



HEXAGON

SUSTAINABILITY REPORT 2019





TIME FOR ACTION

PART OF THE SOLUTION

MATERIALITY APPROACH

**CLIMATE AND ENVIRONMENTAL EFFECTS
OF HEXAGON'S PORTFOLIO OFFERING**

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HIGHLIGHTS

OUR CONTRIBUTION

Agility's solutions have saved

400,000

tons of CO2 equivalent emissions ¹⁾
- equal to removing 80,000 passenger
cars off the road for one year

>40%

of all delivered LPG cylinders
in 2019 were to LDCs ²⁾

DIRECT EMISSIONS OF

~2,800

tons CO2 equivalent
emissions

R&D EFFORTS

~ NOK 140

million

DIVERSITY

22%

women in manager
and senior level roles

HEALTH SAFETY

0.49

of injury rate

1) Assuming no RNG source included

2) Least Developed Countries

TIME FOR ACTION



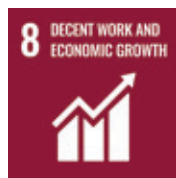
Why are environmental, social and governance factors so important to us? The simple answer is that controlling these factors is prudent risk management. At Hexagon we take ethical, environmental, social, and governance issues into account in every business decision we make. Our vision is enabling Clean Air Everywhere and our purpose is Driving Energy Transformation. In other words our model centers around sustainability, therefore these elements are an integral part of Hexagon's overarching goals.

Climate change, one of the world's greatest sustainability challenges, hits Hexagon right in the heart of its vision and purpose. The transport sector is the fastest growing contributor to climate emissions. The main growth driver of global transport energy demand and related emissions is

land transport, mostly through passenger cars and freight transport. According to the Intergovernmental Panel on Climate Change (IPCC) the transport sector produced 8.0 billion tons of CO₂ equivalent greenhouse gas emissions in 2018 and was responsible for approximately 24% of total energy-related CO₂ emissions.

Meanwhile in developing countries, many people rely on biomass such as firewood, charcoal and waste to meet their energy needs for cooking and heating. The World Health Organization estimates that around 3 billion people still use biomass as fuel to cook. This often results in unsustainable harvesting practices, as well as illness and premature death from indoor pollution.

PART OF THE SOLUTION



Hexagon focuses on reducing its own impact on the environment and providing innovative products and solutions that enable its customers to do the same. Good working conditions for employees and strong relationships with the local communities where Hexagon operates are key objectives. Hexagon prioritizes ethical conduct within its organization and supply chain including anti-corruption, product safety and respect for human rights.

Hexagon adopts The United Nations 2030 Sustainability Development Goals (SDGs) in its corporate strategy. Hexagon has identified six of the seventeen goals as the most relevant to the organization. These have been selected based on where Hexagon believes it has the most positive impact through its products and solutions.

CORPORATE SUSTAINABILITY MANAGEMENT

Hexagon has established several internal guidelines and is in the process of aligning its reporting with the Global Reporting Initiative (GRI).

Hexagon is a member of UN Global Compact and fully supports the universal principles on human rights, labor, the environment and anti-corruption.

Hexagon's executive management team bears overall responsibility for monitoring the company's sustainability goals, measures and results. Daily implementation of our sustainability and quality standards is a line management responsibility throughout Hexagon and its subsidiaries.

MATERIALITY APPROACH

In 2019 Hexagon conducted a materiality analysis to identify and prioritize the most important and relevant sustainability risks and opportunities throughout its value chain. The process represents the foundation for this year's Sustainability Report. The material sustainability topics for Hexagon were identified based on an assessment of key stakeholder expectations, the significance of social, economic and environmental impacts and relevance to our strategy. Stakeholders that were defined are groups that either are impacted by Hexagon, impact Hexagon and/or are invested in Hexagon's future development.

HEXAGON'S STAKEHOLDERS INCLUDE:

- Employees
- Investors and lenders
- Customers
- Local communities
- Suppliers
- Authorities
- Partners
- Media

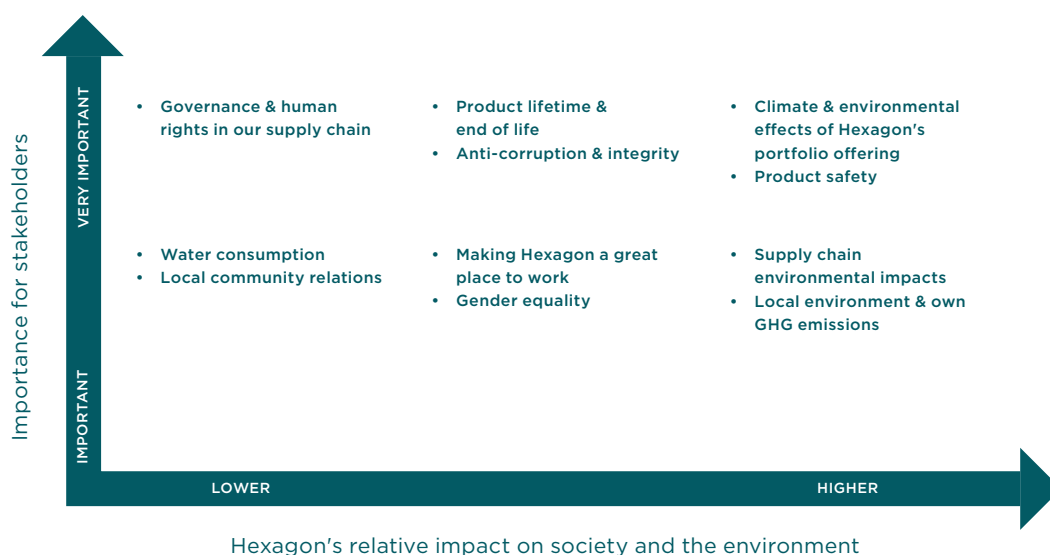
The topics identified, and their relative importance, can be viewed in the materiality matrix below. The most important strategic themes can be found in the top right corner of the matrix, with less material topics towards the bottom left.

