



Sustainability Report 2022



Contents

CEO Letter	3
TECO 2030 “At a Glance”	5
About the Report	6
About TECO 2030	7
Principles of Governance	11
Planet	18
People	30
Prosperity	33

CEO Letter



Dear stakeholders,

I am pleased to present TECO 2030's third sustainability report, which highlights our continued commitment to environmental, social, and governance (ESG) practices. At TECO 2030, we believe that sustainable business practices are not only a moral obligation but also a competitive advantage. We are proud to share the results of our ESG efforts and initiatives and to demonstrate our dedication to making a positive impact on society and the environment.

Through 2022, we made several new efforts on the development of our fuel cell system, at the Innovation Center in Narvik, and with the business development segment of our products and projects. The focus has very much been on progressing on several sides of the business such as securing a responsible supply chain, growing the organization in a healthy manner, and reaching the necessary milestones for our production targets.

A sustainable business practice is what we strive for every day, and through this report you will be able to see our environmental footprint today and into the future. Our zero emission fuel cells will contribute towards eliminating tons of harmful emissions along our coastlines and on land.

Currently upgrades are being done at the Innovation Center in Narvik to prepare for start of production. During the upgrade period we have tried to reuse and refurbish the equipment that is already available. The team has shown great efforts in preparing the facility in a sustainable manner.

Maritime emission regulations are becoming stricter and stricter, and considered an important indicator in addressing the challenges posed by climate change and improving air quality. TECO 2030 is striving to assist shipowners and stakeholders in the maritime industry to reach, achieve and operate within the limits of the regulations. As we all know, shipping has a significant environmental footprint due to its heavy use of fossil fuels, which releases carbon emissions and contributes to climate change and accounts for a total of 3% of global GHG emissions.

While these regulations may pose some challenges for the shipping industry, such as increased costs and operational changes, they are widely recognized as a necessary step in the transition to a low-carbon and sustainable shipping sector.

There are new energy efficiency requirements in most industries, and shipping is only one of them. TECO 2030 is a proud pioneer in assisting clients with decarbonizing their operations.

The next phase of evolving the company will entail incorporating completed guidelines in everything we do, including the ESG footprint of our activities. We are duly working on improving our sustainability reporting standards, through 2023, we aim to include several new measurements through increased key performance indicators.

I look forward to continuing this progress with the skilled and dedicated team at TECO 2030 and would like to express my gratitude for their focus on a sustainable future.

Tore Enger
Chief Executive Officer

TECO 2030 "At a Glance"

Key Figures

50%
share of
women
in the Board



22.5%
female
employees



40
employees



11
nationalities



4
global offices



Oslo



Narvik
(Northern Norway)



Miami



Singapore

6
government funded
projects



About the Report

“We are closer to substantially reducing the environmental footprint of heavy duty and maritime industry. The committed projects we are involved in will contribute towards a better planet for generations to come.”

-Tore Enger, CEO

This is TECO 2030's third sustainability report and covers the reporting period 1st January to 31st December 2022. The report is inspired by and follows the pillars of the WEF IBC common metrics. In addition, the report has been supplemented with other standards where relevant, such as the recommendations from Task Force on Climate-Related Financial Disclosures (TCFD), the GRI Standards and the Euronext guidance on ESG reporting.

We aim to be transparent about our operations and we will therefore continue to improve and develop our annual reporting by expanding the scope of the report and including additional disclosures relevant to the developments of the company.

The report has been reviewed and approved by TECO 2030's Board of Directors but has not been assured by a third party.

We appreciate your feedback, comments, and queries on this report.

Please visit our website <https://teco2030.no/> or contact us at: post@teco2030.no.

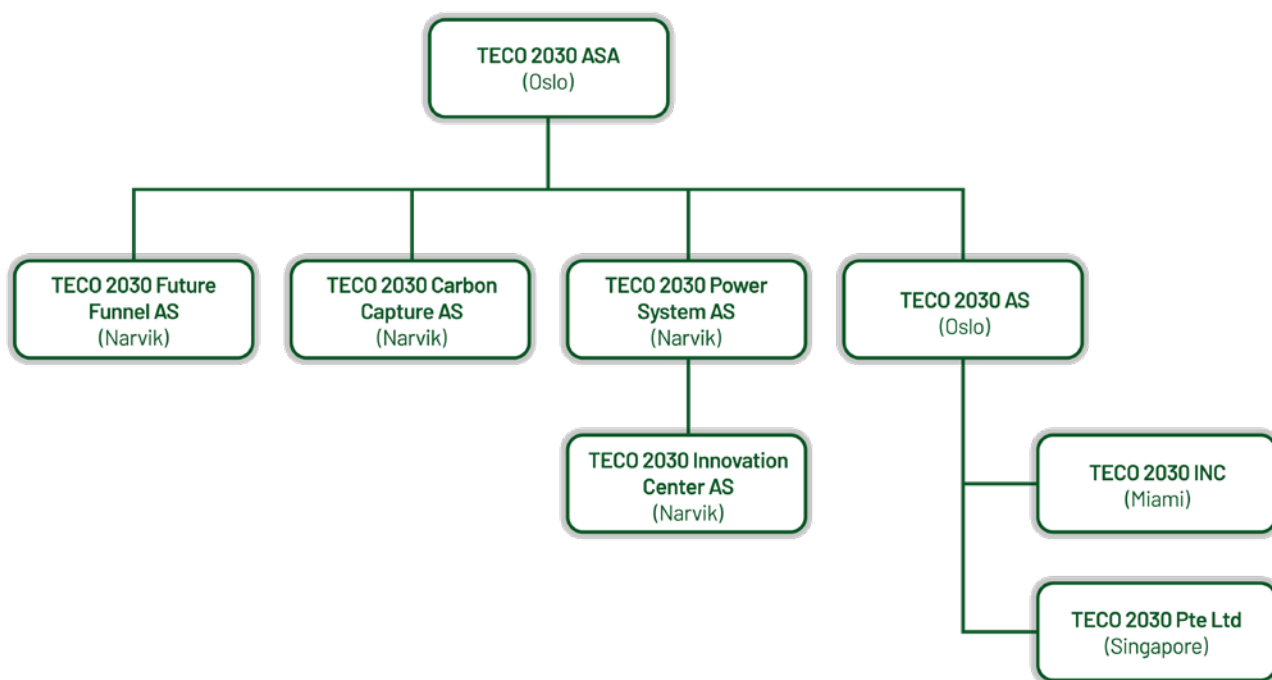


About TECO 2030

TECO 2030 accelerates the green transition in the maritime sector by delivering technology that reduces environmental and climate impacts from the shipping industry. TECO 2030 is developing hydrogen fuel cells that enable ships and other heavy-duty applications to become emission-free. The company is also developing other solutions aimed at helping the maritime industry to reduce its emissions, such as carbon capture and storage (CCS) and exhaust gas cleaning systems (scrubbers) for ships. TECO 2030 was founded in 2019 and has its roots in the TECO Maritime Group, a group that has provided technology and repair services to the global shipping industry since 1994.

TECO 2030 is listed on Euronext Growth on Oslo Stock Exchange under the ticker TECO. The TECO Group was established in August 2020, and now consists of the company TECO 2030 ASA and its daughter companies: TECO 2030 Future Funnel AS, TECO 2030 Carbon Capture AS, TECO 2030 Power Systems AS, TECO 2030 Innovation Center AS, TECO 2030 AS, TECO 2030 Inc. and TECO 2030 Pte. Ltd.

TECO 2030 is headquartered at Lysaker, just outside of Norway's capital Oslo, and has offices in Narvik (Northern Norway), Miami (Florida, USA) and Singapore.



As a young company, we are continuously developing and improving our operations. We will do our best to be as environmentally friendly as possible throughout our value chain, from using local suppliers of materials whenever we can to delivering climate friendly solutions to our clients. In 2021 we implemented a Code of Conduct, which has been included in all supplier contracts. 2022 was an eventful year for TECO 2030. We have established a solid team at The Innovation Center in Narvik, which has been through

preparations for both the manual and automated production to start. We have also conducted a thorough development process for the fuel cell stacks, which will provide a zero-emission energy alternative for the marine and heavy-duty industry. Substantial progress has been made in many of the projects we are involved in with successful funding secured, while others are maturing further every day. Our 2022 highlights can be viewed on the next page.

Signed Memorandum of Understanding (MoU) with Gen2 Energy for closer collaboration and supply of hydrogen and fuel cells.

JANUARY
2022

Signed strategic partnership with Al-Misehal Group with the intention of incorporating a Joint Venture in the Kingdom of Saudi Arabia.

FEB
2022

Signed a cooperation agreement with Narvik Hydrogen to develop a hydrogen value chain in Narvik.

MARCH
2022

Secured NOK 70.6 million in a convertible loan towards the development of our fuel cells and other general corporate purposes.

MAY
2022

Commenced trading on the OTCQX Market in New York, USA.

Launched HyEkoTank Project with partners.

JUNE
2022

Received funding from four municipalities in Norway to design a concept of the "high-speed vessel of the future", the winner of the design phase will be granted funding to build the vessel, TECO 2030 is 1 out of 3 consortiums who is creating a design concept.

JULY
2022

TECO 2030 and AVL sign HyTruck collaboration. First truck to be on road by mid-2023 in EU.

