



Sustainability Report 2021



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CEO Letter

Dear stakeholder,

We are pleased to present to you our second sustainability report for our second full year of operation. The year 2021 was filled with developments for us at TECO 2030 which we are excited to present to you in this report.

Over the past year, we have continued to explore ways to make the shipping industry more sustainable. We believe the industry will play a vital part in reaching the goals of the Paris Agreement as an alternative mode of transport to road, and air freight, which are significantly more emissions intensive than maritime transport. Our ambition remains to enable the shipping industry to grow while at the same time meeting the emission reduction goals of the EU and the International Maritime Organization (IMO).



The 2nd of August 2021 marked the start of our own production with the soft opening of our Innovation Center in Narvik which was attended by the Minister of Petroleum and Energy at the time, Tina Bru. In October, we were honored to receive the second largest funding granted by Innovation Norway to any individual project in 2021; for the development of our fuel cell production. The grant of 50 MNOK proves that the Norwegian government has a strong belief that fuel cells will play a central role in the maritime energy transition.

While we need to reduce our dependency on hydrocarbons, the world still has a way to go to achieve a full phase out of carbon intensive energy sources. In the meantime, alternative technology can help reduce the impacts of carbon fuels and we have therefore partnered (MOU) with US based Chart Industries Inc. to develop cryogenic carbon capture and storage (CCS) systems for ships. While CCS is a well-known technology on land, onboard CCS is a brand-new technology, which we are piloting in collaboration with our clients in the coming year.

With sustainability at the core of our business, we must monitor technological developments in order to remain ever agile and adapt our product line to reflect expectations and requirements to sustainability in the shipping industry. Additionally, we recognize the applicability of our products in other industries, and we have therefore partaken in a pilot project to achieve emission free construction sites. As a result, our hydrogen fuel cells will be piloted during Q2 2023, running the generator at one of construction site in Norway. We are excited to contribute to reduce emissions in another CO₂-intensive industry and we will continue to take any opportunity to help society on its net zero trajectory.

I look forward to continuing this journey with the highly competent and committed TECO 2030 team and would like to extend my appreciation for their dedication to a sustainable future.

Tore Enger
Chief Executive Officer

TECO 2030

"At a Glance"

Key Figures

60%

share of
women
in the Board



26%

female
employees



23

employees



8

nationalities



4

global offices



Oslo



Narvik
(Northern Norway)



Miami



Singapore

4

government funded
projects



12

Ballast Water
Systems sold
in 2021



About the Report

“We are committed to reducing our environmental footprint while transforming the maritime industry. Our vision of an emission free ocean space is brought closer to realization every day.”

-Tore Enger, CEO

This is TECO 2030's sustainability report and covers the reporting period 1st January to 31st December 2021. The report is inspired by and follow 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.

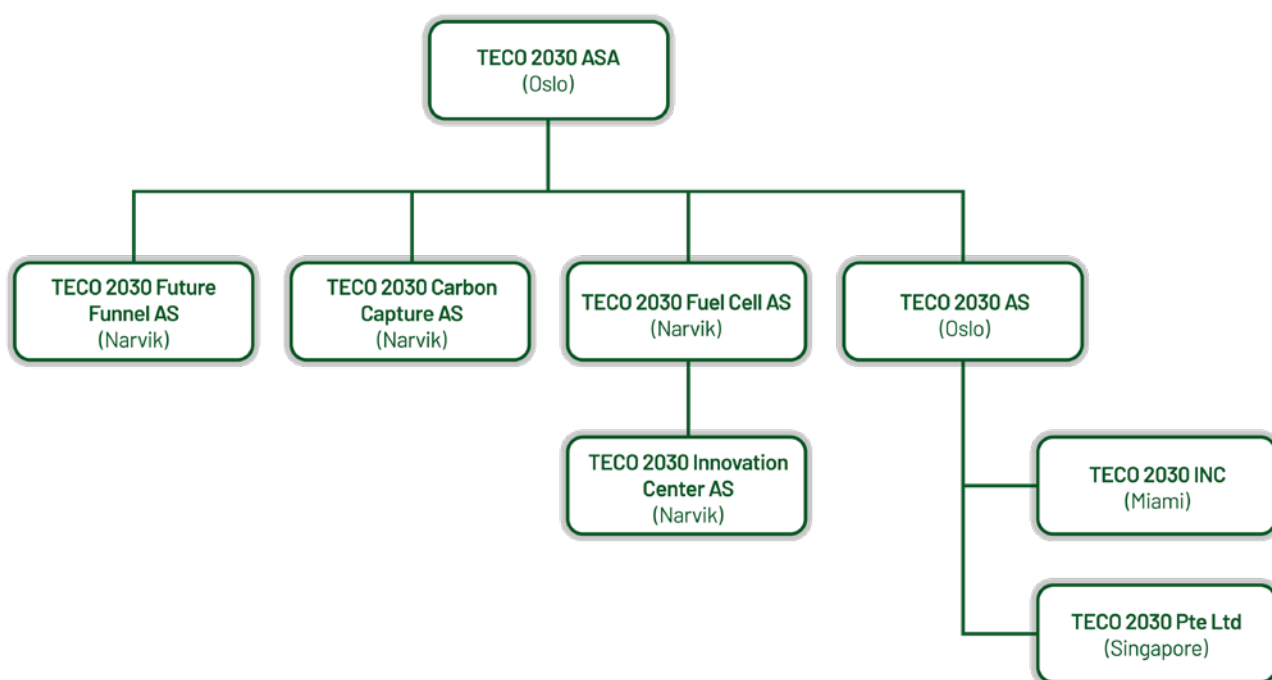


About TECO 2030

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. The company has its roots in the TECO Maritime Group, a group that has provided technology and repair services to the global shipping industry since 1994.

