Lamor Corporation Plc
Shades of Green assessment[1]

April 24, 2024

Sector: Waste management

Region: Finland / Global

This report was produced by Shades of Green using Shades of Green Methodology.

On December 1, 2022, S&P Global acquired Shades of Green from CICERO.

Executive Summary

Lamor Corporation Plc (Lamor) is a global provider of environmental solutions headquartered in Finland. The company provides equipment and services within environmental protection, remediation and restoration and material recycling including waste and water treatment.

Shading of Lamor's 2022 and 2023 revenue, operating expenses, and capital expenditures

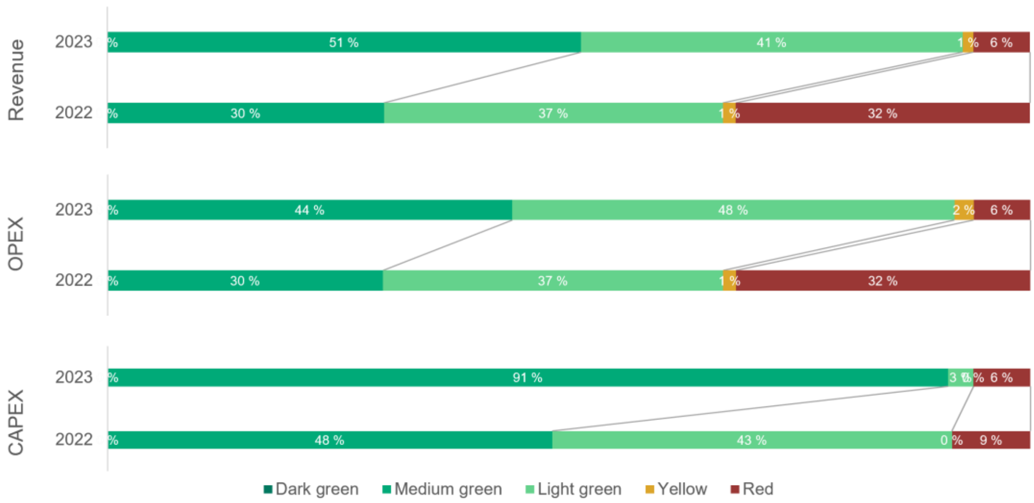


Figure 1: Shading of revenue and investments for Lamor from 2022 to 2023

A Shade of Green allocated to revenue and investment streams reflect alignment of the underlying activities to a low carbon and climate resilient future and taking into account governance issues. Medium Green is allocated to revenue and operational expenses from Lamor's equipment and services related to water treatment and waste management not related to ongoing oil and gas activities. Treatment of polluted water is a necessary activity for the low carbon and climate resilient future. Remediation of contaminated lands will allow for the use of previously contaminated soil and will reduce negative local impacts. The Light Green shade is allocated to revenue and operational expenses related to equipment for oil spill mitigation and emergency response for customers not related to oil and gas. While representing a barrier towards oil spill contamination, the activity is currently closely linked to the use of fossil fuels and associated with climate risk. Investors should also note that there are some emissions related to all Lamor's green activities.

Nasdaq Green Equity Transition Designation[1]

S&P Global Ratings Shades of Green assesses that Lamor meets the requirements for Nasdaq Green Equity Transition Designation set out in the Nasdaq Green Equity Principles.

[1] Shades of Green is an approved reviewer to assess alignment with the Nasdaq Green Equity Principles, Nasdaq.com/Solutions/Nasdaq-Nordic-Green-Designations

Revenue originating from environmental clean-up services from environmental accidents associated with up- mid- or downstream oil and gas , such as oil spills, are shaded Red. Uncleaned spills can threaten biodiversity and pollute soil and groundwater, therefore clean up services are vital to mitigate negative risks. However, such activities are currently closely linked to the oil and gas sector. For oil and gas companies, having access to the services that Lamor provides should been seen as an ongoing licence to operate rather than improving the environmental impacts of the sector. For existing oil and gas fields where waste is clearly treated to a higher level than required by the national environmental authorities, activities have been allocated a Yellow shade.

Based on this approach we find that in 2023, 51% of revenue came from Medium Green, up from 30% in 2022, 41% from Light Green, up from 37% in 2022, 1% from Yellow, same as in 2022, and 6% of Red, down from 32% in 2022. Thus, the total share of Green went up in 2023 compared to 2022 with 93% of the revenues coming from assets with a Shade of Green. Operating expenses are distributed similarly. As Lamor has customers all over the world with short-term projects, it is expected that the distribution of shading change from year to year. The increase of Medium Green is caused by Lamor's activities in Kuwait, where Lamor is contracted for remediation services in Kuwait after the world's largest anthropogenic oil spill that happened in Kuwait in 1991 during the Gulf War. In 2022, Lamor took part in two new clean-up projects for ongoing oil and gas activities, the clean-up relating to the oil spill at Repsol's La Pampilla oil refinery and the clean up after a landslide disrupted Ecuador's two main oil pipelines. These activities were shaded red, and therefore as these projects were completed in 2022 are the reason for the significant decrease of red revenue and OPEX.