AUGUST
2022

Signed MoU with Thyssenkrupp Automation Engineering for delivery of fuel cell production equipment in Narvik.

Launch of TECO 2030 Power Barge Concept.

SEPT
2022

Raised approx. NOK 14.2 million in private placement.

OCT
2022

Implenia orders fuel cells for construction sites, initial order of 800kW TECO 2030 PEM fuel cells.

Signed LOI with AVL for delivery of 120 TECO 2030 fuel cell stacks of 100kW each, for deployment in 30 HyTruck systems.

Received EUR 5 million for HyEkoTank retrofit project together with partners.

SunHydrogen CEO Tim Young joins TECO 2030's Board of Directors.

Signed supplier partnership agreement with SinoHyKey.

Completed production of first TECO 2030 fuel cell stack.

Sold first TECO 2030 Future Funnel, a breakthrough.

Finalized grant agreement with the European Union for the HyEkoTank project.

NOV
2022

Raised approx. NOK 100 in a combined private placement and convertible bond from Strategic Investor SunHydrogen Inc.

DEC
2022



Principles of Governance

“Transparency, respect and sustainability is at core of TECO 2030’s business operations and incorporated in all our strategies. It is my responsibility that the guidelines are followed by all stakeholders when making strategic decisions.”

-Tore Enger, CEO

Sustainability governance

TECO 2030’s purpose is to become a leading green technology provider for the maritime industry as we move towards a carbon neutral society. To achieve this TECO 2030 needs strong corporate governance, starting at the top with our board of directors who have the overarching responsibility for sustainability in the company. This means a diverse board of directors with the expertise and capacity needed to handle the challenges associated with achieving our goals. Our board consists of six members of which three are women. The members are non-executive and have diverse academic and professional backgrounds from both TECO Maritime Group and other companies, and from various industries. Additional information on the board of directors, including their tenure on the board and their other significant positions

and commitments, can be found in the annual report¹.

The board of directors is responsible for identifying risks and opportunities as well as defining our objectives and strategy, which are then implanted by TECO 2030’s management. Our main risks today relate to our limited operating history, our dependence on third parties, technological developments, significant market competition and fluctuations in the marine, oil and gas industries.

It is important to us to conduct our business in a sound and ethical manner, and that our values guide our decisions, actions, and the way we interact with others.

Collaborative

We gain and share knowledge internally and, when necessary, seek new solution externally

Honest

We are not afraid to speak up and we always deliver on what we promise. We do not take any shortcuts or behave in an unethical way

Innovative

We build on our expertise and seek new knowledge. We use our competence to find new and innovative solutions

TECO 2030’s Code of Conduct was approved by the Board of Directors in May 2021 and can be found on the website. The code dictates how everyone working for or on behalf of TECO 2030 should conduct business, and covers, among other topics: anti-corruption and bribery, anti-competitive behavior and environment, human and labor rights. We do currently not have an official whistle-blower channel, but the Code of Conduct states the importance of raising concerns and details the process for doing so. This is also emphasized by management. We will consider establishing a

whistle-blower channel as TECO 2030 develops. No instances of corruption, or suspicion thereof, were raised in 2022.

We are currently in the process of setting up the TECO 2030 Innovation Center in Narvik in Northern Norway, which will lead to the creation of up to 500 new jobs in the area by 2030. We aim for the Innovation Center to be as climate friendly as possible and will therefore utilize renewable energy sources in our production.





¹ Page 141 of the annual report 2022.

Our value chain and material topics

In 2020 we conducted a materiality analysis, accounting for our value chain as well as our own operations.

Value Chain Analysis

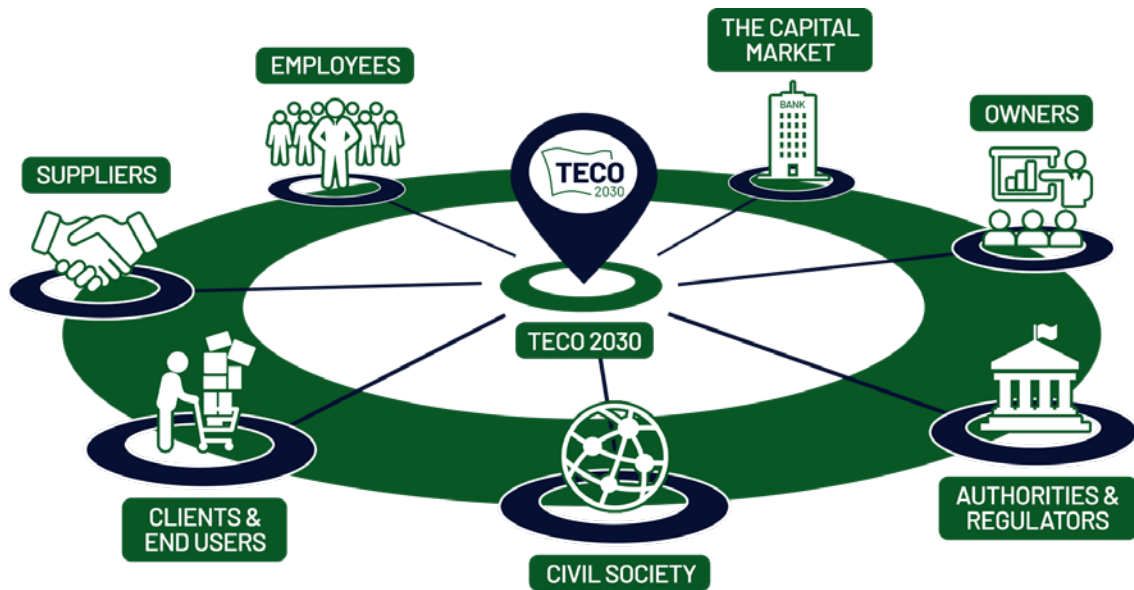
Value chain analysis - Impact on society and the environment throughout the value chain and related risks and opportunities

				
Theme	Raw material and suppliers	Manufacturers and installers	Management and marketing	Customers and user phase
Climate risks and opportunities	<p>Greenhouse gas emissions from production - There are significant greenhouse gas emissions associated with production of goods.</p> <p>Energy efficiency of equipment - choosing equipment with high energy efficiency can reduce energy usage during the use phase and thereby reduce lifetime climate impact.</p>	<p>Energy usage and emissions during manufacture and installation - ensure energy and climate efficiency.</p>	<p>Marketing of green solutions - TECO 2030 has an opportunity to differentiate by focusing on the environmental and green advantages related to its products and services.</p>	<p>Customer energy efficiency - energy savings.</p> <p>End user greenhouse gas emissions - GHG emission reductions from use of systems.</p>
Environmental risks and opportunities	<p>Sourcing of raw materials and components - could have potentially high environmental impacts during extraction of raw materials and processing.</p>	<p>Component use and reuse - effective use of components and maintenance can increase lifetime for components, thus reducing cost and waste.</p>		<p>Biodiversity benefits of products and services - reduction of emissions, ballast water treatment to reduce biodiversity impacts.</p> <p>Local air emissions reductions from products - reduced emissions of SOx/NOx, black carbon etc.</p>
Social and safety risks	<p>Health and safety in supply chain - risks to workers performing potentially hazardous jobs.</p> <p>Worker & human rights - worker right related to fair pay, hours also avoidance and child labour etc.</p>	<p>Health and safety in supply chain - risks to workers performing potentially hazardous jobs.</p>	<p>Workforce diversity - it is acknowledged that more diverse workforces often produce better results, and that shipping has challenges with this.</p>	<p>Product safety - high quality is essential to ensure equipment is safe to use.</p>
Governance		<p>Quality and ethics - high standards of quality are essential to avoid safety and environmental risks during use</p>	<p>Anti corruption and integrity - integrity is essential for being attractive for customers as well as investors.</p>	

Key Stakeholders

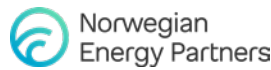
Through the materiality analysis, we identified our key stakeholders and the topics that are most important to them (see illustration below). Although sustainability is not explicitly included here, we receive regular insights into our

stakeholders' thoughts and opinions in this area through our membership in various industry associations, many of which have sustainability high on the agenda.