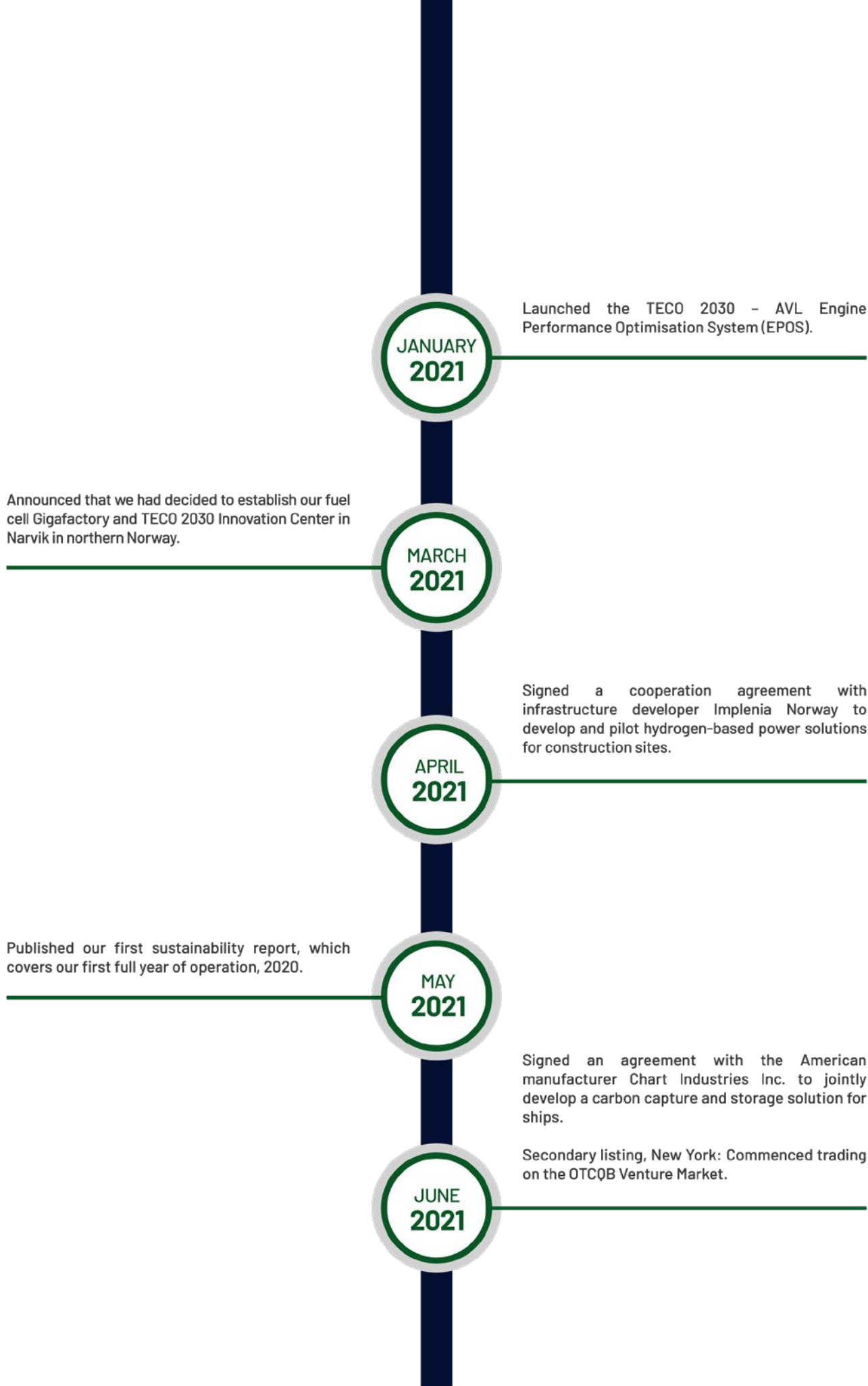
TECO 2030 is listed on Euronext Growth on Oslo Stock Exchange under the ticker TECO. The TECO Group was established in August 2020, and now consists of the company TECO 2030 ASA and its daughter companies: TECO 2030 Future Funnel AS, TECO 2030 Carbon Capture AS, TECO 2030 Fuel Cell AS, TECO 2030 Innovation 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. We implemented our Code of Conduct into our management processes in May 2021, and in 2022 we will focus on improving our sustainability strategy and advance our reporting with further sustainability measures.

2021 has been an eventful year for TECO 2030. In addition to soft opening our Innovation Center in Narvik, we have entered into new partnerships to support the net zero trajectory in new ways, and we have received grants and funding from different institutions that helps us continue building our company. The highlights of 2021 are presented on the next page.



Received the keys to the Narvik Innovation Center.

Granted NOK 15.6 million in Enova-funding for a project with Implenia Norway to eliminate emissions at construction sites.

JULY
2021

Official opening of the new TECO 2030 Innovation Center.

Signed a strategic cooperation agreement with the leading European hydrogen supplier Everfuel for the delivery of green hydrogen to fuel its fuel cells and fuel cell generators.

Signed a letter of intent with Norwegian energy company Greenstat to cooperate on relevant projects with the aim of developing a complete hydrogen value chain.

AUGUST
2021

Awarded ~NOK 9.4 million from the Research Council of Norway's Skattefunn scheme for two projects:
1) Development of a production process for hydrogen fuel cells,
2) developing carbon capture and storage solutions for ships.

SEPT
2021

Awarded NOK 50 million from Innovation Norway in Norwegian government support for the development of hydrogen fuel cells in Narvik.

Received "Approval in Principal" from DNV for our fuel cell module. DNV is a world leading classification society.

Signed a supply frame agreement with the Dutch shipowner Chemgas Shipping BV for supply of hydrogen fuel cells for their new hydrogen-powered tugboats and transport barges.

Entered into a collaboration with UiT to enhance research and education in Norway on hydrogen and fuel cells.