In 2023, 91% of CAPEX was shaded Medium Green, up from 48% in 2022, 3% was shaded Light Green, down from 43% in 2022, and 6% was shaded Red, down from 9% in 2022. The key driver of the increase of Medium Green is investments relating to the chemical recycling plant of plastics together with Resiclo. The chemical recycling plant will produce raw material for use in the petrochemical industry to produce recycled plastics and for suitable refineries for further processing, and is shaded Medium Green.

Governance Assessment

The overall assessment of Lamor's environmental governance structure gives it a rating of **Good.** Lamor's environmental governance structure has had no major changes since the last Company Assessment update in January 2023. The key change is that Lamor is involving local finance departments and operational personal in data collection, to get a better understanding of its environmental and social risks.

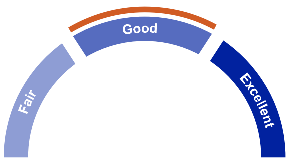


Figure 2: Shade of Green assesses Lamor's governance structure and practice to be Good.

EU taxonomy

The relevant EU Taxonomy activities for Lamor are Treatment of hazardous waste, and Remediation of contaminated sites and areas. As there is a need for further guidance on how to interpret criteria set out in the Taxonomy, which is expected to be released in 2024, a taxonomy assessment will not be included until next year's assessment.

Table 1: Sector specific metrics

	Scope 1, 2 and 3 emissions (t CO2e)	Solid waste managed (m3)	Wastewater treated (m3)	Share of waste recovery (reuse and recycling)
2023	38,316	1,616,508	11,736	100 %
2022	13,972	37,412	21,782	100 %
2021	6,152	51,776	14,879	100%

Contents

Executive Summary 1

Lamor sustainability governance 4

Company description 4

Governance Assessment 5

Assessment of Lamor's activities 7

Shading of Lamor's revenue, operating expenses and investments 10

Nasdaq Green Designation 14

Terms and methodology 15

Shading corporate revenue and investments 15

Appendix 1: Referenced documents list 17

Appendix 2: About Shades of Green 18

Lamor sustainability governance

Company description

Lamor Corporation Plc ("Lamor" or "the company") is a global provider of environmental services headquartered in Finland, providing equipment and services within environmental protection especially within oil spill response and material recycling concentrating on waste management and water treatment services.

- ✓ **Environmental protection.** Lamor is providing equipment and services for oil spill emergency response globally. Services include i.a. oil spill response preparedness, oil spill clean-up services, training and consultancy. Customers include businesses in need of oil spill response, including the upstream oil and gas sector, bio-based businesses, the maritime sector and the public sector.
- ✓ **Material recycling / waste management and soil remediation**. Lamor is offering total waste management services to the oil and gas sector and other industrial activities. The company is also offering waste management services related to i.a. soil remediation, to MARPOL[2] accredited waste reception facilities, and waste material recovery and recycling. Customers include the oil and gas sector, other industrial activities, utilities and the public sector. Lamor is entering into chemical recycling of plastics and first investments within these activities have been made in 2022.
- ✓ **Material recycling / water treatment.** Lamor's water treatment solutions are used for both industrial and municipal water treatment. Customers are the upstream and downstream oil and gas sector, heavy industries, port authorities, the aquaculture, manufacturing industries, pharmaceuticals, municipalities, and food manufacturing. Solutions include among others desalination using reverse osmosis, containerized drinking water plants, and legionella disinfection systems.

Lamor combines oil spill response (OSR) technologies, water treatment technologies and waste management technologies for its clients, decreasing the amount of emissions and increasing its customer revenue streams from re-use and resells of the materials produced through the waste and water treatment processes. Lamor is not involved in reselling of waste recovered.

Lamor was founded in 1982. Through its partner companies, subsidiaries and associated companies, Lamor operates in over 100 countries within North and South America (2023: 15% of revenue), Middle East and Africa (2023: 62% of revenue), and Europe and Asia (2023: 23% of revenue). Lamor had 608 own employees at the year-end 2023 and around 1,200 individuals in their network when including subcontractors. Lamor has a production facility in Porvoo, Finland, where equipment is developed and assembled. Lamor's main subcontractors are located in Finland, but the company also has subcontractors in e.g. China, UK and the USA. The company assessment focuses on the assessment of information and on input on revenues, operational and capital expenditures provided by the issuer for the fiscal year 2022.