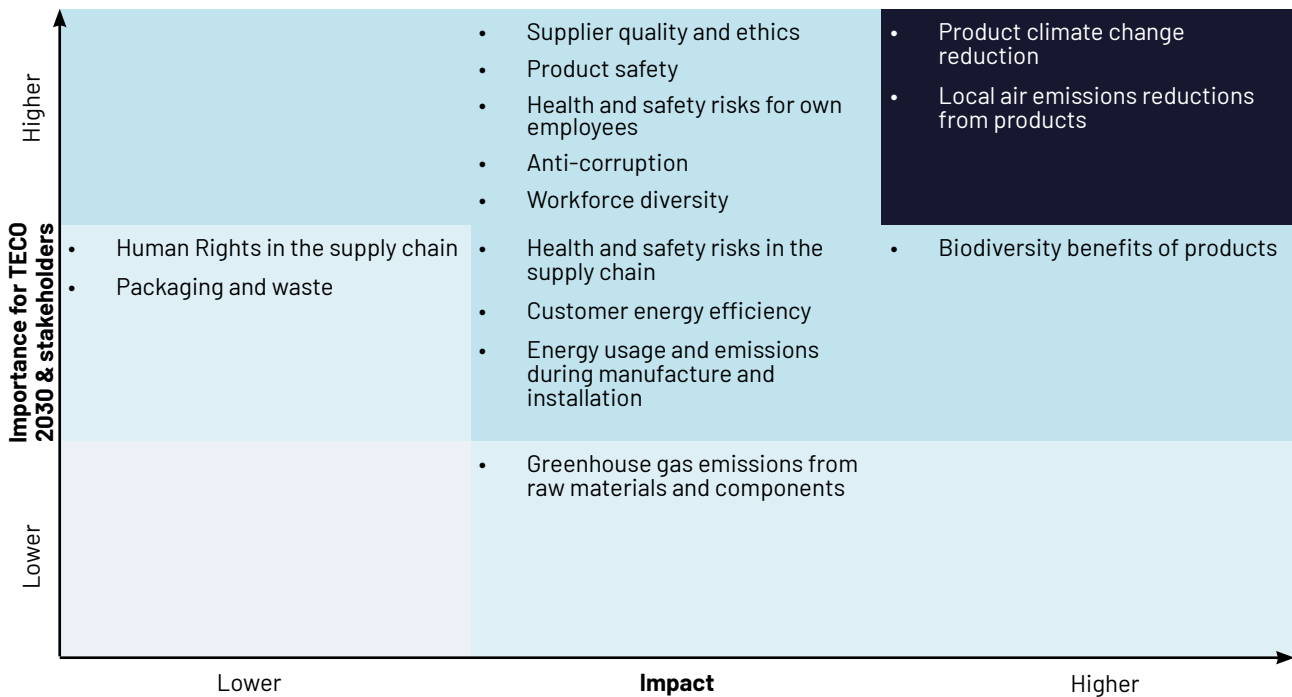
What are their main concerns?

 INVESTORS, OWNERS	Climate action, green products, ESG transparency, management diversity, economic performance	 CIVIL SOCIETY	Climate change, marine pollution, local air emissions, community projects, regulations
 SUPPLIERS	Working conditions, health & safety, business ethics, compliance with legal regulatory & environmental requirements	 AUTHORITIES & REGULATORS	Responsible business conduct, compliance with legal regulatory & environmental requirements
 CLIENTS & END USERS	Biodiversity, business ethics, community impact, health & safety, anti-corruption, reducing emissions, energy efficiency, waste reduction, human rights, diversity, ocean conservation	 EMPLOYEES	Safety & well-being, professional development, training & education, competitive compensation, responsible, business conduct



Along with the above-described processes, we have prioritized specific UN Sustainability Development Goals (SDGs) and sub-goals where we can make the largest positive contribution.

As a result of these processes, we developed the following materiality matrix which presents our material topics, arranged by importance and their impacts on our operations and, subsequently, on our stakeholders.



TECO 2030 has a business model focused on bringing zero emission technologies to the heavy-duty and maritime industry, and our most material topic is, therefore, climate change. Climate change is also the most material topic to our stakeholders, and these facts guide our day-to-day activities and decision-making. Additionally, we are aware that our activities have impact through our value chain, and it is important to us to consider all aspects of sustainability

such as health and safety, ethics, diversity and inclusion. TECO 2030 is a company that is constantly in development, and we strive to focus our efforts where we have the greatest impact. As we grow, we will continue to evaluate our material topics, with an additional materiality analysis and stakeholder dialog process already being planned in connection with the opening of our Innovation Center in Narvik in 2023.



SDG 3 Good Health and Well-Being

TECO 2030's underlying ambition to provide green technology to the maritime industry is closely connected to SDG target 3.9, which is to substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination. TECO 2030 will contribute to reducing pollution to air, water, and soil around the globe by providing shipowners with emissions reductions systems and the possibility of zero direct emission propulsion.



SDG 13 Climate Action

TECO 2030 aims to contribute to the achievement of the Paris Agreement climate goals, as well as to help strengthen global resilience and adaptive capacity to climate-related hazards and natural disasters. TECO 2030 has an ambition to contribute to the decoupling of greenhouse gas emissions from continually increasing freight volumes. Accordingly, our main focus moving forward will be on zero emission hydrogen fuel cell technology.



SDG 9 Industry, Innovation and Infrastructure

TECO 2030 contributes to the overall progress towards target 9.4 by upgrading and retrofitting infrastructure and industrial equipment with cleaner and more environmentally sound technologies to be more resource efficient. The maritime transport sector is a major polluter, and our solutions at TECO 2030 enable shipowners to reduce their operational environmental impact.



SDG 14 Life Below Water

The maritime shipping industry has an enormous impact on marine and coastal ecosystems, and part of reducing the overall environmental impact of shipping is reducing this impact. The TECO Maritime Fuel Cell enables ships to move away from fossil fuels, while TECO Future Funnel reduces exhaust gases. We aim to contribute to the conservation of the oceans and their resources and support our customers in complying with national and international laws on activities impacting the marine environment.



SDG 17 Partnerships for the goals

Although it has considerable greenhouse gas emissions, shipping is a good alternative to road or air freight because of the possibility to transport much larger volumes of goods per unit of energy consumed. To reach its full potential, however, shipping needs green solutions. TECO 2030 has teamed up with leading suppliers such as AVL and Chart Industries Inc. to develop emissions reduction technologies and systems for the shipping industry, and together we contribute to SDG target 17.16.

Way forward

Sustainability at the TECO 2030 Innovation Center in Narvik

During 2022, we have made great progress by increasing our employees from 1 to 10 at the Innovation Center in Narvik. The whole team has played a vital role in the development of the facility and the preparation for manual and automated production. The first production equipment for the manual stacking line is expected to be delivered in the second quarter of 2023 while the automated production line is expected beginning of 2024. Furthermore, our team is preparing the building for production, which includes cleaning, servicing, refurbishing, and preparing all machines, rooms and areas needed for an efficient production ramp up. The ramp up includes a rapid personnel increase in Narvik for further production increases towards an annual production output of 400 MW in 2025.

The trust received from the municipality in Narvik is supportive and a collective determination to succeed. Together with the municipality and the local university UiT Narvik, we are building knowledge, experience, and an advanced technology competence center where collaboration is encouraged. Narvik has, through all public-private partnerships, demonstrated itself to be a great place to build Europe's first Gigafactory. Collaboration will be key going forward, and together with our partners and the local community we can build Norway's hydrogen capital. Zero emission technologies will be of high demand and building a large forward-thinking fuel cell factory is something we are looking to achieving.

We believe Northern Norway and Narvik is the perfect place to establish our combined fuel cell factory and innovation center due to the abundance of renewable energy in the area as well as it being one of the areas with the lowest electricity prices in both Norway and Europe. In addition to being a hub for cargo transport in Northern Norway, accessible by rail, road, air and sea, Narvik welcomes industry and business development and houses a skilled workforce. These factors will greatly benefit our Innovation Center, and we hope and believe that the Center will create significant ripple effects in the region related to hydrogen and other climate-friendly energy sources and technology.

Sustainability strategy and governance

In 2022 we took several steps on the development of our Innovation Center, preparing for initiation of our production. Our focus has been on ramping up production in a safe and timely matter in line with the increase in demand for zero direct emission fuel cell systems. We have therefore postponed our sustainability governance projects, which will focus on developing KPIs to monitor and fully report on our ESG performance, especially connected to the plant in Narvik. With these projects we aim to lay the foundation for continuous monitoring, reporting, and improvement of our sustainability performance in the years to come.



Planet

“Humans are hurting the planet every day; our goal and mission is to reduce the harm performed by heavy-duty and marine industry’s footprint on our planet. There are more generations of humans who will live on the planet we call home.”

-Tore Enger, CEO

TECO 2030 entered the marine technology market with the objective of transforming the shipping industry through the implementation of more sustainable solutions, and our biggest impact on environmental protection is through our products. These products support the global shipping industry in its journey towards a zero-emission world, and in its effort to protect ocean ecosystems from the threat of invasive species. Additionally, as of 2022, we have taken steps to limit the direct environmental impact of activities within our own organization.

The impact of shipping on our planet

The sixth Intergovernmental Panel on Climate Change (IPCC) report, released in 2021, found that climate change is already having widespread impacts, and was declared by UN Secretary-General António Guterres as being “a code red for humanity”. According to the International Maritime

Organization’s most recent report, shipping accounted for around 2.89% of global greenhouse gas (GHG) emissions as of 2018 (Fourth IMO GHG Study 2020 Executive-Summary.pdf²). Although shipping emissions decreased in 2020 and 2021 due to covid-19, activity in the sector is expected to increase to up to 130% by 2050 compared to 2008 unless we change our trajectory³.

To help tackle this industry problem, TECO 2030 aims to deliver leading environmental technologies, which also address regulatory challenges. Shipping has been included in the EU Taxonomy under transport since the beginning, and our customers will therefore be required to report on their degree of sustainable activity in relation to the taxonomy’s technical screening criteria. Our activities at TECO 2030 are considered “enabling activities” for climate change adaptation and mitigation, with the production of the TECO Marine Fuel Cell and the TECO Carbon Capture and Storage.

As a part of the effort to combat climate change, the energy efficiency of our customers is an important aspect in our materiality analysis. In 2020 we developed an initial estimate of the CO₂ emissions our customers saved by using our Hydrogen Fuel Cell, and we will continue to update this estimate and include the effects from Carbon Capture and Storage (CCS) once results from the testing phase are available.