ABOUT THE REPORT

During 2019 Hexagon has worked on creating a holistic reporting format for its sustainability disclosures. Therefore, this report addresses Hexagon, including all its business areas unless otherwise specified. Due to recent acquisitions of Agility Fuel Solutions and Digital Wave, there are some limitations to comparability between 2018 and 2019 figures. Going forward Hexagon will report comparable annual figures.

Hexagon's overall target for 2020 is to further improve its reporting and transparency across operations and value streams, by harmonizing its KPI reporting and monitoring.

MATERIALITY MATRIX



CLIMATE AND ENVIRONMENTAL EFFECTS OF HEXAGON'S PORTFOLIO OFFERING



Hexagon provides solutions across the alternative fuel spectrum. This includes high-pressure tanks and fuel systems for compressed natural gas (CNG), renewable natural gas (RNG), propane and hydrogen as well battery electric systems. Hexagon's strategic focus is to further expand its leadership position within gas mobility (g-mobility) and electric mobility (e-mobility) through innovation and world class manufacturing.

“Firms ignoring climate crisis will go bankrupt. There will be industries, sectors and firms that do very well during this process because they will be part of the solution. But there will also be ones that lag behind, and they will be punished.”

Mark Carney, Bank of England Governor, 13 October 2019

G-MOBILITY SOLUTIONS - THE FASTEST, MOST COST-EFFECTIVE ANSWER TODAY

Natural gas is one of the cleanest burning fuels available today, giving lower greenhouse gas (GHG), nitrogen dioxide (NOx) and particulate matter (PM) emissions versus petroleum fuels.

Hexagon's CNG tanks and systems are used in a wide range of applications. For instance, through its subsidiary Agility Fuel Solutions, it provides CNG fuel systems to medium and heavy-duty OEMs and fleets in North America and Europe. Hexagon Purus provides CNG tanks to light-duty vehicles in Europe and Hexagon Mobile Pipeline® delivers large capacity modules for gas transportation.

A CNG truck running on natural gas emits 13-21% less GHG emissions, 90% less NOx and almost zero PM versus comparable gasoline and diesel vehicles. When fueling with RNG, GHG emissions can be reduced significantly¹⁾.

Did you know: There are around 3.7 million Class 8 trucks in operation in the U.S. today. The great majority are still powered by diesel. By switching these from diesel to readily available natural gas, it is possible to avoid 127 million tons of CO2 emissions per year²⁾.

Agility's clean solutions have over the last three years cumulatively contributed over 400,000 tons of CO2 emissions saved, equivalent to taking 80,000 cars off the road for a year³⁾.

In 2019, Hexagon's CNG tanks for light-duty vehicles helped save over 12,000 tons of CO2⁴⁾.

Renewable natural gas (RNG)

RNG is commercially viable, supported by local and regional jurisdictions, fully interchangeable with existing natural gas infrastructure and based on proven technology. As a potentially carbon-negative solution, it contributes to reaching climate targets by reducing both CO2 tailpipe emissions and methane emissions from waste.

RNG can be generated from a variety of organic waste substances including municipal solid waste, sewage sludge, yard and crop wastes, food wastes and animal manure. RNG produced from organic sources through anaerobic digestion contains 45-65% methane. Without capture this methane can escape to the atmosphere where it is roughly 30 times more potent as a greenhouse gas than CO2. If this biogas is captured and treated to remove moisture, CO2 and other impurities, it can result in a gas that is up to 95% methane and is fully compatible with existing systems as a drop-in replacement for fossil natural gas.

Hexagon's cylinders and CNG fuel systems can run on 100% RNG whilst Hexagon's Mobile Pipeline® modules are a key enabler for transporting this zero-carbon fuel from rural producers to the gas grid and industrial users.

1) NGV America, Argonne GREET 2019

2) All assumptions regarding fuel usage, distance traveled, and emission factors are from the 2019 GREET model (<https://greet.es.anl.gov/>). Number of trucks is based on internal sales figures.

3) Assuming no RNG source included

4) Based on number of systems sold in 2019 and the emissions of a CNG VW Golf versus a similar performance diesel Golf using EU emissions test figures and average driving distances



Did you know: Capturing the methane from the waste of 7,900 pigs is comparable to removing CO₂ emission from 1,000 passenger cars ¹⁾.

E-MOBILITY, ENABLING THE ZERO-EMISSION FUTURE

Hexagon, through its subsidiary Hexagon Purus, is a world leading e-mobility systems provider, developing battery electric and hydrogen fuel cell electric technologies. Diversified hydrogen project pipeline

Hexagon Purus is currently involved in over 50 hydrogen development projects with various customers across a range of mobility and storage applications. This includes light-duty vehicles, heavy-duty vehicles, distribution, refueling stations, marine applications, trains and aviation. To learn more, read page 26-27 in Hexagon's 2019 Annual Report.