Key project for Lamor were in 2023 the continuation of its remediation services in Kuwait. Lamor is contracted for remediation services in Kuwait after the world's largest anthropogenic oil spill that happened in Kuwait in 1991 during the Gulf War, which reached its full momentum in 2023, where Lamor started both bioremediation operations and soil washing activities on its

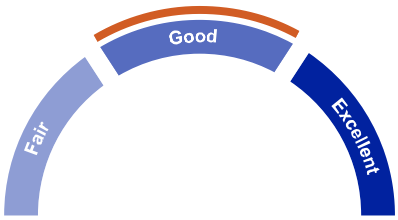
---

[2] International Convention for the Prevention of Pollution from Ships (MARPOL) (imo.org)

treatment centers in North and South of Kuwait. In March 2021, Lamor entered into a three-year service agreement with the National Center for Environmental Compliance (NCEC) in Saudi Arabia to strengthen the oil spill response capabilities in the Red Sea area. Lamor helps Mongla port in Bangladesh to comply with international requirements for management of waste that originates from vessels. The agreement was signed in the latter half of 2022. Many of its deliveries started in 2023 and will be completed in 2024. ln 2020, Lamor entered in a consortium with Gaico Construction and General Services Inc and Guyana Shore Base Inc. The consortium established a company called Sustainable Environmental Solutions Guyana Inc. (SES) that signed a major agreement to provide integrated waste management services to a local energy company Esso Exploration and Production Guyana Limited (EEPGL). A ten-year service contract covers the construction of a waste management facility in Georgetown and its operation. The operation is geared to receiving all hazardous and non- hazardous waste generated by EEPGL with the facility designed to maximize waste material recovery and reuse. In 2022, Lamor started the construction of a chemical recycling plant of plastics together with Resiclo. The chemical recycling plant will produce raw material for use in the petrochemical industry to produce recycled plastics and for suitable refineries for further processing. The target is to deliver the first batches of the end product, oil produced from recycled plastics, during the latter part of 2024.

Governance Assessment

The overall assessment of Lamor's environmental governance structure gives it a rating of **Good.** Lamor's environmental governance structure has had no major changes since the last Company Assessment update in January 2023. The key change is that Lamor is involving local finance departments and operational personal in data collection, especially regarding environmental and social data points, and thus are getting a better understanding of its environmental and social risks.



Lamor has established overarching sustainability targets but does not have quantified environmental nor emission targets with a defined timeline. It reports its GHG-emissions according to the Greenhouse Gas Protocol, and reports on all three scopes. When reporting emissions, Lamor has chosen a financial control approach, and thus the emission inventory is limited to companies where Lamor has financial control or joint control in a form of joint operation. Associated companies are excluded from the inventory.

Even if some operational sites are permanently located, most of Lamor's operations do not have a permanent location, but might still be exposed to climate risk from e.g. pollution from flooding of waste sites. Lamor is therefore assessing how climate change might impact their needs to enhance and reinforce their products and services. Lamor is as such aware of the most salient climate risks they are exposed to but has not yet carried out systematic climate risk assessment of their operations and supply chain.

The CFO is responsible for coordinating the annual risk assessment (mapping) process. Each country manager is responsible for mapping and mitigating risks related to human rights. The process of annual risk assessment has been implemented during 2023 and the first evaluation of successful management is supposed to take place in the end of the year or beginning of 2024. Lamor's sustainability report is part of their annual reports, and all material sustainability matters are covered therein.

Lamor has a strong focus on environmental and social risks. The company has an employer CoC and a HR-policy, and suppliers and customers are screened for risks related to among others HR-violations. The CoC was updated in 2021. In general, Lamor aim to work with suppliers that are ISO certified. Furthermore, the company implemented a new screening method in 2023 which includes environmental and social aspects as part of the partner approval process. The requirements are firstly a way to make suppliers aware of the environmental expectations of Lamor, where the plan is to tighten the criteria with time. The criteria will be reviewed annually or biannually.

In terms of partnerships, according to Lamor´s Business Partner Code of Conduct, Lamor expects that each of its distributors, wholesalers, resellers, agents, suppliers and their affiliates and relevant business partners, for example but not limited to, their own suppliers and subcontractors (each a “Business Partner”), comply with the Code in all their business activities including but not limited to Respect for Labor and Human Rights.

In its code of conduct and business partner code of conduct, the company states that it respects the freedom of association of workers and expects its partners to do so too, however it has a reference to national legal framework which sometimes have a weaker protection than international law. In its annual report of 2022 Lamor states that its largest project is the one supporting Repsol after its incident in January 2022. Besides that, Lamor also operates in Finland, Bangladesh, Equador, Guyana, Kuwait and Saudi Arabia. Some of these countries have a weak human rights and labour rights protection, making it particularly important that the policies and processes are calibrated against these risks, ensuring that these manage to identify and mitigate these. In its 2022 annual report, it indicates that many negative impacts in its value chain can be mitigated when technological decarbonization development advances to the level of being economically feasible. According to Lamor, as it provides services in multiple development countries, the shift in these countries towards new solutions is slower than globally, limiting their scalability short-term. To map the environmental and social impacts of the company’s operations, Lamor has conducted a risk assessment and established an environmental and safety aspect and impact register. The company concludes that the highest environmental risks are related to pollution from damaged drums, tanks and pipelines caused by emergency and natural disasters, leakage from storage of chemicals and hazardous waste, and pollution from the use of dispersants during emergency operations. Such environmental risks also have a social side, where local communities’ living conditions, such as access to clean water, can be interrupted and where the activity itself can put workers into dangerous situations.