	2023	2024	2025	2026	2027	2028	2029	2030
prod. Volume	15	120	400	800	900	1000	1200	1600
CO ₂ emissions (tonnes)	55,188	441,504	1,471,680	2,943,360	3,311,280	3,679,200	4,415,040	5,886,720
Accumulated CO₂ reduction (tonnes)	55,188	496,692	1,968,372	4,911,732	8,223,012	11,902,212	16,317,252	22,203,972
NO _x emissions (kg)	1,345,141	10,761,128	35,870,428	71,740,855	80,708,462	89,676,069	107,611,283	143,481,711
Accumulated NO_x reduction (kg)	1,345,141	12,106,269	47,976,697	119,717,553	200,426,015	290,102,084	397,713,368	541,195,079
SO _x emissions (kg)	1,722,254	14,178,035	47,260,116	94,520,231	106,335,260	118,150,289	141,780,347	189,040,462
Accumulated SO_x reduction (kg)	1,722,254	15,950,289	63,210,045	157,730,636	264,065,896	382,216,185	523,996,532	713,036,994
PM emissions (kg)	133,805	1,070,442	3,586,139	7,136,277	8,028,312	8,920,347	10,704,416	14,272,555
Accumulated PM reduction (kg)	133,805	1,070,442	3,586,139	7,136,277	8,028,312	8,920,347	10,704,416	14,272,555

2 <https://wwwcdn.imo.org/localresources/en/OurWork/Environment/Documents/Fourth%20IMO%20GHG%20Study%202020%20Executive-Summary.pdf>

3 <https://wwwcdn.imo.org/localresources/en/OurWork/Environment/Documents/Fourth%20IMO%20GHG%20Study%202020%20Executive-Summary.pdf>

During the fall of 2021 the EU announced “Fit for 55”, the EUs plan to reduce GHG emissions by 55% within 2030. This package includes suggested directives which aim to reduce emissions and encourage the use of alternative fuels to bunker oil in the shipping industry. The two main alternative fuels are ammonia and hydrogen, meaning TECO 2030 is well positioned to help our clients adapt to these regulations.

To remain transparent, we intend to disclose our environmental impacts and efforts annually in our sustainability report.



Climate change

Climate-Related risks and opportunities

In 2021, TECO 2030 conducted an initial assessment of the potential financial effects of climate-related risks and opportunities on our business model. This assessment was conducted according to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. We consider this assessment process to be a dynamic one, as we are a company in growth, and plan to continue to refine our climate change governance and strategy as the company develops.

Governance

At TECO 2030, sustainability is at the core of our business model. Therefore, the effects of climate change and its risks and opportunities are what guides our business. We aim to develop products that help the shipping industry reach the goals of the initial IMO GHG strategy and those of the EU.



Action plan

- a. Our contribution to reduce climate change is high on the agenda of our board members and is a topic in all commercial discussions. However, as of today no formal governance of climate change lies with the Board of Directors. This will change with the developments at the Innovation Center in Narvik and the associated necessary amendments of our governance structure to reflect our own procurement and production processes.
- b. Related to the above, our Code of Conduct was updated in 2021/22 to reflect an increased focus on sustainability and climate change risks and opportunities. Additionally, our Supplier Code of Conduct includes sustainability considerations.

Strategy

Our business strategy is based on the 2030 climate change targets and is closely connected to technology developments in the race to net zero. Additionally, we aim to conduct our business with minimum harm to the environment. One example of this is our project in Narvik, where we have chosen to renovate an existing building rather than constructing a new one. We are also searching for the most environmentally friendly solutions available to achieve optimal energy efficiency for the building once it is completed. Our strategy accounts for a variety of factors that have the potential to impact our business, including supply of raw materials and components, increased emissions taxes, increased costs of raw materials, components and other product parts resulting from new legislation, and competition from markets with underdeveloped green legislation as compared to the EU market.

Action plan

- a. While carbon-reducing technologies offer opportunities for our business model both in the short and long term, we are conscious of today's significant and fast-paced developments in green legislation and how these may affect both our own and our customers' operations in the years ahead. While our products help shipping

companies position themselves for new legislation, it cannot be excluded that legislation will be adopted that may have a negative effect on our activities. We continue to monitor these developments in the EU and globally.

- b. We continue to monitor developments in the shipping industry to identify potential new business areas. In addition to our hydrogen fuel cells, we are developing CCS technology for ships, which we will pilot in collaboration with our customers. On the other hand, we have identified risks with regards to "fair play". EU legislation may impose requirements on our processes that can limit our competitiveness as compared to suppliers outside of the EU.
- c. At this stage, we have not conducted any scenario analyses. However, several of our identified transition risks are closely tied to a 2-degree scenario and fast-paced transition to a low-carbon world. In this regard, we highlight new legislation (both a risk and an opportunity) and the risk related to fair play and lack of costly requirements in other regions.

Risk management

Climate change risks and opportunities have a central role in all of TECO 2030's commercial decisions. We have identified the most significant risks and opportunities upstream and downstream in our value chain through an initial risk assessment, and will continue this analysis and further develop it in connection with the Narvik Innovation Center.

Action plan

- a. Climate-related risks and opportunities are identified internally during our commercial decision-making processes as well as through memberships in industry associations and consultations with regulating bodies. Furthermore, to thoroughly assess this topic, we engaged an external consultant for a climate-risk workshop to discuss our own operations as well as our value chain to identify what risks and opportunities are the most relevant and material to us.



- b. We incorporate climate risk in our ESG due diligence review when selecting new suppliers. For our suppliers of critical components, we are implementing additional risk mitigation measures to ensure the supply of these components to the best of our capacity, regardless of external threats to delivery.
- c. We follow regulatory developments in Norway, EU and the IMO in order to ensure consideration of new legislation in our risk assessments. We also plan to develop an internal assessment procedure for climate related risks that will be fully integrated in our overall risk governance structure.

Metrics

Our current operations are not carbon intensive. TECO 2030 does not own any buildings with production and is therefore our only scope 1 emissions come from one company owned hybrid vehicle. Our scope 2 emissions come from electricity use at our locations in Norway, Singapore, and the United States, including the use of two electric vehicles which TECO 2030 owns. As a result, we have limited scope 1 and scope 2 emissions. The majority of our emissions are scope 3 emissions generated by suppliers and vendors, however, due to a lack of available data, our scope 3 metrics are limited to flights taken by our employees for business travel and a small fraction of our employee commuting, which we were able to access data for.

Status

- a. We aim to establish more robust data collection and reporting processes going forward and will conduct a full GHG emission inventory and reporting with the operations of the Narvik Innovation Center.
- b. Our 2022 scope 1 emissions were 265 kg CO₂, our scope 2 emissions were 29 437 kg CO₂e, and our business travel scope 3 emissions were 196 188 kg CO₂e.
- c. We have estimated CO₂ savings from our hydrogen fuel cell, which have been presented at the beginning of this chapter.

Our climate-related Risks and Opportunities

In analyzing and assessing climate-related risks and opportunities to our operations, we identified three physical risks and three transitional risks, including regulatory and market risks. The table below presents these risks, along with our mitigating actions and related opportunities identified. The table is derived from the TCFD's recommended disclosures describe above. We will continue to update the risk assessment as we expand our operations.

Physical risks and opportunities

	Description	Risk	Risk mitigation	Opportunity
Extreme weather events in Narvik (Acute)	Due to its location, the Innovation Center in Narvik is susceptible to extreme weather events, especially during the winter.	Extreme weather events in the Narvik area may cause severe delays in the transportation of raw materials and components used in our production. This may in turn hinder or fully stop production, ultimately affecting our ability to deliver products to customers in a timely manner. Moreover, such events may also damage components, rendering them useless.	The technical standard of our production site is designed to withstand the local harsh weather conditions, and Narvik can be accessed through different forms of transportation. Additionally, procuring a back-up generator and building a spare components inventory is under consideration and will be included in planning of operations.	There are several modes of transportation available in Narvik. There is access to a non-freezing harbor and train tracks in addition to road and air transportation. As a result, we should be able to ensure regular and timely transportation of our products, also during instances of extreme weather.
Extreme weather events related to suppliers (Acute)	Supply of raw materials and components at different stages of TECO 2030's value chain is at risk of extreme weather events at the supplier's location or during transport.	Extreme weather events may damage suppliers' production facilities and/or hinder the supply of raw materials needed in production. It may also hinder access to the production facilities, resulting in a potentially prolonged stop in operations as well as transport of goods off site.	We aim for suppliers in low-risk regions within the EU and the USA that are politically stable and have a lower risk of extreme weather events. We also plan on securing at least two to three suppliers per component.	By securing more suppliers, we are able to diversify the geographical region of our suppliers. If one supplier is unavailable for any reason, we will draw on the others, securing a steady supply of critical and non-critical components and materials.

	Description	Risk	Risk mitigation	Opportunity
Scarcity of critical components (Chronic)	Our products utilize innovative technology and components used in the production are often specialized and difficult to obtain. These technologies typically contain a certain amount of materials exposed to risk of scarcity.	When there is scarcity of a critical component, we run the risk of not being able to obtain it, subsequently causing a halt in production. Furthermore, when there is scarcity of a critical component, we run the risk of increased costs as the price may increase due to increased demand as compared to supply.	We have made a strategic decision to use less scarce materials in our products, as defined in the technical product specifications.	As TECO 2030 is a company at an early stage of operation, the governance structure can be tailored towards specific risk considerations regarding components.