OCT
2021

TECO 2030 is leading a project group that will build an emissions-free, hydrogen-powered high-speed vessel for the Port of Narvik, equipped with hydrogen fuel cells. Planned completion in 2023.

NOV
2021



Principles of Governance

"As the CEO of TECO 2030, I believe responsibility and sustainability should be integrated in our business model and when making strategic decisions."

-Tore Enger, CEO

Sustainability governance

Our purpose is to become a leading provider of green technology for the maritime industry as we move towards a zero-emission society. To achieve this, strong corporate governance is crucial. This needs to start at the top with a board of directors that has the expertise, capacity and diversity needed to achieve TECO 2030's goals and handle challenges and risks in doing so. Our board consists of five members of which three are women. The members are non-executive and have diverse academic and professional backgrounds from both TECO and other companies, and from inside and outside the shipping and maritime industry. Further information relating to the board of directors can be found in the annual report¹ and includes their tenure on the board and other significant positions and commitments.

The board of directors is responsible for defining our objectives, risks and opportunities and strategy, which are then implemented by TECO 2030's management. The main risks facing our operations relate to the limited operating history, current 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 our values guide us in 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

Our Code of Conduct was approved by the Board of Directors in May 2021 and can be found on our website. The code determines how everyone working for or on behalf TECO 2030 shall conduct business, and covers amongst 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 specifies the importance and process of raising concerns. 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 2021.

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 we will utilize renewable energy sources in our production.





¹ Page 98 of the annual report 2020.

Our value chain and material topics

In 2020, we conducted a materiality analysis that took both our value chain and our own operations into account.

Value Chain Analysis

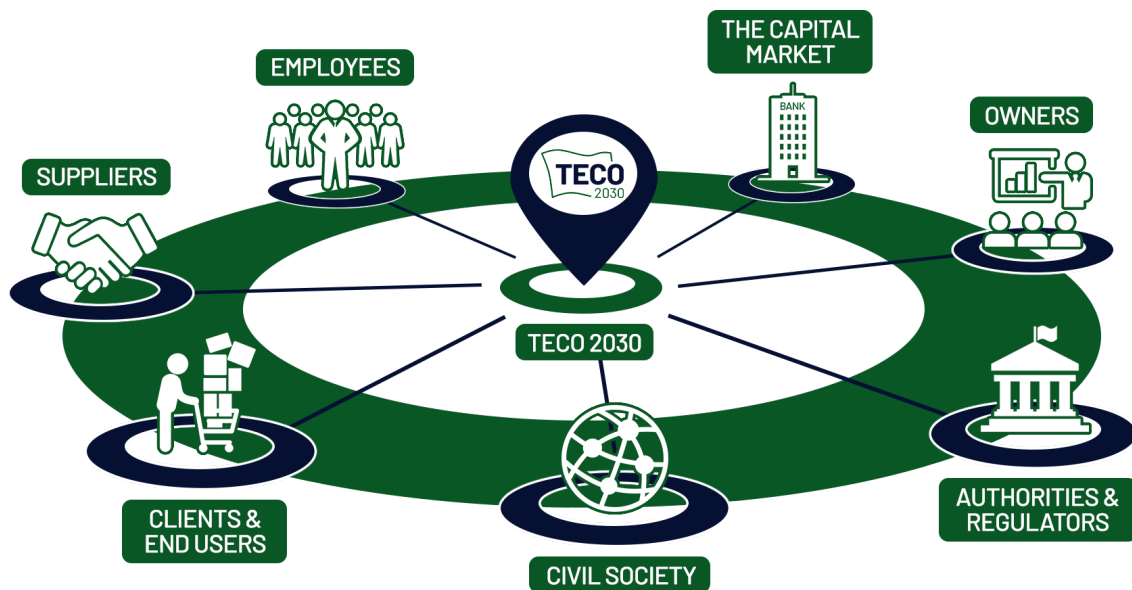
Value chain analysis - Impact on society and the environment throughout the value chain and related risks and opportunities

				
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

During the materiality analysis, we identified our key stakeholders and a list of topics deemed most important to them (see illustration below). Furthermore, we are a member of various industry associations where sustainability is high

on the agenda, and these provide continued insight into our stakeholders' concerns. We are working on systematizing our processes to include sustainability in our interactions with key stakeholders.