Hydrogen costs to fall sharply and sooner than expected

According to a recent study conducted by the Hydrogen Council, which Hexagon is a member of, and McKinsey & Company the cost of hydrogen can fall sharply and sooner than expected. This will be driven by the scale-up of hydrogen production, distribution, as well as equipment and component manufacturing. The cost is projected to decrease by up to 50% by 2030 for a wide range of applications, making hydrogen competitive with other low carbon as well as some conventional alternatives ²⁾.

Expanding battery electric (BEV) solutions

Hexagon Purus is also involved in several ongoing pilot programs for the delivery of battery packs and complete electric vehicle drivetrain integrations for medium-and heavy-duty trucks.

So far, Hexagon Purus has delivered battery packs and electric drivetrain integration to over 30 heavy-duty trucks. These trucks have already logged more than 100,000 miles (approx. 160,000 km) driven in daily operations.

LPG - IMPROVING PEOPLE'S QUALITY OF LIFE

In the least developed countries (LDCs) ³⁾ many people, particularly women, cook using wood, charcoal, animal dung or kerosene. These fuels produce hazardous particulates (soot) and air pollution that cause illnesses that the World Health Organization (WHO) estimates kill 4 million people prematurely each year ⁴⁾. The majority of people affected are the poorest members of developing nations.

LPG use on the other hand produces practically no particulates and the CO₂ footprint is 20% lower than that of heating oil and 50% lower than coal ⁵⁾.

Hexagon Ragasco participates in organized clean cooking alliance and cooking for life programs to promote the use of easy to handle composite cylinders across the LDCs. The lightweight and user-friendly attributes of the cylinders enable people, particularly women to spend less time cooking and gathering fuel and therefore more time on education and income generation. Hexagon Ragasco delivered over 40% of all its LPG cylinders to LDCs, up significantly from 2018.

Status and target

Each of Hexagon's business areas have identified and calculated their positive contributions to Hexagon's vision and purpose. Going forward Hexagon intends to set specific impact targets for all business areas.

1) California Air Resource Board and Hexagon own calculation

2) Hydrogen Council, Path to Hydrogen Competitiveness

3) United Nations Committee for Development Policy

4) World Health Organization, Household air pollution and health

5) World LPG Association

CLEAN AIR EVERYWHERE

Hexagon will maintain and strengthen its position as the leading player in the g-mobility and e-mobility space.



HEXAGON



HEXAGON'S PRODUCTS



PRODUCT SAFETY

Hexagon's products are used to transport and store highly flammable, pressurized gases making product safety a fundamental requirement. This is essential for our license to operate and is a key concern for Hexagon's stakeholders.

As a global leader within composite manufacturing, quality and operational excellence have always been at the forefront of how Hexagon works. Hexagon's cylinders offer a better and safer alternative to steel cylinders. Hexagon's LPG cylinders for example are resistant to Boiling Liquid Expanding Vapor Explosion (BLEVE) when engulfed in fire and are also fatigue and corrosion resistant.

All of Hexagon's products are tested and approved in accordance with established safety standards. To ensure continuous focus on quality Hexagon's global production sites have well established quality management systems. Hexagon is also certified to a variety of industry specific standards.

Hexagon expends significant manpower to ensure that safety standards are at their highest.

Status and targets

- 80% of Hexagon's manufacturing facilities are ISO 9001 certified.
- In 2020, Hexagon targets to have all its manufacturing facilities ISO 9001 certified.
- Hexagon aims to report on relevant product safety statistics going forward.

PRODUCT LIFETIME & END OF LIFE

Hexagon strives for continued improvement of the performance and impact of its cylinders. Hexagon Ragasco conducted a life cycle assessment (LCA) of its LPG lightweight composite cylinders in 2014 together with the Norwegian University of Technology and Science (NTNU) and the Norwegian research institute SINTEF. This study has helped Hexagon better understand how its cylinders impact the environment from raw materials to disposal. In addition, the analysis has provided a comparative understanding of conventional steel cylinders.

The data was generated from Hexagon's fully automated manufacturing facility in Raufoss, Norway, where approximately 2 million cylinders are manufactured per year. The LCA looked at three phases related to the lifetime of the LPG cylinders: production, use and end of life.