Transitional risks and opportunities

	Description	Risk	Risk mitigation	Opportunity
Taxes on emission (Policy and Legal)	A common tool to mitigate GHG emissions are taxes and emission from both production and transportation will be subject to said tax. Consequently, an increase in tax on emissions will result in an increase in the cost of production.	Tax on emissions increase is unpredictable, which makes budgeting costs difficult. This can either cause unforeseen costs related to projects causing cost overrun, or we may wrongfully decline positive NPV projects due to risk aversion.	We continuously seek to find more energy-efficient means of both transportation and production while following developments in new legislation pertinent to our business.	TECO 2030's business model is tailored towards making products that make use of and contribute to the developments towards a net zero economy. As such, potential increases in demand for our product can out-weigh the potential costs related to an increase in tax on emissions. We further consider it likely that we will be able to sell carbon credits in the future due to a low level of emissions from own production.

	Description	Risk	Risk mitigation	Opportunity
New legislation (Policy and Legal)	New legislation that has not yet been developed and adopted can be unpredictable and may materially impact a company's business.	While our products help shipping companies position themselves for new legislation, it cannot be excluded that legislation will be adopted that may adversely affect our activities.	We closely follow regulatory developments in Norway, the US, the EU, and the IMO.	Our products may help customers position themselves for new laws and regulations. For instance, new EU regulations that will incorporate shipping in their emission reduction programs.
Fair play (Market)	Fair play is about being able to rise above the competition. In the context of climate change that means prioritizing the long-term effect GHG emissions will have on our planet, as opposed to short-term profit using less sustainable practices. The EU operates with much stricter laws and regulations than many other regions.	The strict regulatory practices that are or will be adopted by the EU risk initiating a so-called "race to the bottom" in other areas in the world. In the context of climate change, this refers to countries or states undercutting cost of production in other states by deregulating. For TECO 2030, that means losing customers to production in countries outside the EU where we can no longer compete on prices.	By keeping a strong focus on ESG throughout our value chain, coupled with the high quality of our products and solutions, we can maintain customers that want to mitigate ESG risks in their own operations.	On 14 July 2021, the EU Commission adopted a proposal of a new Carbon Border Adjusted Mechanism which will put a carbon price on imports of a targeted selection of products. This aims to stop carbon-leakage so that carbon-intensive production will not be as profitable to move outside the EU. If this proposal comes into effect as intended, TECO 2030's disadvantage may be neutralized.

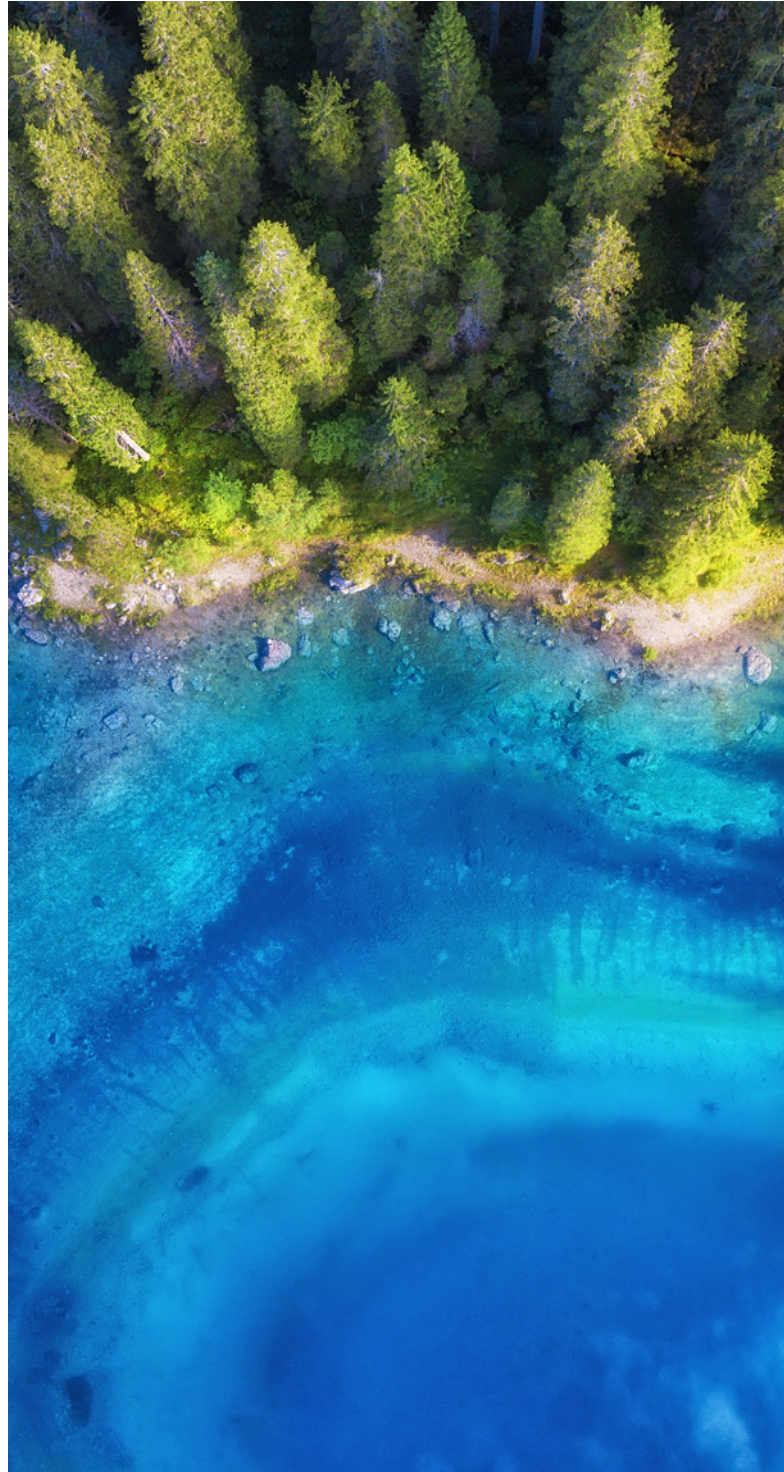
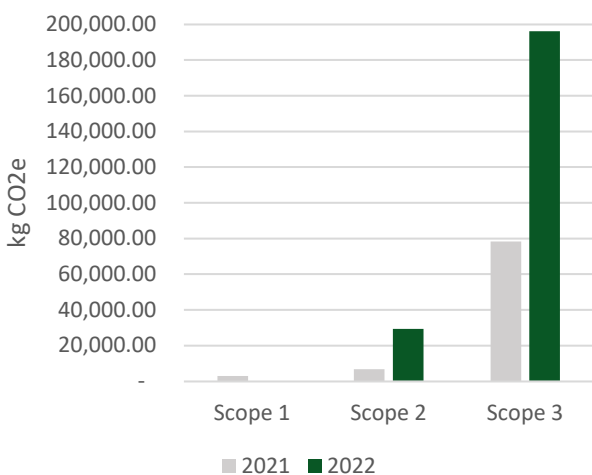
Our impact

Our direct impact on the environment in 2022 was limited, although we recognize that the outsourced production of our systems also has an environmental impact, and that our direct impacts will increase with the start of our operations in Narvik.

To minimize our environmental impacts, we chose to lease an existing building in Narvik which eliminates the impact of new construction. The building follows clean lab standards and is already optimized for fuel cell production, which minimizes the need for reconstruction. We will also use local suppliers whenever possible.

Our scope 2 emissions come from electricity and heating at our offices in Norway and Miami as well as from one employee who works from home, and our calculations are based on the standard grid mixes of renewable and fossil energy in these locations. Additionally, we experienced an increase in our scope 2 and trackable scope 3 emissions in 2022 due to several factors: the easing of Covid-19 restrictions, an increase in number of employees, and our shift from product development to commercial activity. However, as in previous years, the majority of our emissions are scope 3 emissions which we were unable to track due to a lack of available data. Our greenhouse gas emissions calculations are described in more detail in the appendix.

Greenhouse Gas Emissions



Products



TECO 2030 Marine Fuel Cell

The marine fuel cell system is a modular fuel cell system for heavy duty marine applications which utilizes the hydrogen fuel cell solution to enable true zero CO₂-emission energy provided to the vessel. The Marine Fuel Cell System helps customers align with the IMO's initial strategy on the reduction of GHG emissions from ships.



TECO 2030 Carbon Capture and Storage (CCS)

The TECO 2030 Carbon Capture and Storage solutions will use the Cryogenic Carbon Capture™ (CCC) technology developed by SES, which was acquired by Chart Industries, Inc. in December 2020. CO₂ will be separated from the ship's exhaust gases, creating a high purity liquid CO₂ product stored onboard in cryogenic tanks. The CO₂ can either be permanently stored in geological formations underground or be reused and put to beneficial use in CO₂-consuming industries.



TECO 2030 Future Funnel

Future Funnel is a scrubber, which reduces sulphur emissions in line with the IMO sulphur regulation. It has high SO_x removal efficiency of up to 99.9% and is designed to be adaptable for future emission legislations (e.g., for particulate matter and black carbon).