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

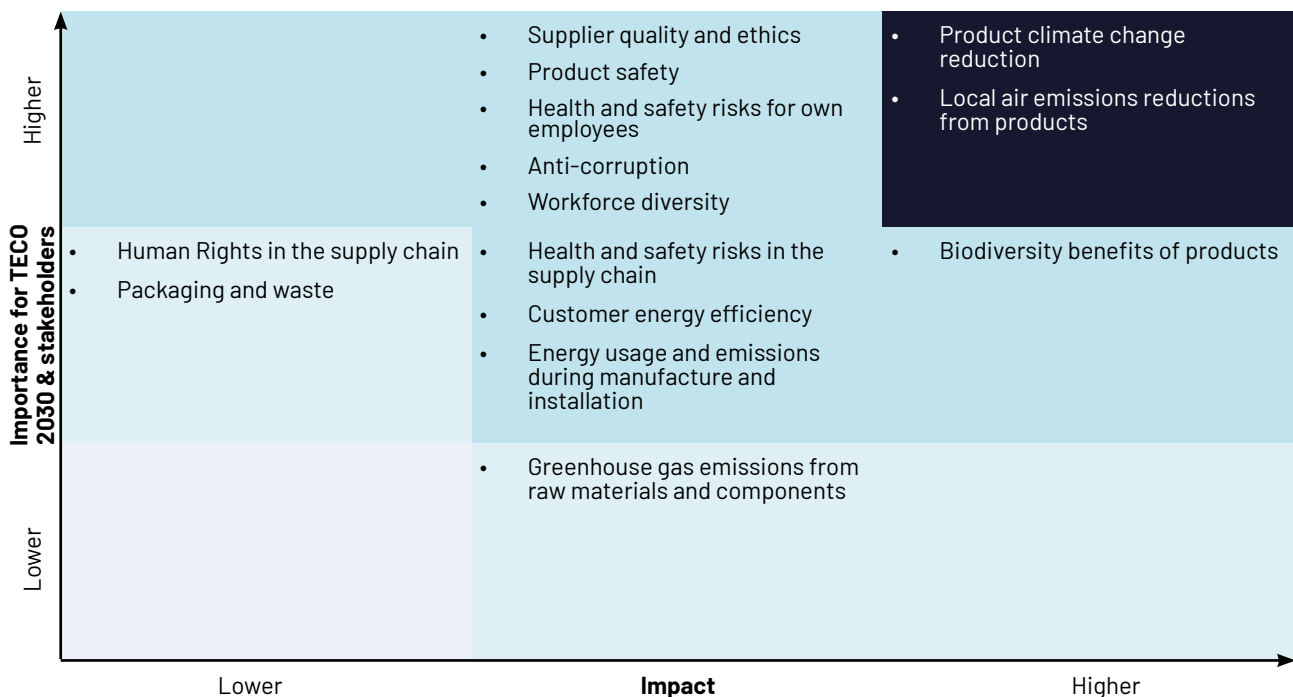
EMPLOYEES

Safety & well-being, professional development, training & education, competitive compensation, responsible, business conduct



Furthermore, in line with the above processes, we assessed and prioritized the UN Sustainability Development Goals (SDGs) to identify those goals and sub-goals to which we can make the largest positive contribution.

As a result, the below materiality matrix was developed, which presents those topics material to us, sorted by importance as compared to the impact they have on our operations and subsequently on our stakeholders.



As company which business model is to develop zero emission solutions for the shipping industry, the most material aspect to both us and our stakeholders is related to climate change and this guides us in our day-to-day activities and decision-making. We are aware of the impact our operations, both current and future, may have on our value chain as well as our own activities, and it is important

to us to also consider the other aspects of sustainability such as health and safety, ethics and diversity and inclusion. As we are a company in development, so are our material topics. To ensure we always focus our efforts where we have the greatest impact, we will continue to evaluate our material aspects as our company grows.



SDG 3 Good Health and Well-Being

TECO 2030's underlying ambition is reflected in SDG target 3.9, to contribute to substantially reducing the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination. TECO 2030 will provide shipowners with emission reduction systems, and opportunities for emission free propulsion. Through these initiatives TECO 2030 will contribute towards lowering pollutants in air, water, and soil around the globe.



SDG 13 Climate Action

TECO 2030 wants to contribute positively towards the climate goals as well as to strengthen resilience and adaptive capacity to climate-related hazards and natural disasters globally. TECO 2030 has a goal of contributing towards decoupling climate emissions from continually increasing freight volumes.



SDG 9 Industry, Innovation and Infrastructure

TECO 2030 aims to contribute towards target 9.4 by upgrading infrastructure and retrofitting industries to make them more sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes. The maritime transport sector is a major polluter, and with TECO 2030's solutions we can enable shipowners to reduce their operational environmental impact.



SDG 14 Life Below Water

TECO 2030 contributes to the SDG targets 14.2 and 14.C through the production and sale of its ballast water solutions. Ballast water treatment protects marine and coastal ecosystems. We wish to contribute to the conservation of oceans and their resources, and we support our customers in complying with national and international laws on activities having an impact on the marine environment.



SDG 17 Partnerships for the goals

Despite its considerable climate emissions, shipping is a good alternative to road or air freight due to the possibility to transport much larger amounts of goods per energy unit consumed. To reach its full potential however, shipping needs green solutions. At TECO 2030, we have teamed up with high-quality suppliers such as AVL and Chart Industries Inc., to develop emission reduction technologies and systems for the shipping industry. With our partnerships, we contribute to target 17.16.

Way forward

Sustainability at the TECO 2030 Innovation Center in Narvik

In March 2021, we announced that we had decided to establish our new Innovation Center in Narvik, where we could take over an existing factory building that was empty, significantly reducing the risk, costs and environmental footprint associated with the factory. The rent agreement for

the property came into effect on the 1st of July 2021 and pilot production is expected to commence at the plant towards the end of 2022. We aim to deliver the first Narvik-produced fuel cells in 2023.

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 2021 we focused on the establishment of the Narvik Innovation Center and continuing to develop our product range to meet the ever-developing needs for green solutions in the shipping industry. To incorporate these developments, we have postponed the planned sustainability governance projects until 2022. As such, in 2022 we plan to update our materiality assessment to further strengthen our sustainability strategy and we intend to develop a sustainability governance system grounded in this strategy. In this process we will update and further develop our KPIs to monitor and fully report on our ESG performance when we have an operating plant in 2022-23. We will lay the foundation for continuous monitoring, reporting and improvement of our sustainability performance as we continue to develop our business in the years coming.



Planet

"There are no other alternatives than taking care of where we live, our home, planet earth. Together, we can make concrete actions to secure the planet so our future generations can enjoy life the way we are."

-Tore Enger, CEO

As of 2021, TECO 2030 has limited direct environmental impact in our own organization. Our main impact is through our products which support the global shipping industry on its journey towards a zero-emission world and help protect ecosystems by removing the threat of invasive species in sea water. We entered the green marine technology market with the objective to transform the shipping industry through more sustainable solutions.

The impact of shipping on our planet

Shipping accounts for about 2.89 % (IMO GHG Study 2020) of global greenhouse gases (GHG) emissions and 80% of global trade. As such, the shipping industry plays a vital part in achieving the goals of the Paris Agreement, and as a response the IMO adopted an initial GHG strategy in 2018, envisaging a reduction of total annual GHG emissions from international shipping by at least 50% by 2050-- compared to 2008 numbers. TECO 2030 aims to deliver leading environmental technologies that answer to these industry challenges put forward by the IMO – and most recently by the EU.