Assessment of Lamor's activities

Key performance indicators

Table 2: Energy Mix for Lamor				
Energy Source	**2021**	**2022**	**2023**	**Comments**
Biomass	27%	32.6%	32%	Energy mix includes electricity, heating and cooling of offices and warehouses
Fossil fuels	26%	20.6%	33%	
Geothermal	8%	10.6%	6%	
Nuclear	9%	6.6%	4%	
Renewables (mix of source)	31%	29.6%	25%	
Total	100%	100%	100%	

Lamor informs us that the main driver for the increase of fossil fuels and decrease of other energy sources is that the electricity consumption in Ecuador and Oman increased and India was added to the reporting scope. For Oman and India, the main energy source is fossil. In Ecuador, the fossil is not the main, but the fossil share went up since they had a large electricity consumption. In Finland, a geothermal pump broke down and heating had to be temporarily replaced with fossil. However, Lamor notes that all electricity sources in Finland have transitioned to renewable options, and efforts are underway to extend this shift to other locations throughout the year.

Table 3: The table summarises Lamor CO2-emissions and main CO2-emission reduction targets				
Emissions	**Total (tons CO_2eq[3])**	**Scope 1**	**Scope 2**	**Scope 3**
Main Targets	Reduce emissions in its value chain		Increase the use of green energy	Reduction in use of virgin or unsustainable materials in its products, assess possibilities and economical feasibility to recycle and reuse products. Create a model for life cycle assessments for its products and services.
2020[4]	1,096.1	40.3	51.8	1,004

[3] CO_2e, carbon dioxide equivalent is a measurement term for greenhouse gas accounting.
[4] In 2020, reported scope 3 emissions covered transportation of sold products and business travel.

2021[5]	6,152	378[6]	137	5,637
2022	13,972	1,508	72	12,392
2023	38,316	3,943	63	34,310
Change 2022-2023	+ 188%	+161%	-13%	+177%
Main sources 2022		Emissions from company owned vehicles	Electricity, heat and cooling offices and warehouses,	Category 1:purchased goods and services; Category 2: Capital Goods; Category 4: upstream transportation and distribution; Category 6: business travel; Category 8 – upstream leased assets.

Total emissions increased in 2023 to 38,316 tons CO_2e, a 188% increase from the previous year. While scope 2 emissions stayed largely the same, the amount of Scope 1 and 3 emissions has increased significantly compared to the previous year. This is mainly due to Lamor's progress in the soil remediation project in Kuwait. The construction of remediation site was finalized in the end of 2022 and the remediation operations begun in 2023. Main Scope 1 emission sources are fuel used for transportation of soil, heavy machine equipment and generators. For scope 3 emissions, the key reasons for the increase, was that for Kuwait project, oil-contaminated soil is being cleaned in separate treatment areas (ex situ). The construction of the soil washing plant, in particular, contributed significantly to emissions in 2023. Additional impacts come from transportation of soil to the treatment areas, and fossil fuel-operated equipment used in soil processing. Chemicals are also required for bio-remediation to induce the cleaning reaction. According to Lamor, reducing emissions in such projects is slow because the infrastructure for using electric devices and transport equipment is not yet in place.

Table 4: Solid waste and wastewater treated

	Solid waste managed (m^3)	Wastewater treated (m^3)	Share of waste recovery (reuse and recycling)
2020	27,560	7,714	100%
2021	51,776	14,879	100%

[5] In 2021, reported scope 3 emissions were reported after the GHG protocol, and covered Categories 1, 4, 6 and 8.

[6] In 2022, Lamor discovered an error in the 2021 base year calculation of scope 1 emissions. The table includes the recalculated emissions, and is the reason for the discrepancy between numbers shown in the Company Assessment update for the financial year 2021.

2022	37,412	21,782	100 %
2023	1,616,508	11,736	100 %
Comments			Treated water is reused in remediation operations

The amount of waste treated significantly increased in 2023 due to the Kuwait soil remediation and restoration project.

Table 5: Oil spill response indicators			
	Number of spill response operations participated in (number)	**Areas cleaned up from a spill or remediated (m^2)**	**Volume of oil recovered as part of a spill response operation (m^3)**
2021	N/A	N/A	N/A
2022	3	85,183	1,653
2023	42	2,238,733	288

As Lamor participated in two major environmental incident clean-ups in 2022, the company formulated novel impact indicators specifically tailored for its initiatives related to responding to oil spill, specified in table 5. In 2022, the reported number only included oil spill response operations Lamor participated in, while for 2023 it also includes reported data on participation in spill alerts and call-out, which did not necessarily lead to oil recovery. During 2023, Lamor mostly participated in spill alerts where the company applied needed measures to prevent oil spills.

Shading of Lamor's revenue, operating expenses and investments

According to Shade of Green's methodology a Shade of Green should be allocated to the revenue stream and investments according to how these streams reflect alignment of the underlying activities to a low carbon and climate resilient future and taking into account governance issues.

Lamor offers a range of equipment and services within oil spill response, waste management and water treatment services. The company is diversifying its business into new areas within water and waste management but is at the same time consolidating its business within oil and gas waste management. In assigning a Shade of Green to Lamor's activities, we have considered Lamor's Governance Score of Good and the company's management of key environmental concerns.