Production

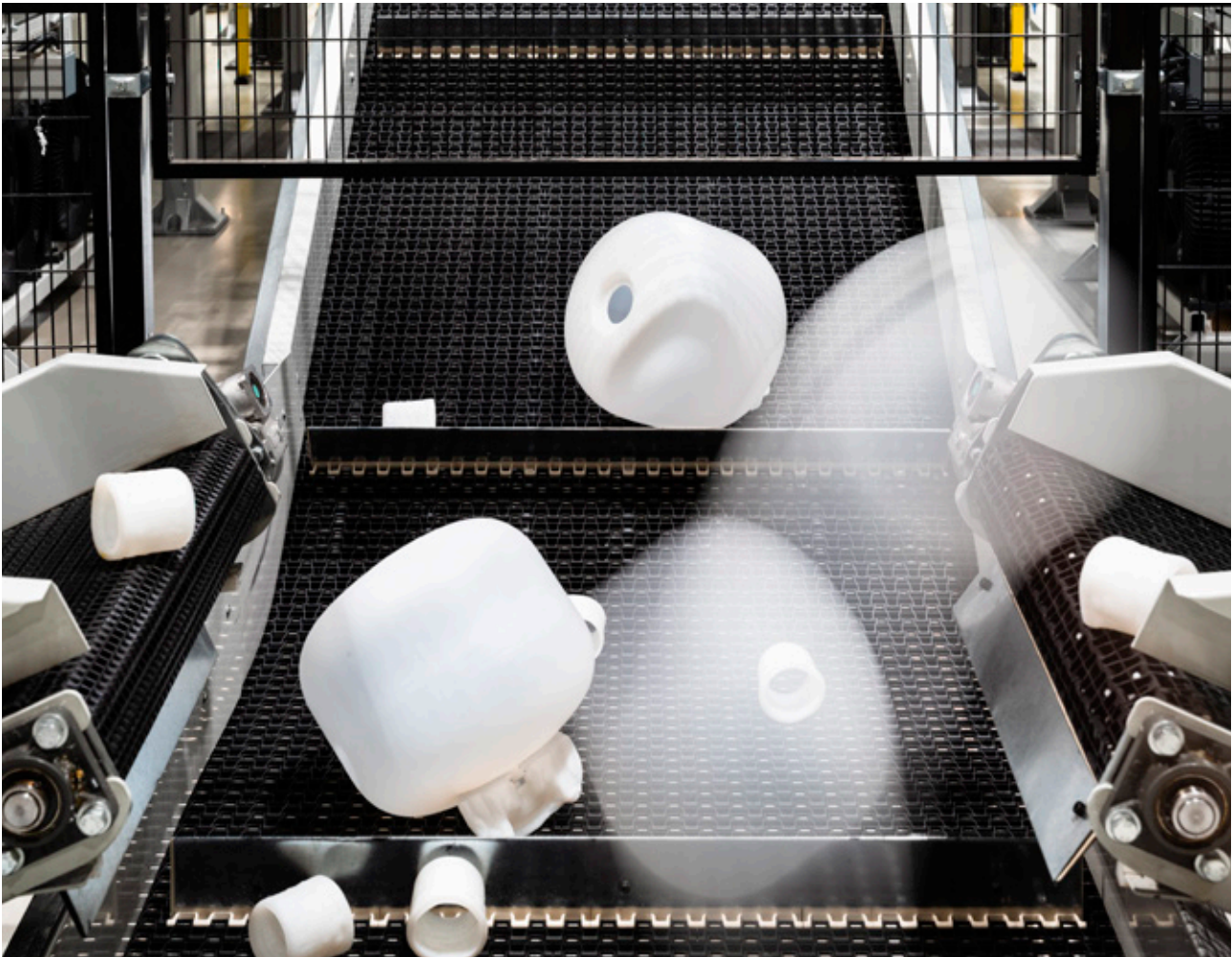
The results from the LCA analysis showed that the production phase has the largest impact on the environment, independent of the cylinder material (composite or steel). This is due to the consumption of raw materials that themselves have impacts. The LCA analysis showed that Hexagon Ragasco's composite cylinders have a 30-50% lower global warming potential (GHG footprint) compared with steel.

Use

In the use phase the LCA also provided advantageous insights. Relative to steel cylinders, the composite cylinders are lighter and less costly to transport. Hexagon's LPG cylinders have an average weight of 50% less than conventional steel LPG cylinders. Hexagon's composite cylinders have, unlike steel cylinders, high corrosion resistance and do not have the same refurbishment needs over their 20-year lifetime.

End of life

The final stage of the LCA concluded that the end of life has a more negative environmental impact than steel. This is due to today's limited recycling options. Based on these findings several ongoing strategic actions and research projects have been put in motion in order to find sustainable technologies for end of life treatment. Please see section below about recycling.



Hexagon Ragasco liner recycling process

RECYCLING

Hexagon prizes the resources it uses and is constantly looking for innovative ways to optimize the material used in its cylinders, whilst maintaining rigorous quality standards.

For example, Hexagon Ragasco's plastic liner waste is recycled and reused in new products. This has been the practice since production started in 2000. Hexagon Ragasco also offers its customers a spare part concept for the outer plastic casing should it get damaged or need rebranding, which prolongs the product lifetime.