Transport, and thereby shipping, has been included in the EU Taxonomy since the beginning and our customers will therefore have to report their degree of sustainable activities in relation to the technical screening criteria. Our activities are considered "enabling activities" for climate change adaption and mitigation, with the production of the TECO Marine Fuel Cell and now also the TECO Carbon Capture and Storage.

In line with combating climate change, we consider the energy efficiency of our customers an important aspect in our materiality analysis. As such, in 2020 we developed an

initial estimate of the CO₂ emissions saved by customers using our Hydrogen Fuel Cell. The estimate will continue to be updated and effects from Carbon Capture and Storage (CCS) will be integrated once results from the testing phase are available.

4 415 040 CO₂e

estimated CO₂ savings at full production in 2030

During the fall of 2021, the EU announced "Fit for 55", the EUs plan to reduce GHG emissions by 55% by 2030. Included in this package are suggested directives aimed at reducing emissions and encouraging alternative fuels in the shipping industry. The two main alternative fuel types to bunker oil are ammonia and hydrogen and we are therefore positioned to help our clients adapt to these regulations.

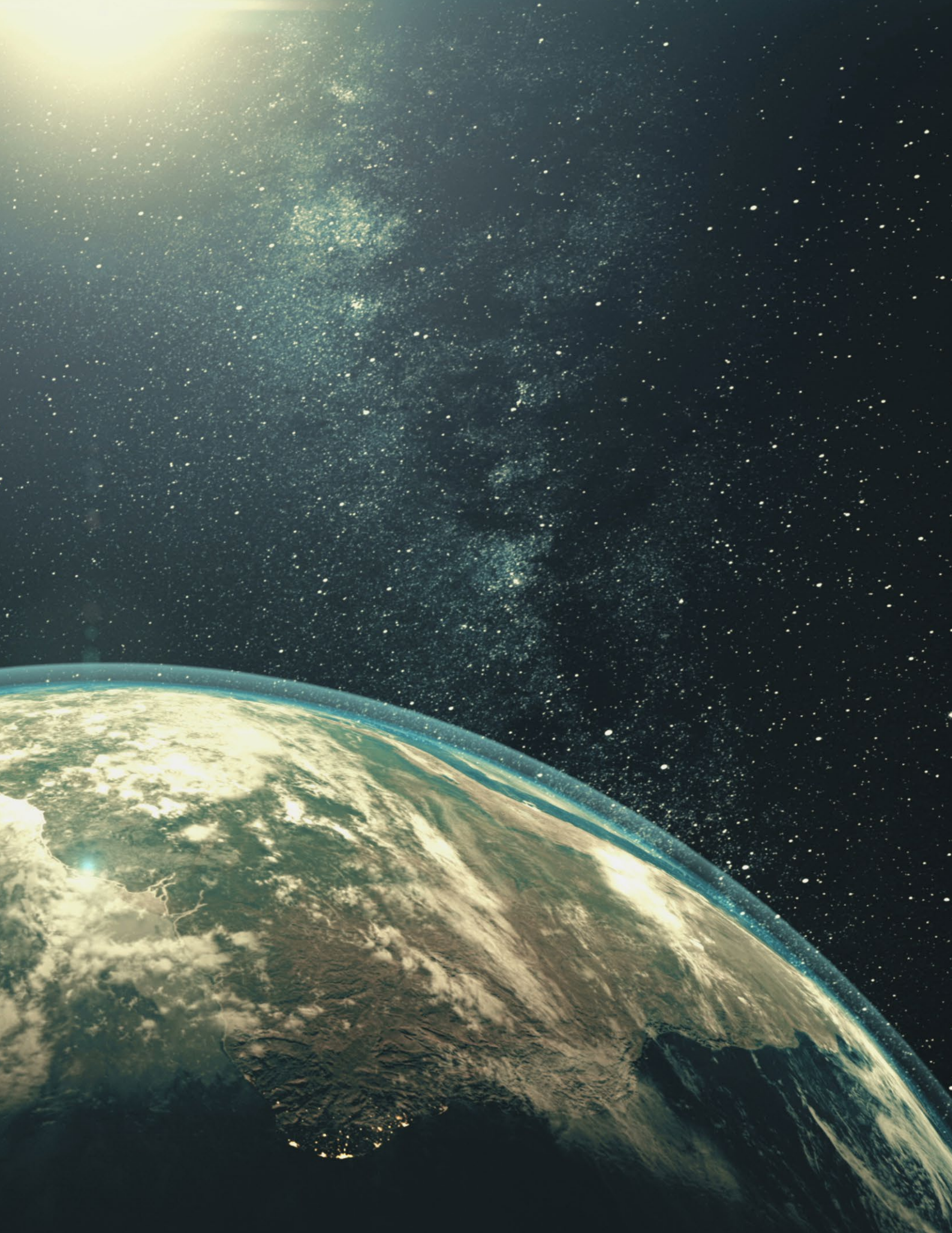
To remain transparent, we intend to disclose our environmental impacts and efforts annually in our sustainability report.

Climate change



Climate-Related risks and opportunities

In 2021, TECO 2030 conducted an initial assessment of the potential financial impact of climate-related risks and opportunities on their business model. The assessment was conducted in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). As we are a company in growth, we consider this process a dynamic one, and we will 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, we are currently updating our Code of Conduct to reflect an increased focus on sustainability and climate change risks and opportunities. Furthermore, a Supplier Code of Conduct is currently under development that will include requirements related to sustainability, hereunder climate change considerations.