Nature and biodiversity



TECO 2030's operations impact nature and biodiversity in two ways: through our products' own impacts and through the manufacturing of our products.

Ships emit SO_x, NO_x, black carbon, and particulate matter into the air as exhaust. Particulate matter, SO_x, and NO_x contribute to acid rain formation, block sunlight, and can be harmful to breathe in – adversely affecting forests, wildlife, watersheds, human and wildlife health, and geological formations. In 2022 TECO 2030 offered both open- and closed-loop solutions for scrubber systems, which remove this pollution from the air. Open-loop scrubber systems, however, do not entirely protect the environment from these pollutants, because they discharge them as acidified water into the ocean which has harmful effects on the local environment and aquatic life. Closed-loop scrubber systems on the other hand, collect and store the accumulated sludge.

Though it is being phased out of our product portfolio, we also sold one ballast water treatment system in 2022. Ballast water discharge can lead to serious environmental problems by spreading marine species from one geographical area to another, where they disrupt the local ecosystem and can out-compete and displace the native species. TECO 2030's ballast water treatment systems contribute to the protection of the marine environment.

TECO 2030 also has an indirect negative impact on nature and biodiversity through our supplier's production and manufacturing. In order to limit this, we have included stipulations in our Code of Conduct for Suppliers that all suppliers have effective environmental policies, are resource efficient, minimize waste production, and follow legal requirements for wastewater discharge.

Freshwater



TECO 2030's direct freshwater consumption in 2022 remained limited to our office activities and was insignificant. Indirect freshwater consumption throughout the value chain is more significant and is taken into consideration in decision making. TECO 2030's direct freshwater consumption will increase in 2023 with the commencement of product testing in Narvik, which will be reflected in our updated strategy. Additionally, we will have a plan in place for sustainable freshwater consumption at Narvik before the start of operations.

Resource use and waste

Resource use and waste generation are also important to environmental impact, and to us at TECO 2030. Our direct waste generation in 2022 was limited to general office waste, paper and cardboard, and plastic. We have continued with the established recycling measures at our Oslo and Miami offices and follow local requirements and guidelines for waste handling and recycling. Additionally, we will be implementing suitable measures in Narvik when we start operations there.

When it comes to our indirect resource use, our Code of Conduct requires that our suppliers operate by the "reduce, reuse, recycle" principle and minimize their waste production. Our fuel cells are also designed such that when the stack needs to be replaced, typically after around five years, the other parts of the fuel cell are still function and can be retained.

Product safety

Safety is an important aspect in our product design and development. We are committed to reduce the risk as far as possible for our product.

The overall safety objective is that risk to personnel, facilities and environment arising from the operation of the hydrogen- and fuel cell systems shall be as low as possible and within acceptable limits stated in the applicable rules, regulations, codes, and standards. Hydrogen is connected to a risk of explosion, however we aim to develop an inherently safe product. We did not experience any safety incidents in 2022.

The TECO 2030 Marine Fuel Cell will not be commercially available until 2023. In 2021, we received an "Approval in Principle" (AiP) by DNV for our Marine Fuel Cell System and the Fuel Cell Module 400kW (FCM400), confirming that these are safe to use onboard ships. We will also conduct onshore testing involving third-party quality control.

Way Forward

EUs plan to reach the goals of the Paris Agreement is dependent on the private sector, as it is acknowledged that its members states cannot foot the bill alone. As a result, the EU Green Deal, a strategy for making the EU climate neutral by 2050, was launched in 2019. The EU Green Deal involves a tightening of regulations in many sectors, also in the shipping industry, and we therefore expect an increase in demand for low and zero emission solutions from the shipping industry going forward.

In line with the EU Green Deal, the EUs legislative "Fit for 55"-package was launched in the fall of 2021. If the "Fit for 55"-package is adopted, the shipping industry will be subject to new EU-legislation aimed at reducing emissions from transport; for instance, the EU Emissions Trading System (EU ETS), tax on bunker oil and limits on carbon intensity. The common denominator is that use of bunker oil will

become more costly so that the transportation sector is incentivized to use alternative fuel types, of which ammonia and hydrogen are currently the two leading alternatives. The EU has confirmed shipping to be included in the EU ETS from January 1st 2024.

With our fuel cell technology, ships can operate emission-free on the whole journey, or on shorter distances. By exchanging one or more of their engines, ships can sail into and out of ports emissions-free. The TECO 2030 fuel cells will therefore support ship owners in complying with the upcoming EU regulations.

During 2022, we took steps towards developing application concepts for the use of our hydrogen fuel cells to other emission intensive industries such as construction sites, heavy duty trucks and shore power solutions for ports. Further to that, we signed an LOI with AVL for delivery of a 4 fuel cell stacks to be deployed in the HyTruck Demonstrator which will be rolling on European roads mid-2023 and another LOI for delivery of fuel cell systems to 30 hydrogen trucks, to an undisclosed customer of AVL. Implenia has issued a purchase order for delivery of their HydroPilot project which is funded by the state enterprise ENOVA. The HydroPilot will be demonstrated towards the end of 2023.

It will likely take decades before all vessels that run on fossil fuels have been phased out. In the meantime, Carbon Capture and Storage (CCS) solutions can play a major role in reducing shipping emissions as it has the potential to reduce greenhouse gas emissions from the shipping industry by more than 30% by 2050 (DNV's Maritime Forecast to 2050, September 2021). With our CCS unit we aim to help the shipping industry capture carbon and store it onboard while at sea. As of today, this is a new technology currently under pilot testing. The challenge with onboard CCS is related to storage space on vessels, as one ton of fuel creates three tons liquid CO₂. As a result, while the capture system can collect 90% of all CO₂, the current CCS technology is estimated to save approximately 30% of the emission. We are working on solutions to this issue.



People

Our employees are our most valuable resource and the driving factor behind our success. Securing the health and well-being of our employees is therefore our highest priority. We continually focus on having an inclusive and diverse working environment. We believe that diversity drives ingenuity and provides multiple valuable perspectives needed throughout the organization. This is reflected in our values collaborative, honest and innovative.

Our People

As of 31st December 2022, our team consisted of 39 employees representing 9 different nationalities. All employees hold permanent full-time positions and are based in Norway and the USA. An office in Singapore is established, currently represented by another company in the TECO-group.

Through 2022 our workforce grew substantially. We increased our total number of employees by over 100%, attracting 20 new hires. At the end of the year female employees represented 21% of the workforce. The 2022 wage ratio between men and woman was 0.6% in favor of men across the company. We are continuously working on decreasing the gender disparity and fully accept that we have more work to do in this area. Our board of directors consists of six members where 50% are women.

People Governance

TECO 2030 is committed to equal treatment of our employees regardless of their gender, age, skin color, language, disability, ethnic background, sexual orientation, or political and religious philosophy. We are an equal opportunity employer and seek to increase our diversity when hiring new colleagues. In 2022, we saw a turnover rate of 5% across the company. We welcomed 20 new team members and said good-bye to two.

Our compensation policy ensures fair and equal compensation for all employees, according to type of work, position, and seniority. Wages are market competitive, and we comply with the laws applicable in the countries where we are present. Compensation of key management positions are disclosed in our annual report to secure transparency with regards to wage levels.

TECO 2030 respects universal principles and norms that protect labor rights. We promote a responsible employment environment, respecting the freedom of association and the freedom to conduct collective negotiations.



Well-being

TECO 2030's main activities are conducted in an office environment. During 2022 we completed our first fuel cell prototype at our development partner AVL's facilities in Vancouver Canada. As our main activities are conducted in an office environment health and safety risks are considered to be low and no HSE incidents were reported during the past year. Due to the low HSE risks amongst our employees, we currently do not have an incident reporting system, however, this will be in place with the start of production in Narvik.

Only 117 sick-days, equaling a sick leave rate of roughly 1.2% in 2022 provides an indication of the well-being of employees. We aim for all employees to maintain a healthy work-life balance by providing flexible work hours and possibilities to work remotely. Three male employee was on parental leave during the year.

Competence

As a young company we have experienced a significant growth during 2022 and almost doubled our body of employees. As a part of their introduction, new hires are provided with comprehensive orientation to company policy, tools, and resources. The development of our employees' skillsets and talents is important for our growth and productivity, and software and hardware training has been conducted for personnel who need it for daily purposes. This entails production-, ERP software-, and EU funding reporting training among other things. TECO 2030 will implement an official onboarding process in 2023.

As always, attention to and awareness of compliance and business integrity is imperative to ensuring integrity in our work. All employees are acquainted with the company's corporate values and business ethics described earlier in this report.

Responsible Supply Chain



TECO 2030 seeks to work with organizations that share and respect our values. We expect our suppliers and partners to operate with high moral, ethical and legal standards and require all our partners to adhere to our Supplier code of conduct.

Our main suppliers are recognized European, American and Japanese companies with a solid track-record and a long operating history. Our suppliers and business partners engage highly educated employees and have well-established health and safety standards, which ensure high quality and reduce the risk of potential human and labor breaches. The risk of incidents of forced or compulsory labor is therefore considered to be low.

In addition, we highlight SDG 17, focusing on cooperation, communication, and transparency with our partners in order to continue developing high quality, sustainable solutions which will positively impact the heavy-duty and maritime industry.