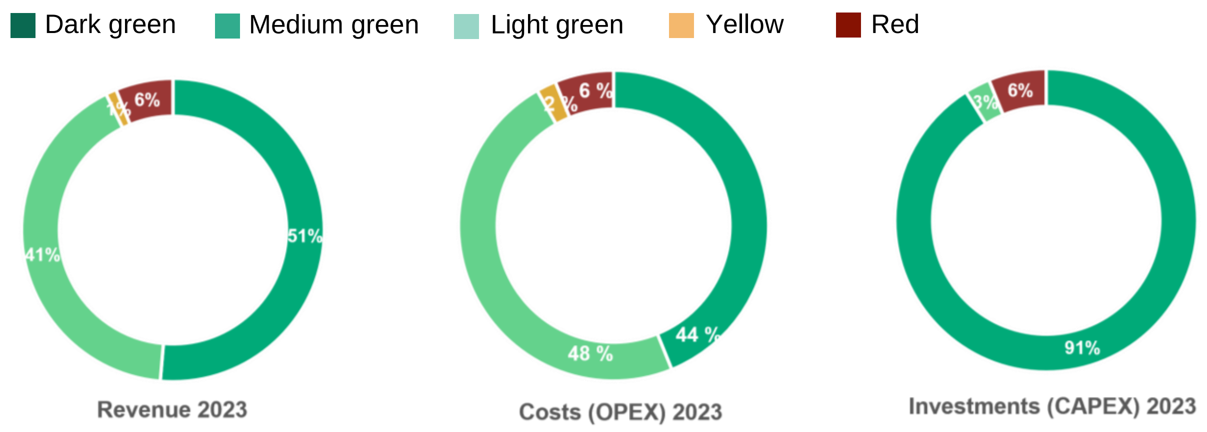


Figure 2: Shading of 2023 revenue and investments for Lamor

Medium Green is allocated to projects and solutions that represent steps towards the long-term vision but are not quite there yet. These activities provide a valuable environmental service, but there are some fossil fuel elements and emissions associated with the life cycle of these technologies. The following activities have been allocated a Medium Green shading:

- ✓ Revenue from Lamor's equipment and services related to water treatment for corporate and governmental customers not associated with ongoing oil and gas operations. Lamor's water treatment activities contribute to the treatment of polluted water, a necessary activity for the low carbon and climate resilient future. Industrial and municipal activities produce large volumes of wastewater, and re-use of wastewater through cleaning will be increasingly important for water security. The International Panel on Climate Change (IPCC) has concluded that about 80% of the world's population already suffers from threats to water security and that climate change can worsen the availability of water and further threaten water security[7]. Water treatment is crucial to climate adaptation. However, the treatment systems also have emissions and negative environmental impacts associated with the process, resulting mainly from the use of energy and chemicals in the use phase, and the treatment of waste resulting from the water treatment. In addition, there are emissions and environmental impacts associated with the production of the systems. Parts of Lamor's water treatment technologies have a low physical footprint and is easily transportable, and some technologies are estimated by Lamor to use less energy than similar equipment from competitors (e.g. the system for legionella disinfection use 10-12% less

[7] SR15_Chapter3_Low_Res.pdf (ipcc.ch)

energy than competitors). Revenue associated with water treatment using a technology that is in line with or slightly better than pears and with inherent fossil elements are shaded Medium Green.

- ✓ Revenue from services related to waste management treatment centers and on-site waste management not related to active oil and gas operations. The on-site waste management services are mainly clean-up operations and the remediation of contaminated lands and oily waste. Soil treatment and recovery will allow for the use of previously contaminated soil and will reduce negative local impacts. The oil recovered will contribute to avoided GHG-emissions as it replaces virgin oil. Revenues are also generated from collection and treatment of hazardous and non-hazardous waste for corporate and governmental customers. This includes operation of port waste reception facilities in line with requirements in MARPOL[8], as well as training and consulting services. Appropriate waste treatment will reduce the risk of local pollution and improve material recovery, which is key to the circular economy and to reducing the climate impact of the relevant sector. However, there are still some emissions related to the activities, both from the production of the equipment, from the use phase particularly if the equipment is powered with fossil fuels, and from the end use of the oil being recovered.

Light Green is allocated to transition activities. These projects and solution contribute to a lowering of emissions or have environmental benefits, but do not by themselves represent or contribute to the long-term vision. The following activities have been allocated a Light Green shading:

- ✓ Revenues related to equipment for oil spill mitigation and emergency response to corporate and governmental customers, including e.g. ports and coast guards, but excluding oil and gas companies. This equipment represents a valuable barrier towards oil spill contamination in case of an oil spill, and to reduced environmental impacts through cleanup of potential leaks. According to the company, Lamor's oil skimmers used in emergency clean-up are more efficient than competitors, reducing the energy needed for the process, increasing the volume of oil recovered and reducing local impacts. However, the activity is currently closely linked to the use of fossil fuels, and it is therefore a significant climate risk associate with these activities. The equipment is needed in the transition to a low carbon future, but we expect that there will be less need for oil spill mitigation and emergency response as we transition away from oil and gas.

- ✓ Other income related mainly to the sale of leased equipment to clients. This equipment has environmental benefits, but has emissions associated with the production and use.