Strategy

As our business strategy is based on the 2030 climate change targets, it is tightly connected to the developments in technology contributing to the race to net zero. We aim to conduct our business with minimum harm to the environment. For instance, in Narvik, we have chosen to renovate an existing building instead of constructing a newbuild, and we are looking for the most environmentally friendly solutions available to achieve optimal energy efficiency of the building once finished. We take into account several factors that can impact our business, including supply of raw materials and components, increased taxes on emissions, 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

The risks and opportunities of climate change play a central part in all commercial decisions made at TECO 2030. We have conducted an initial risk assessment in which we analyzed our value chain to identify the most significant risks and opportunities present upstream and downstream. This assessment will be discussed and developed further as the Narvik Innovation Center develops.

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 and Targets

Our current operations are not carbon intensive. Because we have no buildings with production in TECO 2030 ownership,

we are currently only generating scope 1 emissions by owned/ leased company vehicles. Our scope 2 emissions are derived from electricity usage at our offices at Lysaker, Norway and in Singapore. As a result, we have limited scope 1 and scope 2 emissions.

Action plan

- a. The majority of our emissions fall within scope 3 and are generated by our suppliers and vendors providing services to TECO 2030 as well as employees’ business travel. In 2021, we have estimated our scope 3 emissions in the form of employee business travel. 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. In 2021 our scope 1 emissions were 2 911 kg CO₂e, scope 2 emission were 6 784² kg CO₂e and our scope 3 emissions accumulated 78 332³ kg CO₂e.
- c. We have estimated CO₂ savings from our hydrogen fuel cell, which have been presented at the beginning of this chapter.

2 See appendix III for details on calculation.
3 Work-related flights. Data unavailable for other scope 3 emissions, such as suppliers and vendors.



Our climate-related Risks and Opportunities

In analyzing and assessing climate-related risks and opportunities to our operations, we identified three physical risk and three transitional risks, including regulatory and market risk. The table below presents these risks, along with our mitigating actions and related opportunities identified. The table is derived from 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.

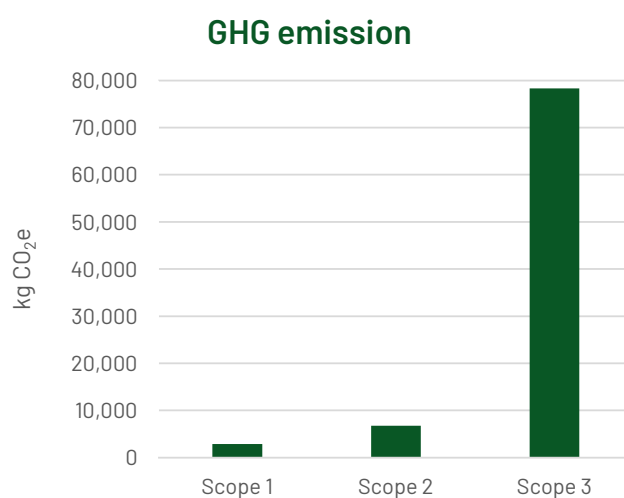


Our impact

As described above, our direct environmental impact in 2021 was limited. However, we do recognize the impact we have had through the outsourced production of our systems, and we recognize the increase in direct impact the start of operations in Narvik will entail.

To avoid the environmental impacts related to the construction of new buildings, we chose to lease an existing building in Narvik and adapt it to our use. The building follows clean lab standards and is already optimized for fuel cell production, minimizing required reconstruction. Going forward, we will also use local suppliers whenever we can.

Emissions from office activities generally comprise heating and electricity. The TECO 2030 offices in Norway are powered by renewable energy, however, the office in Miami is not. Furthermore, due to the Covid-19 pandemic, only limited traveling occurred in 2021. Without production activities, scope 1 and scope 2 GHG emissions are minimal, whereas scope 3 constitute the majority of our GHG emissions. Our GHG emissions are described in more detail below.



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).



TECO 2030 Ballast Water Treatment Solutions

Our Ballast Water Treatment Systems are produced by the French BIO-UV Group and by Denmark's Desmi Ocean, and eliminates organisms in ballast water prior to discharge – thereby significantly reducing the ecological impact on the marine life. The system is approved by both the IMO and the US Coast Guard and complies with the G8 rules that came into force in October 2020.

Nature loss and positive contribution to biodiversity



Ballast water treatment systems eliminate marine organisms that are present in the ballast water, as discharges of ballast water can lead to serious environmental problems by spreading marine species from one geographical area to another, thus out-competing and displacing native species. It was therefore included in the UN SDGs (goal 14 – life below water) and is also one of the topics we consider the most material to our business and our stakeholders.

To prevent this from occurring, the Ballast Water Management Convention of the International Maritime Organization (IMO) requires that ships operating in international waters must be compliant with the ballast water treatment rules by 8 September 2024. For most vessels, this means they must get a ballast water treatment system installed.

Moreover, ships emit exhaust gases, that along with SO_x and NO_x , include release of black carbon and particles into the air. The particulate matter (PM) pollution can adversely affect forests, wildlife, and coastal regions, as it makes water acidic and absorbs sunlight. Our scrubbers can be adapted to remove this pollution from the exhaust. However, TECO 2030 offers both closed- and open-loop solutions for scrubber systems. Whereas a closed-loop system collects and stores the accumulated sludge, an open loop system discharges the acidified water back into the ocean resulting in more acidic water in the area, which has harmful effects on local aquatic life. Owing to this issue, more ports are likely to adopt stricter environmental regulations requiring closed-loop scrubbers and we therefore focus more on closed-loop scrubbers.

Freshwater



TECO 2030's direct freshwater consumption remained insignificant in 2021 as operations were unchanged from 2020 and are limited to office activities. Indirect freshwater consumption in the value chain is taken into consideration in our sustainability strategy. Our strategy will be updated in 2022, and the increase in freshwater consumption related to product testing in Narvik will be included. A plan for sustainable consumption of fresh water will be in place by the start of operations.