Way Forward

Through 2022 we have continued to increase our workforce in Narvik. During the year we welcomed 9 new employees to our Narvik facilities. At the end of the year our total workforce in Narvik consisted of 10 employees. These 10 employees form the backbone of our continuously growing workforce in the region and are at the heart of our ramp up to production



in our fuel cell factory. We look forward to welcoming even more new team members in the year to come.

In terms of our indirect impacts, we make a direct contribution to our downstream value chain through our solutions and products. Furthermore, as part of the shipping industry, TECO 2030 has a general responsibility to contribute to sustainability in our value chain, particularly through social safeguards as per the EU Taxonomy.

We will strengthen our work with supplier management and oversight in the years to come as we acknowledge the increased responsibility and expanded direct supply chain that follow operating a production plant. Supplier overview will be integrated into the business areas, and we will ensure oversight through audits, controls, and screening.

Case 1

During 2022 TECO 2030 participated in establishing a consortium which has been invited for HORIZON EUROPE funding of EUR 5 Million to realize the hydrogen powered tanker concept, HyEkoTank. The main partners in this consortium are Shell, Ektank AB, and The Arctic University of Norway. This project demonstrates the aligned interest of the European Union to strive towards reduced emissions by utilizing alternative technologies.

Case 2

During 2022, we hosted and attended several local conferences in Narvik. Our Narvik team actively recruited during these conferences at the local university and hired three graduating and current students from UiT Narvik. In December 2022, TECO 2030 hosted an open and informal meeting with the local community where over 80 people attended to discuss around hydrogen safety, fuel cells, and defined plans for the Innovation Center. Among the attendees were the Mayor of Narvik, city counselors, industry members, and university students.

Prosperity

The ongoing conflict in Ukraine continues to create uncertainty about the continued development of the world economy. TECO 2030 has a limited exposure to Ukraine and Russia and we are therefore not directly affected by the ongoing conflict. However, there are indirect consequences that might arise and affect our supply chain or lead to increased costs.

Operating expenses were NOK 92.7 million, mainly made up of personnel expenses and other operating expenses.

The Company's main assets are the Innovation Center in Narvik and Lysaker offices, including the accompanying receivables from subleasing parts of the premises, as well as intangible assets, mainly made up of project related external services and internal man-hours. These account for NOK 239,3 million of its total assets of NOK 245,7 million.

The company has not paid any dividends so far. The company is in an early development phase and is not yet able to pay dividends to its shareholders. The company will seek to pay dividends when in a position to do so.

Further details about our financial information can be found in the annual report published on the company website.

Local community

TECO 2030 strives to make positive contributions to its local community. As our factory in Narvik is taking shape we are in continuous dialog with the local municipality. During 2022 TECO 2030 hosted a local townhall meeting open to the whole of Narvik where we provided the community an update on how we have progressed as well as our future plans. During this townhall we also answered any questions the local community might have.

The prime minister of Norway also visited our facilities in Narvik and was given a tour of the premises. We are continuously in dialogue with all levels of government local

or state level. Through this dialogue we continually strive to show the vast potential alternative fuel sources can unlock, and how hydrogen and fuel cells can contribute to a combating climate change.

During 2022 we also built on our existing cooperation agreement with Faculty of Engineering Science and Technology at the University at UiT, The Arctic University of Norway. TECO 2030 attended the recruitment day at UiT engaging with both students and faculty.

This transparency and community engagement offers us valuable insights and we are therefore focused on continuing these strong relationships as well as seeking out new opportunities to engage and contribute positively throughout our community.

Research & Development

Research and development (R&D) is the backbone of our business. Our products, as discussed in the chapter "Planet", presents solutions to climate change challenges. Through our strategic partnership with AVL, we have access to the world's most advanced test beds and other valuable technical resources. This enables us to develop world leading technologies in collaboration with a world leading powertrain developer. The team working for TECO 2030 has numerous years of maritime industry experience, and our R&D-partnership with AVL is central to TECO 2030's continued innovation activities.

Throughout 2022, TECO 2030 progressed from a concept design of the Fuel cell, to having a mature design, preparing for build and testing in 2023. TECO 2030 held six face-to-face meetings with AVL throughout the year focusing in on solving the technical challenges to deliver a comprehensive design, continuously strengthening the partnership. In addition to AVL, TECO engaged with DNV the chosen maritime certification body multiple times to align on our path to achieving type approval of the FCM400.

The TECO 2030 Group spent approx. NOK 100 million on R&D-related activities during 2022. The expenses are made up of R&D and consulting fees, e.g., to AVL, and internal resources. These expenses have been capitalized in the

balance sheet on the various ongoing development projects throughout the year. Capitalized development expenses are depreciated linearly over a seven-year period, starting when projects are ready for commercialization.

Financial assistance received from government

During the year TECO 2030 worked on multiple different project which have received different levels of financial grants. During 2022 TECO 2030 together with multiple partners formed the HY-Ekotank consortium which was granted 5 million EUR in funding through the HORIZON EURPOE program. Other projects that received support were:

Amount	Government and type of grant	Description
EUR 5 million	European funding scheme HORIZON EUROPE.	Retrofit a vessel with a 2.4 MW fuel cell system by TECO 2030 and 4000 kg compressed hydrogen storage together with partners.
NOK 50 million	Norwegian government direct grant through Innovation Norway.	Development of hydrogen fuel cells in Narvik.
NOK 5.4 million	Norwegian government indirect support through tax deduction as part of Research Council's Skattefunn Scheme.	Development of semi-automated production line for hydrogen fuel cells at our new fuel cell factory and Innovation Center in Narvik.
NOK 4 million	Norwegian government indirect support through tax deduction as part of Research Council's Skattefunn Scheme	Development and testing of onboard solutions that can capture CO ₂ in ship exhaust.
NOK 15.6 million	Norwegian state enterprise ENOVA direct support together with project partner.	Develop and pilot hydrogen-powered solutions.

Taxes

TECO 2030 has a short operating history and has, since its incorporation, primarily been focusing on the development of green technologies for the maritime industry. The Group and its individual companies have, throughout 2022, spent significant amounts on R&D-related activities and on establishing a team of qualified employees to secure a

successful future for the Group. Being in a development phase also means limited opportunities for generating sales revenues and profit. For 2022, none of the Group-companies have presented financial results which have led to taxable profit.

Therefore, our tax contribution is related to our employees. The Group has contributed the following amounts of tax:

Taxes 2022	
Norway	Tax: NOK 0 Employer tax ⁴ : NOK 4,4 million Taxes paid by employees: NOK 10,2 million Non-creditable VAT: N/A*
USA	Tax: USD 0 Employer tax: USD 35 thousand Taxes paid by employees: USD 105 thousand Non-creditable VAT: N/A*

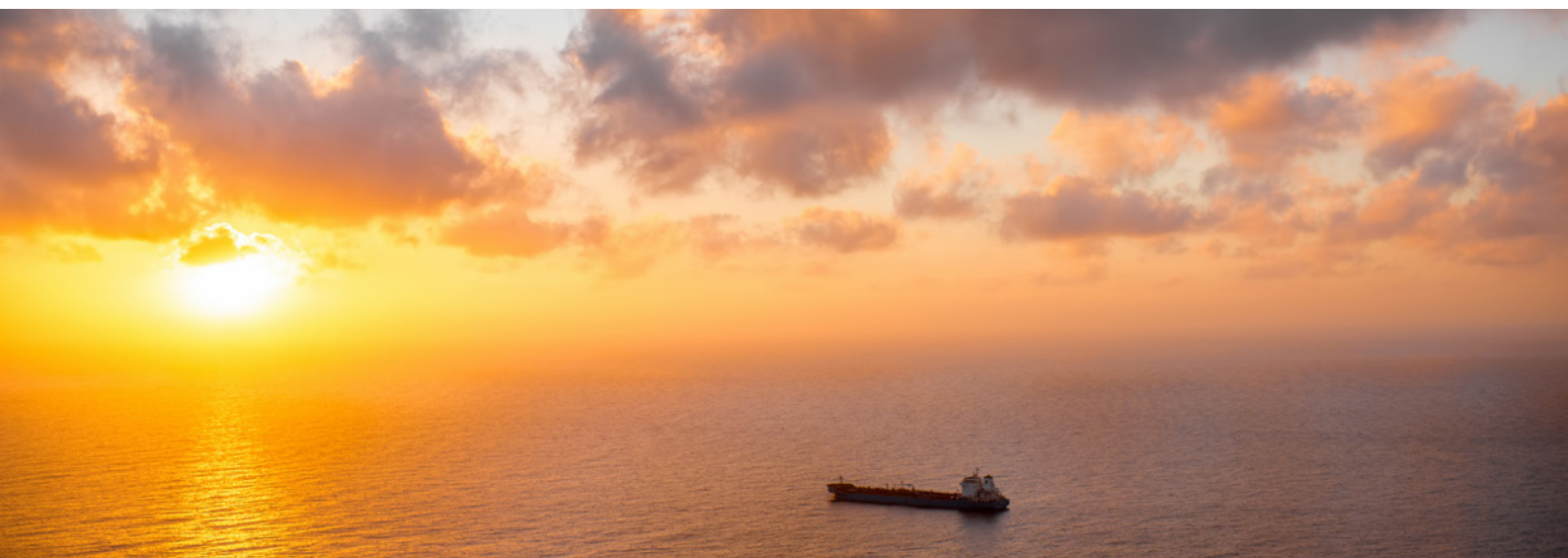
* minimal amounts

Way Forward

We acknowledge that our financial situation and reporting is subject to significant changes in the years to come, both with regards to the Innovation Center in Narvik and continued expansion of our product lines and offerings. Currently, we are to be considered as a start-up company and our financial figures must be read in this perspective. Provided we're successful in reaching our ambitious plans, TECO 2030 will, however, grow into a substantial group of companies.