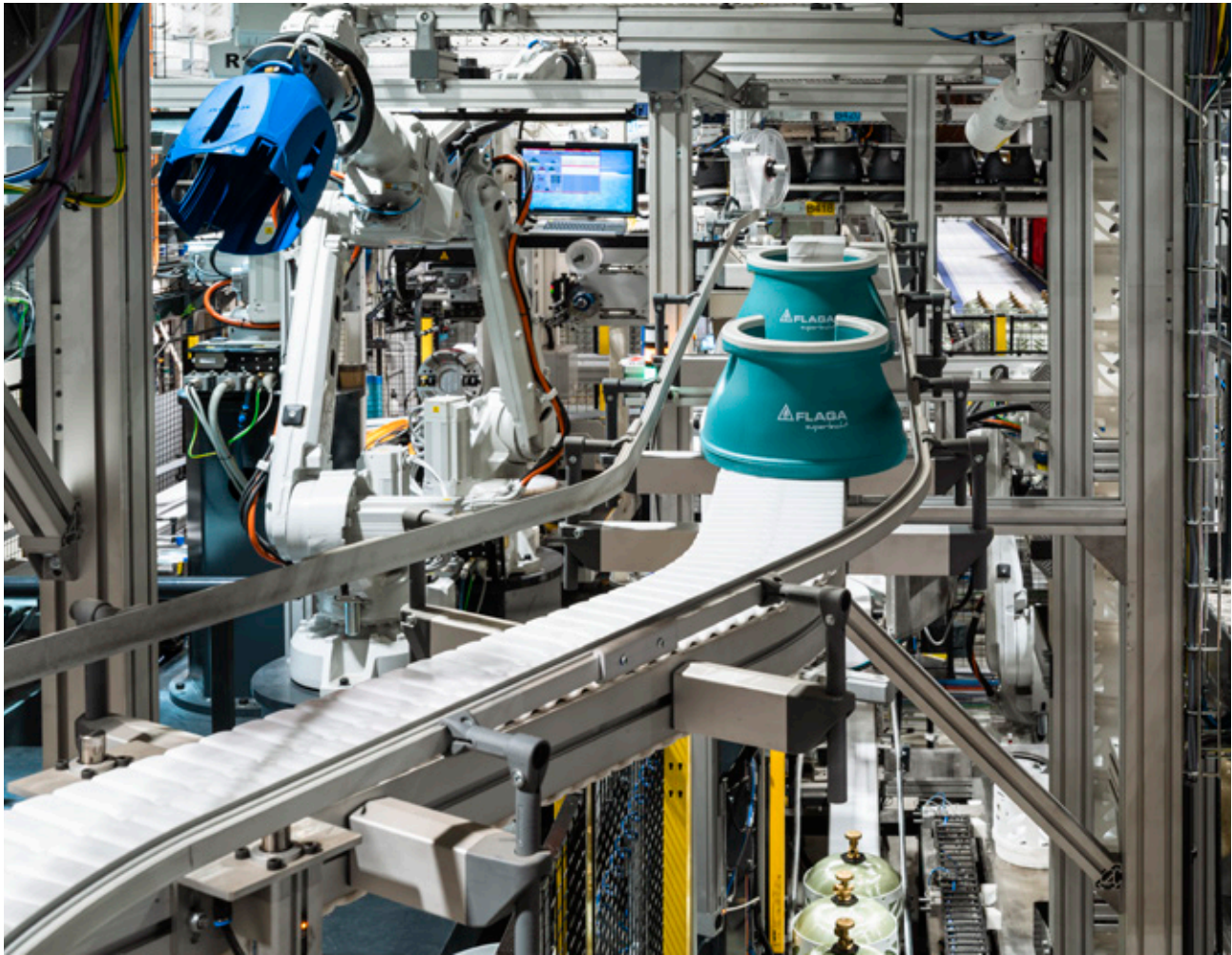
Hexagon Ragasco is also in the process of implementing internal recycling of the outer plastic casing of the LPG cylinders.

Today, the composites go to energy recovery in cement production. In order to climb higher in the waste hierarchy, two different methods of recycling have been identified: mechanical and chemical. Mechanical recycling is the grinding of composite materials to powder that enables reuse of the material in new applications whilst chemical methods separate the composites into chemical fractions which can also be reused in new products.

Raw materials used for packaging have been significantly reduced through recycling of packaging material in cooperation with several customers. As a result of this improvement project, pallets and materials can be re-used several times.

Status and targets

- In 2019 recycling options for composite materials were reviewed. In 2020 the ambition is to establish cooperation with recycling companies for the composite waste.
- Going forward Hexagon aims to set recycling and raw material efficiency targets.
- Hexagon will also carry out test runs with biobased raw materials in 2020.



Fully-automated production line

R&D, INNOVATION AND WORLD CLASS MANUFACTURING

Whilst Hexagon believes its products are of the highest quality, it also acknowledges that R&D and innovation are key for renewing operations and ensuring long term financial and environmental sustainability. Hexagon strives to cultivate a strong relationship between research, material selection, product design, development and world class manufacturing to ensure optimal, cost-effective solutions.

Hexagon continues to develop its team of R&D engineers, including product development engineers and project leaders. In 2019 there were about 40 ongoing projects related to enhancing product quality, increasing output, reducing environmental impact through recycling or reuse of scrap materials.

Combined R&D and innovation effort in 2019 increased 85% compared to 2018. Positive improvements were realized in composite design efficiencies, permeation reduction, liquid propane storage, gas storage, hydrogen resistance and damage tolerance.

Results

INDICATOR	UNIT	2019	2018
R&D engineers	FTEs	130	120
R&D efforts	MNOK	141.1	N/A ¹⁾
Governmental grants	MNOK	8.4	19.2

Status and targets

- In 2019, Hexagon Ragasco completed the enhancement of the multilayer process, which has reduced permeation and improved the quality and environmental footprint of the LPG cylinders.
- Hexagon Purus expanded its manufacturing capacity in Kassel, Germany for CNG Light-Duty Vehicles.
- Hexagon is prepared to expand its capacity in 2020. This includes increasing capacity at its manufacturing facility in Lincoln, Nebraska, which targets the CNG Heavy-Duty segment.

1) Data not available

LOCAL ENVIRONMENT AND OWN EMISSIONS



As previously mentioned, the majority of Hexagon's environmental impact is through the use phase of its products. However, Hexagon also actively works on measures to reduce its direct climate, environmental and resource use impacts. Hexagon's overall EHS and climate goals will contribute to sustainable solutions, with no harm to people or to the environment. Hexagon's subsidiaries have their own EHS guidelines in place in order to fulfill these goals.