Yellow is allocated to projects and activities that do not contribute to the transition. These activities have some emissions and are exposed to climate risk. **Red** is allocated to projects and solutions that have no role to play in a low carbon and climate resilient future.

- ✓ Revenue originating from waste management services for ongoing upstream oil and gas activities and from oil spill contingency equipment for oil and gas exploration are directly associated with the oil and gas sector and is allocated a Red Shading. However, in those cases where waste is clearly treated to a higher level than required by the local environmental authorities and to a EU-standard, activities have been allocated a Yellow Shade. In 2023 Lamor conducted such services in oil fields for existing oil fields in Guyana and Chile and according to the company drilling waste was cleaned to a higher standard than required by the national environmental authorities. For its services in Guyana, Lamor's associated company Sustainable Environmental Solutions Guyana Inc (SES) has a principal contract with Exxon. Exxon is developing new oil fields in Guyana where SES works, however, Lamor has confirmed that its services are only associated with the existing oil fields. If Lamor's services also in the future support the new oil development, it will be allocated a red shading. Some of the same technology and services used for waste management services from oil spill contingency equipment can also be used for remediation of contaminated soil, reducing the risk of

[8] International Convention for the Prevention of Pollution from Ships (MARPOL) (imo.org)

lock compared with a technology that is only relevant for active oil fields. Even if cleaning of drilling waste is an environmental act, it is supporting the oil and gas sector, a sector that is not part of a low-carbon solution, and it is associated with GHG-emissions.

- ✓ Revenue originating from environmental clean-up services from environmental accidents associated with up- mid- or downstream oil and gas , such as oil spills, are shaded Red. Uncleaned spills can threaten biodiversity and pollute soil and groundwater, therefore clean up services are vital to mitigate negative risks. However, such activities are currently closely linked to the oil and gas sector. For oil and gas companies, having access to the services that Lamor provides should been seen as an ongoing licence to operate rather than improving the environmental impacts of the sector.

- ✓ Oil spill contingency equipment for oil and gas exploration represents a valuable barrier towards oil spill contamination in case of an oil spill, and to reduced environmental impacts through cleanup of potential leaks. However, the oil and gas operators are dependent on Lamor's equipment to operate in line with internationally accepted standards. The equipment is contracted by companies during exploration, and as such this revenue can be supporting activities with the aim of identifying and developing new oil and gas resources. The IEA[9] has indicated that we can no longer make new investments in upstream oil and gas if we are to keep global warming below 1,5ºC. Investments in new oil and gas fields have a high lock-in risk and have a risk of becoming stranded assets as we transition away from fossil fuels. Any activities directly associated with oil and gas exploration, or the development of new oilfields represents a high climate risk and is shaded Red.

Operational expenditures are as a starting point allocated the same shade as the revenue. OPEX related to waste management services for ongoing upstream oil and gas activities, like services related to cleaning of drilling waste are shaded Yellow. OPEX related to oil spill contingency for ongoing oil and gas activities and exploration is shaded Red. All OPEX for services related to water treatment, waste management treatment centers and on-site waste management not related to active oil and gas operations is shaded Medium Green. All equipment for oil spill mitigation and emergency response to corporate and governmental customers is shaded Light Green. As we do not have sufficient information to separate OPEX related to water treatment equipment, all OPEX for Equipment is shaded Light Green.

Investors should be aware that Lamor is still engaged in activities needed by the oil and gas sector in their development of new oil and gas fields. Income from such activities, related to new oil and gas fields, will be allocated a Red shading even if waste is treated to a higher level than required by national authorities. However, there were no CAPEX investments nor revenues from this activity in 2023.