Waste and recycling

As in 2020, waste generation at TECO 2030 was in 2021 limited to household waste, general waste, paper/cardboard, and plastic. Recycling initiatives have been implemented at our offices in Oslo and in Miami during 2021. Furthermore, we follow local authorities' guidelines and requirements for waste handling and recycling, while new and suitable measures will be implemented with the operations beginning in Narvik.

Product safety

Safety is also an important aspect in our product design and development, and we are committed to reducing the risk of product failures and errors that may put the environment or product users at risk. We did not experience any product safety incidents in 2021.

The TECO 2030 Marine Fuel Cell will not be commercially available until 2023, but its product-related risks are being taken into consideration for future planning. Hydrogen is connected to a risk of explosion. In 2021, we received an "Approval in Principle" (AiP) by DNV for our Marine Fuel Cell System and the Fuel Cell Module FCM400TM, 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 costly so that the transportation sector is incentivized to use alternative fuel types, of which ammonia and hydrogen are the two leading alternatives as per December 2021.

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 2021, we looked into expanding the use of our hydrogen fuel cells to other emission intensive industries. We entered into a partnership with the construction company Implenia on a pilot project regarding emission free construction sites, in which we are providing our hydrogen fuel cell as generators to run heavy-duty machinery emission free. The project has received support from Enova.

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

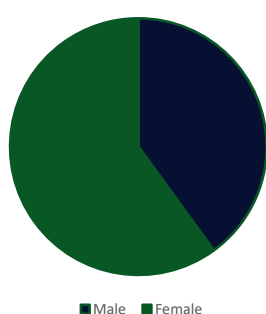
Our employees are the reason for the company's success, and securing their health and well-being is our highest priority. We thrive on having an inclusive work environment which values and encourages diversity, collaboration, and continuous learning in line with our values: collaborative, honest and innovative.

Our People

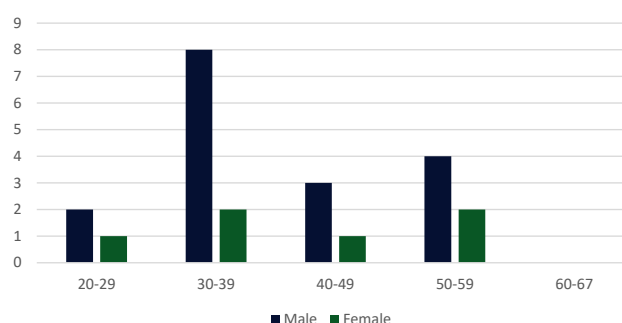
As of 31st December 2021, we had a team consisting of 23 employees representing eight nationalities. All employees hold permanent full-time positions and are based in Norway and the USA. An office in Singapore is established, currently represented by another company in the TECO-group.

Women account for 26% of our workforce, an increase from 18% in 2020. The wage-ratio in TECO 2030 is in favor females by 3.25%. While we acknowledge we still have a way to go with regards to the male to female ratio, we believe that diversity strengthens both our culture and our results. We aim to recruit more women to the team in addition to focusing on diverse backgrounds and competencies. In addition, our Board of Directors consist of five members, of which three (60%) are women.

Board of Directors Gender



Employee Age & Gender Groups



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, and political and religious philosophy. We are an equal opportunity employer and seek to increase our diversity when hiring new colleagues. In 2021, we saw a turnover rate of 14% across the company. We welcomed nine new team members and said good-bye to three. In essence, the high turn-over rate is due to the generally low number of employees in our company.

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, and we did not operate any production processes in 2021. Health and safety risks are therefore 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.

Throughout the Covid-19 pandemic, TECO 2030 has taken actions to protect the health and safety of all employees by enforcing recommendations presented by the Norwegian health authorities. The management team has monitored the pandemic on an ongoing basis and provided clear communication of guidelines and safety measures. Most of our employees were partly or fully working from home in the first eight months of 2021, before returning to the office in September, when infection rates had fallen, and restrictions were eased. All employees have been provided with tools and equipment to be able to perform their tasks from the safety of their homes.

Only 84 sick-days, equaling a sick leave rate of 1.55% in 2021 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. One male employee was on parental leave during the year.

Competence

Given the small size of our employee body, an official training program has not been implemented as we emphasize continuous on-the-job training based on each employee's needs. As a part of their introduction, new hires are provided with comprehensive orientation to company policy, tools, and resources. However, the development of our employees' skillset and talent is important for our growth and productivity. As such, two employees attended a week-long summer school program to enhance their knowledge of fuel cells.

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.

Supply chain and business partnerships



We consider supplier quality and ethics and health and safety risks in the supply highly important topics in our materiality analysis. 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 shipping industry.

We have a practice of using recognized German, Austrian and French suppliers. In 2021, we expanded our network to the USA through our newly formed partnership with Chart Industries, Inc, who will deliver components to us from the first quarter of 2023. 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.

Way Forward

We have started building the workforce in Narvik and in 2021 we welcomed our first employee to be based there. The person will be responsible for safety and quality assurance. Furthermore, in January 2022 we welcomed the second employee, who will work with IT and ERP systems. Together,

they form the beginning of a growing team in Narvik and we look forward to welcoming more new team members during 2022.

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.

