (0.7)	Low (1.3)
Transition risks	Medium (3.7)	Medium (4.6)	Medium (3.6)	Medium (4.5)
Opportunities	Medium (4.7)	Medium (5.2)	Medium (4.3)	Medium (5.5)



# Targeted UN SDGs

As a company providing smart logistics planning for the Oil and Gas Industry, Kabal is exposed to potential negative impacts on carbon emissions (SDG 13) and marine biodiversity (SDG 14). For both these SDGs major or significant challenges still remain in relation to these SDGs in Norway. Kabal demonstrates alignment with these two SDGs through the ability of its software to optimise travel routes of marine vehicles which reduces emissions coming from fuel use and acidification of oceans.

Company activity	SDG	SDG target	SDG indicator	Description of contribution
Help carbon-intensive industries reduce emissions by optimizing logistics efficiency		<b>13.2:</b> Integrate climate change measures into (national) policies, strategies, and planning.	<b>13.2.1:</b> Number of countries that have communicated an integrated plan for adaptability and resilience to climate change; for companies: GHG contribution to national emissions.	Kabal provides companies with the tools to minimize their emissions through logistical planning and management. This includes guidance on efficient loading, fleet timing and route optimisation and others.
Minimise the time that pollutant boats spend on sea routes through smart planning		<b>14.3:</b> Minimise and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels	<b>14.3.1:</b> Average marine acidity (pH) measured at agreed suite of representative sampling stations	Through efficient planning, clients are able to reduce the number of ships used to transport cargo and optimize routes used to reduce the amount of time polluting boats are travelling through the sea.

# Priority project: ESG narrative expansion

## Rationale

A compelling sustainability narrative informs stakeholders that Kabal takes actions to protect its clients, communities, and the environment in the way it conducts its business. As a company that provides software that could potentially create carbon savings, it is important to practice what you preach through your offering.

## Description

The company needs a slightly different focus in relation to the sustainability page to illustrate to potential clients that Kabal cares about limiting environmental impact and creating value. It's suggested that concrete information on sustainability performance is provided (e.g. 100% renewable electricity), with targets/commitments, and an improved narrative on (maritime) biodiversity (e.g. company position on support towards non-profit maritime organisations, how certain NGOs are chosen in terms of being supported, etc).

## Responsible people

- Charlotte Pedersen (Finance Manager)
- Einar Valheim (CFO)

## Potential KPIs

- Customer traffic on sustainability webpage (%)



## Timeline

Q2 2023

Q3 2023

Q4 2023

Q1 2024

## Action

- Plan sustainability webpages based on company needs. Consider covering biodiversity, performance and longer-term commitments
- New/revised sustainability page can be launched in an initial phase focusing on ethos (vision, statements on DEI, anti-slavery, biodiversity, etc)
- Sustainability pages can be further enhanced with KPIs, case studies, etc; consider relationships with NGOs
- Consider launching a collaboration with a charitable initiative/NGO; implement a schedule for updating of ESG information

# Priority project: Diversity expansion

## Rationale

A diverse workforce brings varying perspectives to the workplace, supporting innovation, sparring during decision making and overall providing more complete view of the Kabal experience. Identifying issues within diversity can also support the company in understanding its own culture and inclusivity, allowing for an improved understanding of it's messaging to external stakeholders.

## Description

The project will entail pursuing and expanding several initiatives to enhance diversity in Kabal's workforce. Examples include:

- Mentorship and apprentice programs,
- Network events focused on supporting the needs of specific groups (e.g. women, minorities, younger/ older workers)
- Working arrangements (e.g. flexible working arrangements, parental leave policy)
- Revising hiring procedures (e.g. blind hiring, scanning job postings to prevent biased language).

## Responsible person

- Charlotte Pedersen (Finance Manager)
- Einar Valheim (CFO)

## Potential KPIs

- Employee satisfaction (# /100)
- Gender diversity (%)
- Female employee turnover (%)



## Timeline

## Action

- |              |  |
|--------------|--|
| 2023 Q2      | <ul style="list-style-type: none"><li>• Identify current diversity pain points; consider forming a working group to lead Kabal's DEI planning / implementation.</li><li>• Create a roadmap for the next 2 years covering initiatives and incl. KPIs.</li></ul> |
| 2023 Q3 – Q4 | <ul style="list-style-type: none"><li>• Pilot / roll-out prioritised initiatives across Kabal; consider starting with implementing processes that demonstrate fair and unbiased hiring practices.</li></ul>  |
| 2024 Q1      | <ul style="list-style-type: none"><li>• Evaluate and set targets for the year ahead;</li></ul>   |



# Priority project: Carbon reduction roadmap

## Rationale

Through increasing efforts towards reducing its CO<sub>2</sub> emissions, Kabal will reduce its contribution to climate change and support its position as a sustainability leader. This is particularly relevant given its business is within software.

## Description

The project entails building a carbon reduction plan. This would require a review of Kabal's sources of carbon emissions and how these can be reduced over time through a concrete roadmap. This may involve:

- Considering greener data centre alternatives
- Reducing business travel where feasible
- Reducing energy consumed in the office
- Considering carbon offsetting

## Responsible person

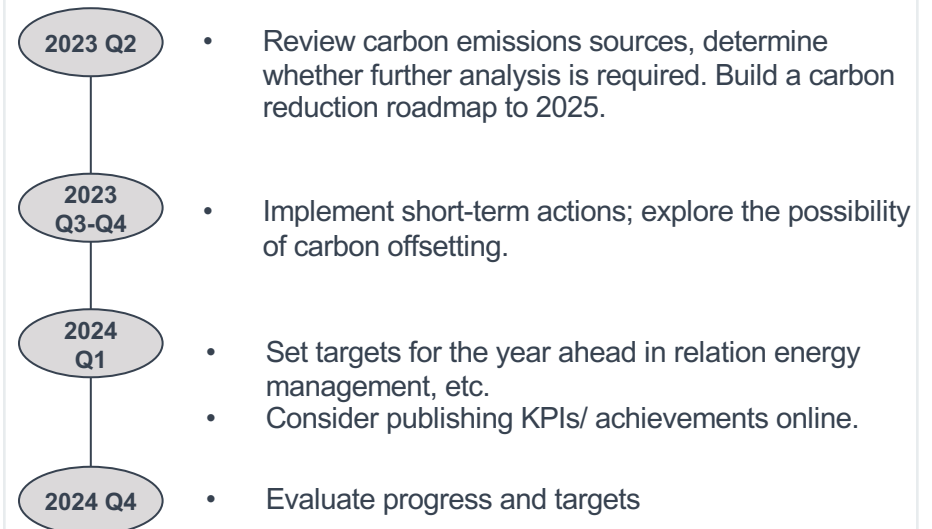
- Charlotte Pedersen (Finance Manager)
- Einar Valheim (CFO)

## Potential KPIs

- CO<sub>2</sub> emissions (tCO<sub>2</sub>-eq)



## Timeline Action



# Reporting parameters

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Legal name	Kabal AS
Org. nr	996787303
NACE sector code	J62.0 - Computer programming, consultancy and related activities
Location of headquarter	Skansegata 2, 4006, Stavanger, Norway
Nature of ownership	Majority owned by Norvestor, a leading Private Equity Fund
Reporting period	1/1/2022-31/12/2022
Publication date of the report	April 2023
Contact person	Charlotte Pedersen, <a href="mailto:charlotte.pedersen@kabal.com">charlotte.pedersen@kabal.com</a>

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