[9] Net Zero by 2050 – Analysis - IEA

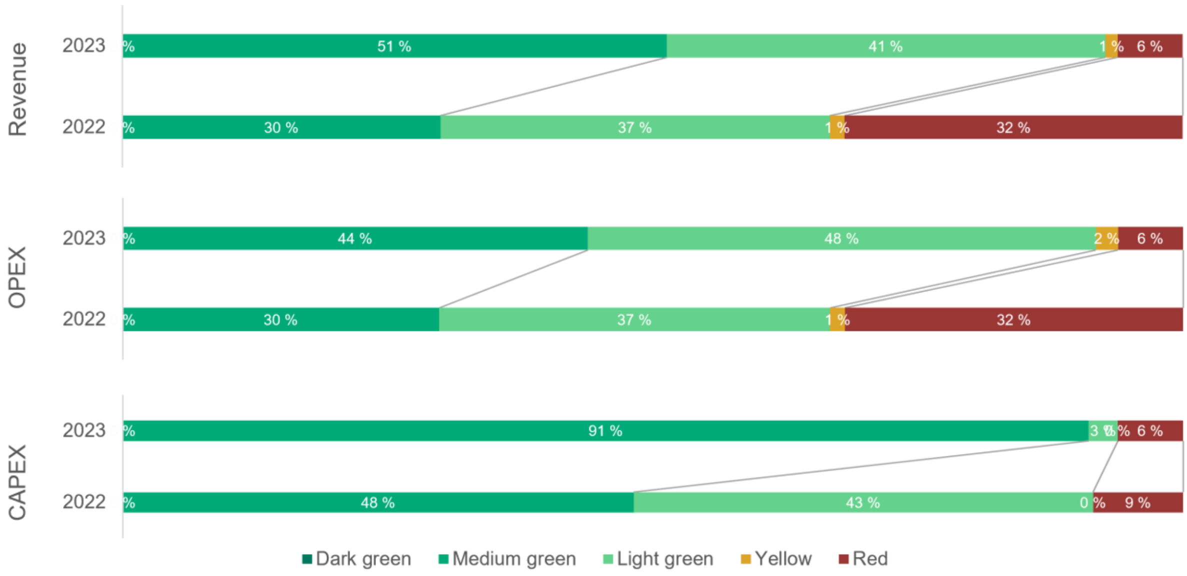


Figure 3: Past shading of revenue and investments for Lamor

Based on this approach we find that in 2023, 51% of revenue came from Medium Green, up from 30% in 2022, 41% from Light Green, up from 37% in 2022, 1% from Yellow, same as in 2022, and 6% of Red, down from 32% in 2022. Thus, the total share of Green went up in 2023 compared to 2022 with 93% of the revenues coming from assets with a Shade of Green. Operating expenses are distributed similarly. As Lamor has customers all over the world with short-term projects, it is expected that the distribution of shading change from year to year. The increase of Medium Green is caused by Lamor's activities in Kuwait, where Lamor is contracted for remediation services in Kuwait after the world's largest anthropogenic oil spill that happened in Kuwait in 1991 during the Gulf War. In 2022, Lamor took part in two new clean up projects for ongoing oil and gas activities, the clean-up relating to the oil spill at Repsol's La Pampilla oil refinery and the clean up after a landslide disrupted Ecuador's two main oil pipelines. These activities were shaded red, and therefore as these projects were completed in 2022 are the reason for the significant decrease of red revenue and OPEX.

In 2023, 91% of CAPEX was shaded Medium Green, up from 48% in 2022, 3% was shaded Light Green, down from 43% in 2022, and 6% was shaded Red, down from 9% in 2022. The key driver of the increase of Medium Green is investments relating to the chemical recycling plant of plastics together with Resiclo. The chemical recycling plant will produce raw material for use in the petrochemical industry to produce recycled plastics and for suitable refineries for further processing, and is shaded Medium Green.

Investors should note that our assessment is based on data reported or estimated by the company and has not always been verified by a third party. We analyse revenue, operating costs and investments, however there is typically not an explicit link between sustainability and financial data[10]. Our shading often requires allocating line items in financial statements to projects or products, for this we rely on the company's internal allocation methods. In addition, there are numerous ways to estimate, measure, verify and report e.g. data on emissions, which may make direct comparisons between companies or regulatory criteria difficult and somewhat uncertain.

[10] Most accounting systems do typically not provide a break-down of revenue and investments by environmental impact, and the analysis may therefore include imprecisions and may not be directly comparable with figures in the annual reporting

EU Taxonomy

The relevant EU Taxonomy activities for Lamor are Treatment of hazardous waste, and Remediation of contaminated sites and areas. As there is a need for further guidance on how to interpret criteria set out in the Taxonomy, which is expected to be released in 2024, a taxonomy assessment will not be included until next year's assessment.

Alignment with minimum social safeguards

To qualify as a sustainable activity under the EU regulation certain minimum social safeguards must be complied with. Shades of Green has assessed the company's social safeguards with a focus on human and labour rights. We take the sectoral, regional and judicial context into account and focus on the risks likely to be the most material social risks. Shades of Green concludes that Lamor is likely mainly aligned with the minimum social safeguards. Based on the information provided by the company, it seems that the most salient social risks for Lamor are linked to dangerous work and negative impact on local communities.

Nasdaq Green Designation

Shades of Green concludes that Lamor fulfil the requirements for Nasdaq Green Equity Transition Designation set out in the Nasdaq Green Equity Principles.

In 2023, the sum of OPEX and CAPEX allocated a Shade of Green is 92%. This exceeds the 50% threshold for investments, defined as the sum of CAPEX and OPEX. In 2023, Lamor 6% of turnover assessed shaded Red, therefore fulfilling the threshold of less than 50% of the company's turnover being derived from fossil fuel activities.

In addition, this report provides transparency on alignment of the company's activities with the EU Taxonomy and transparency on the company's environmental targets and KPIs is provided.

Terms and methodology

The aim of this analysis is to be a practical tool for investors, lenders and public authorities for understanding climate risk. Shades of Green encourages the client to make this assessment publicly available. If any part of the assessment is quoted, the full report must be made available. Our assessment, including on governance, is relevant for the reporting year covered by the analysis. This assessment is based on a review of documentation of the client's policies and processes, as well as information provided to us by the client during meetings, teleconferences and email correspondence. In our review we have relied on the correctness and completeness of the information made available to us by the company.

Shading corporate revenue and investments

Our view is that the green transformation must be financially sustainable to be lasting at the corporate level. We have therefore shaded the company's current revenue generating activities, as well as investments and operating expenses.