In 2019 Hexagon started to measure its own greenhouse gas emissions (GHG) and volumes of waste for all of its main manufacturing facilities. Hexagon aims to develop a roadmap outlining its plan to cut direct and indirect emissions associated with the production of products and solutions (scope 1 and scope 2). Hexagon has also identified that emissions from activities in its supply chain (scope 3) are larger than its scope 1 and 2 emissions. Therefore, Hexagon has started measuring its scope 3 impact and aims to report on this in the future.

Results

EMISSIONS SCOPE	2019 GREENHOUSE GAS EMISSIONS (TONS OF CO2 EQUIVALENT)
Scope 1 (direct emissions)	2 804
Scope 2 (Indirect emissions from electricity use- location based)	3 656
Scope 2 (market based)	7 692

TYPE OF ENERGY	2019 OWN ENERGY USE (GJ)
Non-renewable fuel consumption	49 401
Renewable fuel consumption	2 236
Electricity consumption	74 082

Waste management and recycling

WASTE TYPE	2019 VOLUME (TONS)
Non-hazardous waste	7 460
Hazardous waste	124

Status and target

- In 2019 all the Hexagon's manufacturing facilities started reporting on their own direct and indirect emissions.
- In 2019, Hexagon Ragasco achieved the Energy Management Systems certification, ISO 50001.
- Hexagon Ragasco reduced its residual waste by 20% compared with 2018.
- 30% of Hexagon's manufacturing facilities are ISO 14001 certified and aims to have most of its manufacturing facilities ISO 14001 certified during 2020.
- Hexagon intends to set waste targets for all its manufacturing facilities.
- From 2020 Hexagon also aims to improve data quality and report Scope 3 emission.

SUSTAINABLE PROCUREMENT



Hexagon works with suppliers and business partners around the world. Many relationships are well-established and long-term. Hexagon's relationships are built on integrity and mutual respect. Hexagon always aims to obtain products and services at the right quality, delivered in a timely manner and at the best value, whilst complying with its policies.

The selection of suppliers and sub-contractors impact Hexagon's social and environmental performance. Hexagon has supplier quality manuals which are used as tools to ensure:

- Choice of suppliers based on relevant criteria including transparency, workplace conditions and environmental, health, and safety laws
- Suppliers commit to Hexagon's supplier code of conduct and monitoring of compliance through audits and self-assessment questionnaire
- Development of mutually beneficial relationships
- Improvement of internal and external business practices
- Formalization of cross-functional decision-making teams
- World-class performance
- High quality through ISO 9001 accreditation
- Avoid procuring products from any supplier who relies on dangerous or harmful substances to the environment

The supplier quality manuals comply with the principals of the UN Global Compact. Hexagon requires all its suppliers to comply with the quality manual or equivalent irrespective of their country of origin. Hexagon respects and supports the protection of internationally recognized human rights and therefore supports the right to collective bargaining and freedom of association and strongly objects to any form of forced labor, child labor and discrimination in the work environment.

Hexagon sources materials during the development and manufacturing phases of our products and solutions. Some of the main procurement items include:

- Carbon fiber, predominantly produced in the U.S., France, Japan, and South Korea
- Resin, predominately produced in the U.S, Italy and Taiwan
- Plastic liner, predominantly produced in Europe and Canada
- Valves and boss parts, predominately produced in the U.S. and Italy

The production of the raw materials Hexagon consumes have significant environmental impacts such as GHG emissions. Therefore in 2019 Hexagon started active dialogs with some of its key suppliers regarding their environmental efforts.

New suppliers

New suppliers are subject to set of criteria and risk assessments, involving answering a questionnaire covering quality assurance, corporate social responsibility and responsible sourcing.

Status and targets

- Hexagon completed three supplier audits with no major findings or required corrective actions in 2019.
- Hexagon aims to formalize its engagement with key suppliers on climate and environment related issues as well as identify potential requirements in 2020.

HOW HEXAGON WORKS

HEALTH AND SAFETY AND ORGANIZATIONAL DEVELOPMENT



HEALTH AND SAFETY

Keeping its employees safe is Hexagon's top priority during operations and therefore Hexagon has a target of zero work-related accidents or injuries that result in employee absence.

Hexagon's manufacturing facilities are comprised of industrial processes that involve complex machinery and processes, rapidly moving parts and equipment, high heat, caustic chemicals and pressurized gas. Hexagon has established secure operating routines to manage these processes in a responsible manner and to ensure a safe and healthy work environment. Hexagon believes that this promotes efficiency and lowers operating costs.

Hexagon has coordinated quarterly global environment, health and safety (EHS) executive management reviews aimed at identifying EHS challenges and establishing initiatives to address these challenges. In addition, a global EHS team meets monthly to systematically identify injury, fire and hazardous substances emission risks. Specific initiatives that will lead to lower injuries and illnesses across the global operations are also discussed.

A shared performance metric that is used as a leading indicator for reducing overall injuries and incidents has been established for the great majority of Hexagon's facilities in 2019. The aim of this coordinated effort is to share information between the manufacturing facilities to identify "best practice". Hexagon implemented several health and wellness initiatives during 2019 with the goal of improving the overall health of its people.