TECO 2030 will not only be a considerable contributor to the local society in Narvik through the creation of several hundred jobs and through various sorts of local community engagements, but also become a global player in the Maritime cleantech industry. Throughout our growth, we will continue to remain transparent with regards to our finances, taxes, and R&D expenditures as we progress.

4 Norwegian: Arbeidsgiveravgift



Appendix

Appendix I : Terms and abbreviations

CCS	Carbon Capture and Storage
CO ₂	Carbon Dioxide
CO ₂ e	Carbon Dioxide equivalents
ERP	Enterprise Resource Planning
FCM400	Fuel Cell Module 400kW
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IMO	International Maritime Organization
KPI	Key Performance Indicator
kWh	Kilo-watt hour
NOK	Norwegian Kroner

NO _x	Nitrogen Oxide
ORC	Organic Rankine Cycle
PEMFC	Proton-exchange membrane fuel cell
PM	Particulate Matter
R&D	Research and Development
SDG	Sustainable Development Goals
SO _x	Sulphur Oxide
UiT	The Arctic University of Norway
UN	United Nations
USD	United States Dollars
TCFD	Task force for Climate-related Financial Disclosures
WEF	World Economic Forum

Appendix II : WEF Metrics Disclosure Reference Table

This is TECO 2030's third sustainability report, and we have not been able to fully report on all WEF metrics. We consider our sustainability report to be a part of our sustainability journey, which is characterized by our sincere and ambitious desire for continual improvement.

WEF Metric	Theme	Metric	WEF Criteria	Reference
Governance	Governing Purpose	Setting purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	CEO Letter
	Quality of Governing Body	Board composition	Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	Governance – Sustainability Governance
	Stakeholder Engagement	Impact of material issues on stakeholders	A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	Governance – <i>Our value chain and material topics</i>

WEF Metric	Theme	Metric	WEF Criteria	Reference
Governance	Ethical Behaviour	Anti-corruption	<ol style="list-style-type: none"> Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region; <ol style="list-style-type: none"> Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; Total number and nature of incidents of corruption confirmed during the current year, related to this year; Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption. 	Governance – Sustainability Governance
		Protected ethics advice and reporting mechanism	<p>A description of internal and external mechanisms for:</p> <ol style="list-style-type: none"> Seeking advice about ethical and lawful behaviour and organizational integrity; Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity. 	Governance – Sustainability Governance
	Risk and Opportunity Oversight	Integrating risk and opportunity into business processes	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	Governance – Sustainability Governance

WEF Metric	Theme	Metric	WEF Criteria	Reference
Planet	Climate Change	Greenhouse Gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tons of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Planet – <i>Our impact</i>
		TCFD Implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most 3 years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement - to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	Planet – <i>Our climate-related Risks and Opportunities</i>
	Nature Loss	Land use and ecological sensitivity	Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or Key Biodiversity Areas (KBA).	No sites in or adjacent to protected areas or KBA
	Fresh water availability	Water consumption and withdrawal in water-stressed areas	Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	<i>Not material in 2022</i>
	Solid waste	Impact of solid waste disposal	<ol style="list-style-type: none"> Report wherever material along the value chain: estimated metric tons of single-use plastic consumed. Disclose the most significant applications of single-use plastic identified, the quantification approach used and the definition of single-use plastic adopted. Report wherever material along the value chain, the valued societal impact of solid waste disposal, including plastics and other waste streams. 	<ol style="list-style-type: none"> <i>Data not available.</i> Planet – <i>Resource use and waste</i>

WEF Metric	Theme	Metric	WEF Criteria	Reference
People	Dignity and Equality	Diversity and inclusion (%)	Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	People - <i>Our People</i>
		Pay equality (%)	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	People - <i>People Governance</i>
		Wage level (%)	<ol style="list-style-type: none"> Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO. 	People - <i>People Governance</i>
		Risk of incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to a) type of operation (such as manufacturing plant) and type of supplier or b) countries or geographic areas with operations and suppliers considered at risk.	People - <i>Responsible Supply chain</i>
	Health and Well-Being	Health & safety (%)	<ol style="list-style-type: none"> The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers. 	People - <i>Well-Being</i>
	Skills for the Future	Training provided (#,\$)	<ol style="list-style-type: none"> Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees). 	People - <i>Competence</i>

WEF Metric	Theme	Metric	WEF Criteria	Reference
Prosperity	Employment and Wealth creation	Absolute number and rate of employment	<ol style="list-style-type: none"> Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region. 	People - <i>People Governance</i>
		Economic contribution	<ol style="list-style-type: none"> Direct economic value generated and distributed (EVG&D) - on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: <ol style="list-style-type: none"> revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government, and community investment. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period. 	Prosperity - <i>Introduction and local community</i>
		Financial investment contribution	<ol style="list-style-type: none"> Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders. 	Prosperity - <i>Introduction</i>
	Innovation of Better Products and Services	Total R&D expenses (\$)	Total costs related to research and development.	People - <i>Research & Development</i>
	Community and Social Vitality	Total tax paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Prosperity - <i>Taxes</i>

Appendix III: Emissions calculation

GHG emissions are divided into three categories: Scope 1, Scope 2, and Scope 3. Scope 1 emissions are direct emissions from owned or controlled assets, Scope 2 emissions are emissions due to purchased energy, and Scope 3 emissions are indirect emissions in the value chain. GHG emissions in each of these categories include several different gases, such as CO₂, methane, nitrogen oxides, and refrigerants, among others. To make emissions comparable and get a complete overview, GHG emissions are generally reported in CO₂ equivalents (CO₂e). Our emissions calculations are the result of data collection from different sources and conversion to CO₂e, and are reported under the different scopes.

TECO 2030 has two main material sources of emissions: owned and leased buildings where purchased electricity falls under scope 2 emissions, and work-related flights and car travel which fall under scope 3. The opening of the Narvik factory will result in an increase in emissions, which we hope to include in our calculations next year.

TECO 2030 has three material sources of emissions. First, buildings owned or leased, in which electricity is purchased, which fall under scope 2 emissions. Secondly, work-related flights and car travel, which fall under scope 3.

Scope 1 emissions

TECO 2030's scope 1 emissions from 2022 were generated by

the use of one hybrid company vehicle, which is estimated to use 70% petrol and 30% electricity. We calculated the emissions for this vehicle based on DEFRA's emissions factor for hybrid vehicles applied to 70% of the total distance driven.

Scope 2 emissions

To calculate our scope 2 emissions, we collected energy-use data for each of our locations from the lessors and electricity companies. Where exact use data was not available, an estimation was made based on the area of the occupied space and average energy use. The electricity used to power electric company vehicles also contributes to TECO 2030's scope 2 emissions and is included here as part of the numbers for Lysaker Torg 45 and for Narvik. Greenhouse gas emissions were then calculated in carbon equivalents using a Nordic mix emissions factor for locations in Norway, and the US Environmental Protection Agency's emissions factor for the Florida grid for our office in Miami.

The calculations for emissions related to heating were calculated based on the best available data, which was the average energy breakdown for heating in the Oslo area.

For each location, method of measurement was identified based on how accessible the information was. See table below for location, energy source and data source.

Location	Energy source	Data source
Lysaker Torg 45	Renewable	Estimate - Total kWh for LT45 is provided by KLP through their homepage, as they are the owner of the premises. TECO 2030 lease 57,3% of LT45. Hence, Total kWh is estimated as 57,3% of total kWh for LT45
Narvik	Renewable	Total kWh usage provided directly from electricity company

Miami	Natural Gas, Coal & Solar	Estimate - Approximate amount based on average usage the first 10 months of 2021. TECO 2030 only uses 50% of area.
Rødstuen	Renewable	Electricity usage based on area and average electricity use
Employee apartment*	Renewable	Total kWh usage provided directly from electricity company

* working from home

The emissions factor for Norway, which has mainly hydropower, was estimated to be 26g/kWh⁵. The United States Environmental Protection Agency estimated the Florida grid emissions factor, based on a larger proportion of fossil fuel energy, to be 37.87g/kWh⁶. Total estimated Scope 2 emissions is the sum of CO₂e from each location.

Scope 3 emissions

We have been unable to calculate our total scope 3 emissions due to a lack of data availability, mainly in the area of supplier

CO₂e emissions. For this report, we have therefore limited our scope 3 reporting to estimated emissions from work related flights, and some employee commuting which we had data for.

Flights

Our total CO₂e emissions for work-related flights are estimated based on kilograms of CO₂e emitted per flight, and the number of flights. The information on CO₂e emissions for each individual route was collected from Google Flights.



TECO
2030

Lysaker Torg 45, 1366 Lysaker, Norway
post@teco2030.no
www.teco2030.no