The approach is an adaptation of the Shades of Green methodology for the green bond market. The Shade of Green allocated to a green bond framework reflects how aligned the likely implementation of the framework is to a low carbon and climate resilient future, and we have rated investments and revenue streams in this assessment similarly. We allocate a shade of green to the revenue stream and investments according to how these streams reflect alignment of the underlying activities to a low carbon and climate resilient future and taking into account governance issues.

Shading		Examples
Dark green	Is allocated to projects and solutions that corresponds to the long-term vision of a low-carbon and climate resilient future.	Solar power plants
Medium green	Is allocated to projects and solutions that represent significant steps towards the long-term vision but are not quite there yet.	Energy efficient buildings
Light green	Is allocated to transition activities that do not lock in emissions. These projects reduce emissions or have other environmental benefits in the near term rather than representing low carbon and climate resilient long-term solutions.	Hybrid road vehicles
Yellow	Is allocated to projects and solutions that do not explicitly contribute to the transition to a low carbon and climate resilient future. This category also includes activities with too little information to assess.	Health care services
Red	Is allocated to projects and solutions that have no role to play in a low-carbon and climate resilient future. There are the heaviest emitting assets, with the most potential for lock in of emissions and highest risk of stranded assets.	New oil exploration

In addition to shading from dark green to red, Shades of Green also includes a governance score to show the robustness of the environmental governance structure. When assessing the governance of the company, Shades of Green looks at five elements: 1) strategy, policies and governance structure; 2) lifecycle considerations including supply chain policies and environmental considerations towards customers; 3) the integration of climate considerations into their business and the handling of resilience issues; 4) the awareness of social risks and the management of these; and 5) reporting. Based on these aspects, an overall grading is given on governance strength falling into one of three classes: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

In March 2020, a technical expert group (TEG) proposed an EU taxonomy for sustainable finance that included a number of principles including "do-no-significant-harm (DNSH)-criteria" and safety thresholds for various types of activities[11]. In April 2021, EU published its delegated act to outline proposed criteria for climate mitigation and adaptation, which it was tasked to develop after the EU Taxonomy Regulation entered into law in July 2020. Shades of Green has assessed the mitigation criteria in the EU taxonomy that includes specific thresholds for activities relevant for the company[12].

Do-No-Significant-Harm criteria include measures such as ensuring resistance and resilience to extreme weather events, preventing excessive water consumption from inefficient water appliances, ensuring recycling and reuse of construction and demolition waste and limiting pollution and chemical contamination of the local environment, as well as restriction on the type of land used for construction (no arable or forested land).

Shades of Green has assessed potential alignment against the mitigation thresholds and the DNSH criteria in the delegated acts published in April 2021.

In order to qualify as a sustainable activity under the EU regulation 2020/852 certain minimum safeguards must be complied with. The safeguards entail alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the International Labour Organisation's ('ILO') declaration on Fundamental Rights and Principles at Work, the eight ILO core conventions and the International Bill of Human Rights. Shades of Green has completed a light touch assessment of the above social safeguards with a focus on human rights and labor rights risks[13]. We take the sectoral, regional and judicial context into account and focus on the risks likely to be the most material social risk.

Our assessment of alignment against the EU Taxonomy is based on a desk review of the listed source documents against the Taxonomy Delegate Act and following our own shading methodology.

[11] Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, March 2020. TEG final report on the EU taxonomy (europa.eu)
[12] taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf (europa.eu)
[13] S&P Global Ratings Shades of Green is in the process of further developing its assessment method to ensure that it encompasses the object and purpose of the minimum safeguards.

Appendix 1: Referenced documents list

Document Number	Document Name	Description
1	Lamor’s annual report for 2023	Included financial and sustainability reporting
2	Data collection sheet	Information about financial numbers and projects
5	Business partner Code of Conduct	
6	Code of conduct	

Appendix 2: About Shades of Green

S&P Global Ratings Shades of Green provides independent, research-based second party opinions (SPOs) of green financing frameworks as well as climate risk and impact reporting reviews of companies. At the heart of all our SPOs is the multi-award-winning Shades of Green methodology, which assigns shadings to investments and activities to reflect the extent to which they contribute to the transition to a low carbon and climate resilient future.

Shades of Green Company Assessments indicate the greenness of a company by providing a shading of revenues, operating costs and capital expenditures, as well as an assessment the company's governance structure. Shades of Green also provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green, sustainability and sustainability-linked bond investments. Shades of Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. Shades of Green is independent of the company being assessed, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. Shades of Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of assessments.

IFR AWARDS 2022

ESG Opinion Provider of the Year

Climate Bonds INITIATIVE 8TH CLIMATE BONDS AWARDS

Largest External Review Provider in Number of Deals for Shades of Green

Environmental Finance Sustainable Investment Awards 2022 Winner ESG assessment tool of the year – ratings

ESG Assessment Tool of the Year - Ratings

Environmental Finance Bond Awards 2023 Winner External assessment provider of the year

External Assessment Provider of the Year

This report does not constitute a rating action.