Results

INDICATOR	UNIT	2019	2018
Fatalities	Number	0	0
Work related injuries (WRI)	Rate pr 200 000 hours	1.89	N/A ¹⁾
Work related injuries (WRI)	Number	19	N/A ¹⁾
Lost time incidents (LTI)	Rate pr 200 000 hours	0.49	N/A ¹⁾
Lost time incidents (LTI)	Number	5	N/A ¹⁾
Close calls	Number	340	N/A ¹⁾

1) Data not available

2) Excluding Agility Fuel Solutions

3) Total hours of sick leave/possible work hours in Hexagon, excluding Agility Fuel Solutions

Status and targets

- In 2019 Hexagon did not have any fatalities at any of its manufacturing facilities.
- Hexagon recorded 19 work-related injuries, of which five were recorded as LTIs, resulting in absence. In 2019 Hexagon initiated a harmonized reporting system for all its business areas. The aim is to develop a common EHS policy for all manufacturing facilities.
- In 2020 Hexagon will continue to strengthen its zero-incident culture.
- Hexagon will also set employee safety targets and track number of safety inspections across all manufacturing facilities.

MAKING HEXAGON A GREAT PLACE TO WORK

Hexagon is a value-driven organization and its two core values, integrity and drive, lay the foundation for the corporate culture. Hexagon intentionally integrates its purpose and values into daily business and decision making.

Hexagon emphasizes involvement to empower individuals to influence their own work situation and believes a flat organizational structure ensures visibility and enables employees to develop and thrive. Hexagon uses the Great Place to Work survey as a continuous improvement process to both monitor and develop a positive work environment for its employees.

In 2019 the average score of all questions from the Great Place to Work survey was 71%, up 1% from 70% in 2018 ²⁾. On the question of "Overall, I would say this is a great place to work", the average of all responses was 81%, up 4% from 77% in 2018. 85% of the employees responded that they are proud to tell others they work at Hexagon, compared with 84% in 2018.

The turnover rate in 2019 increased due to a significant one-off site consolidation.

The absence rate in Hexagon ³⁾ was on target in 2019. This was primarily driven by continued focus on wellness and targeted measures such as implementation of physical activities and guidance.



Results

INDICATOR	UNIT	2019	2018
Employees	FTEs	1,008	918
Female	FTEs	186	166
Female	Percentage	18.4%	18.1%
Employees at manager/ senior level	FTEs	601	N/A ¹⁾
Females at manager/ senior level	FTEs	135	N/A ¹⁾
Female at manager/ senior level	Percentage	22.5%	N/A ¹⁾
Turnover	Percentage	10%	4.8%
Female members of the board of directors	Number	2	3
Female members of the board of directors	Percentage	40%	50%
Absence	Percentage	3.5%	N/A ¹⁾
Recorded incidences of discrimination	Number	0	0

Organizational development

Through the internal learning and development function “Hexagon University”, Hexagon offers several different programs to its employees. The aim is to continue to build and implement programs that are valuable for the development of the talent base.

In 2019 “The Hexagon Way” module was developed and introduced. This course is the “flagship” of Hexagon University offerings and is an 8-hour, highly interactive and engaging curriculum that focuses on Hexagon’s people understanding their role with its vision, purpose and values. This class is taught by senior leadership and will continue to be rolled out.

Diversity

In an increasingly complex and demanding business environment, having teams with complementary skill sets and backgrounds is vital for success. As a global organization

Hexagon currently employs people from more than 30 different nationalities. Research shows that companies with a more diverse workforce perform better financially and Hexagon believes that people with different approaches and experience drive innovation and a dynamic work environment.

Hexagon has continued to act to create an internal talent pool that is diverse across demographics. This is achieved through both our selection process and the work environment that Hexagon promotes and supports. Preferential treatment or discrimination in working conditions due to gender, religion or ethnic background is strictly prohibited.

According to the Great Place to Work survey 89% (89%) of the employees answered that they are treated fairly, regardless of gender.

Hexagon has prioritized the recruitment of highly qualified women, notwithstanding the challenges it faces in connection with a traditionally male-dominated, industrial operating environment.

The lowest proportion of women is in production, while the proportion of women in other areas such as accounting and finance, human resources and administrative functions are more balanced.

Status and target

- Hexagon is committed to continue improving its gender diversity. Hexagon continues to set targets that encourage progress toward a more diverse group of team members.
- From 2020 Hexagon’s executive management team includes one female member.
- Hexagon will continue to roll out the Hexagon Way module in the organization.
- Hexagon aims to improve reporting and set targets for absence rate and turnover rate for all its business areas.
- Hexagon will continue to use the Great Place to Work survey tool to measure organizational development. All business areas will be included in the survey from 2020.
- A common approach for regular performance and career development reviews will also be formalized in 2020.

1) Data not available

2) Excluding Agility Fuel Solutions

ANTI-CORRUPTION AND INTEGRITY

Hexagon fosters an organizational culture based on integrity and high ethical standards in order to maintain its high quality of products and be a trusted business partner. The board of directors and management of Hexagon are committed to carrying out the business fairly and openly with no tolerance for corruption.

Hexagon works proactively to design, implement and monitor procedures in order to prevent corruption. All Hexagon's employees dealing with governmental authorities, customers, suppliers and partners are expected to have requisite knowledge of policy and guidelines regarding gifts, benefits, and entertainment enabling them to assess situation that are or potentially may be, in violation of our policy and guidelines.

Hexagon has several policies that guide its day to day business dealings including:

- Human rights policy
- Anti-corruption policy
- Code of conduct
- Corporate governance principles

Hexagon's anti-corruption policy and guidelines apply to all business entities controlled and consolidated into Hexagon Composites. Hexagon evaluates various risks related to our supply chain on a regular basis.

Hexagon has assessed the risk of corruption to ensure that relevant anti-corruption measures are in place and are complied with. No high-risk corruption factors were identified, and Hexagon received no fines related to anti-corruption or anti-competitive behavior in 2019. Hexagon provides regular anti-corruption and competition legislation training, as well as practical training within responsible sourcing.

WHISTLEBLOWING

Hexagon strives to maintain a transparent business climate with a focus on business ethics, where difficult or undesirable incidents can be discussed and resolved. However, circumstances can occur which require other channels of communication. Hexagon encourages all its employees to contact respective line managers, local compliance officers and/or HR in these situations. Agility also offers a dedicated hotline via a third-party vendor which is available to employees in multiple countries.

There were two incidents reported in Agility in 2019. HR and legal investigated both cases and no improper behavior was found.

Cyber Security

The increase in cybercrime threats have made it extremely important to manage cyber security as digitalization is an integral part of doing business.

Hexagon's objective is to minimize cyber security risks and to foster a risk prevention culture in the organization. Hexagon uses technical measures such as performing security assessments, patching of known IT security vulnerabilities as well as utilizing anti-virus software, firewalls, private networks and providing secure access to its resources. As an integral part of this risk mitigation, Hexagon also incorporates employee awareness programs on how to use its technology securely, including how to identify cyber-attacks.

Hexagon believes that its security measures, organizational awareness programs, and increased focus on cyber security equips it well to protect both its employees and its intellectual property.

In 2019, even though we experienced external cyber-attacks, Hexagon incurred no significant financial losses related to these events.

LOCAL COMMUNITY



In 2020 Hexagon Ragasco will support Forskerfabrikken Summer Lab, a science focused summer school for kids

Hexagon strives to have good relations with its local communities and to be a positive force where it operates. In addition to providing employment opportunities, Hexagon's sponsorship policy aims to contribute to stimulate better environment, welfare and preventive health measures in the local community. Hexagon's engages in its local communities by supporting non-profit organizations that focus on sports and education opportunities for children, and youth in particular, as well as humanitarian aid.

Hexagon focuses on supporting reputable partners with local activities.

These partners must have a profile that matches Hexagon's values and ethical guidelines. Hexagon places particular emphasis on areas such as equality, non-discrimination, labor conditions, the environment and anti-corruption.

Hexagon ensures that all sponsorship decisions are made by impartial employees. The company preference is to provide funds for one year at a time and that funds are distributed to as many users as possible over time.

APPENDIX

REPORT METHODOLOGIES AND ASSUMPTIONS

Emission reductions from our products and portfolio offerings

Estimating reductions from Hexagon's products offerings is associated with a certain degree of uncertainty due to the need for many assumptions. To minimize this uncertainty, publicly available sources and recognized methodologies have been used where possible. We believe therefore that our reporting approach is comparable, open and conservative.

Emissions savings from heavy-duty vehicles

The Alternative Fuel Life-Cycle Environmental and Economic Transportation (AFLEET) tool from the GREET model has been used for estimating emission reductions relating to CNG solutions for trucks. The GREET model is a widely recognized methodology for estimating greenhouse gas emissions (GHG) from transport and is produced by the Argonne National Laboratory. All assumptions are based on figures from AFLEET, including; average miles/year for different vehicles, fuel economy and emission factors. The greenhouse gas emissions factors are estimated on a well to wheel (lifecycle) basis. See <https://greet.es.anl.gov/> for more information.

Emissions savings from light-duty vehicles

As mentioned earlier in this report, in 2019 Hexagon's CNG tanks for light-duty vehicles helped save over 12,000 tons of CO₂. This reduction in emissions is estimated by comparing emissions from the CNG VW Golf with emissions from a similar performing petrol-/diesel VW Golf. All statistics regarding average driving distance is from publicly available EU statistics. Emissions from different fuel types is from the VW web pages and are on a tank to wheel basis.

Emission from Hexagon operations

Hexagon's own GHG emissions are calculated in accordance with the Greenhouse Gas Protocol corporate reporting standard using the operational control approach. The scope of reporting therefore is all production sites where Hexagon has operational control. Other offices are not currently included due to lack of data availability. The emissions reported are broken down as described below:

- Scope 1 emissions: Direct emissions from fossil fuel consumption such as natural gas and propane. Greenhouse gas emissions factors are from DEFRA 2019.
- Scope 2 emissions: Indirect GHG emissions from purchased electricity and heat. We use IEA/ EPA factors for estimating location-based emission factors, and AIB/ Green-e factors for estimating market-based emissions.

Activity data for calculating emissions is based on invoices and meter readings. We believe this reporting to be as accurate as practicable, though there is always uncertainty related to GHG reporting and as this is the first year of reporting. The focus will be on ensuring data quality going forward.

Waste

Definitions of hazardous waste are based on local definitions and can vary from region to region. Data sources vary but are generally based on figures from waste collection certificates. Hexagon produces a wide range of wastes during its daily operations and have a focus on continual improvement regarding both reporting and management of waste.

SUSTAINABILITY REPORT 2019

HEXAGON COMPOSITES ASA

Korsegata 4B, NO-6002 Ålesund, Norway. Phone: +47 70 30 44 50, office@hexagongroup.com, hexagongroup.com



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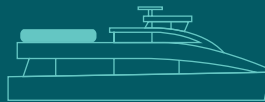
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Ground storage



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Distribution



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