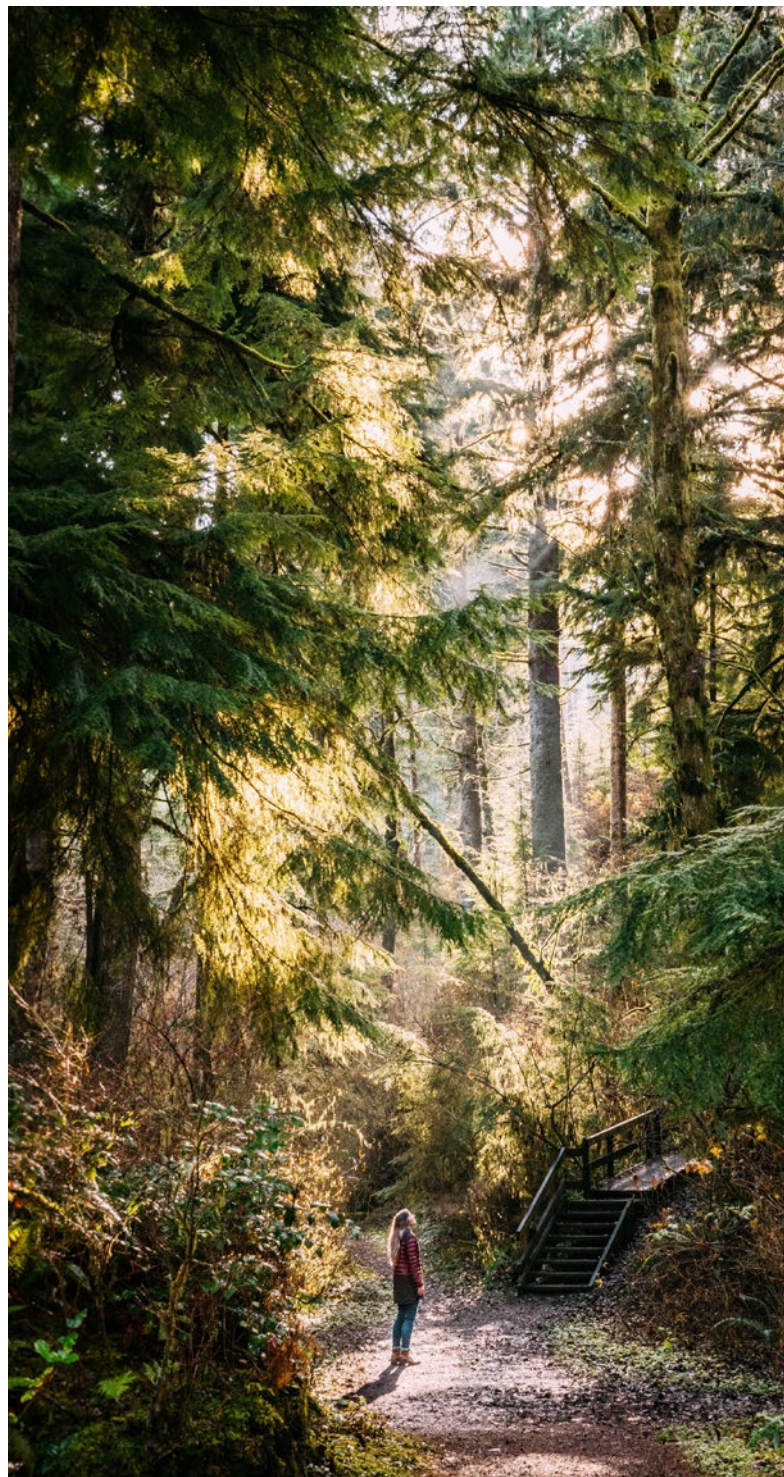
We will strengthen our work with supplier management and oversight in the years to come as we acknowledge the increased responsibility and expanded direct supply chain that follow operating a production plant. Supplier overview will be integrated into the business areas, and we will ensure oversight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

Case 1

TECO 2030 received the largest grant for a single project from Innovation Norway in 2021. This grant award reassures us that Norway and our government are eager for a low-emission economy, which is something we are striving towards in our day-to-day activities. The grant was awarded for the development of our hydrogen fuel cells.

Case 2

On August 2nd 2021, TECO 2030 held an informal opening of the Innovation Center in Narvik. Here we invited the local community, politicians, stakeholders and all interested parties to come and learn more about TECO 2030's plans for the Innovation Center. Roughly 130 people attended with enthusiastic engagement. There were several discussions around hydrogen safety, fuel cells, and defined plans.



Prosperity

The Covid-19 pandemic continued to affect our business in 2021. Low oil prices and unforeseen shifts in world trade resulted in lower sales than expected during 2021. The lower sales are mainly attributed to lack of TECO 2030 Future Funnelsales. The Group's total revenue was NOK 13.0 million.

Operating expenses were NOK 44.9 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 146,611 million of its total assets of NOK 188,322 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

When we first started operations in 2020, community engagement was naturally low due to the restrictions of the Covid-19 pandemic and the early days of establishing the company. During 2021, we are pleased to have identified and received the keys to our location in Narvik as well as to have entered into a strategic cooperation with the UiT (University of Tromsø in Narvik) relating to hydrogen and fuel cells.

We expect to hire approximately 10 people at the Narvik site in 2022 and aim to reach 100 employees by the end of 2025, as the activities expand. We will recruit as many employees as possible locally to draw on the benefits of a skilled and experienced local workforce.

In October, TECO 2030 and the Faculty of Engineering Science and Technology at the University at UiT, The Arctic

University of Norway, entered into a strategic cooperation on research and education related to hydrogen and fuel cells. As part of the agreement, researchers and students at UiT will be granted access to use the fuel cell element testing facilities at our Narvik site during periods when they are not in use.

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 in the shipping sector. We aim to continue the development of sustainable solutions for this purpose. 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.

In June 2021, we continued our journey towards developing more sustainable solutions for the shipping industry by signing a Memorandum of Understanding with Chart Industries, Inc. When fully developed, the carbon capture solution will become available as a key element in the TECO 2030 Future Funnel.

The TECO 2030 Group spent approx. NOK 22.47 million on R&D-related activities during 2021. The expenses are made up of R&D and consulting fees, e.g., to AVL, and internal resources. Of the NOK 15 million, approximately NOK 13.2 million 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. Approximately NOK 1.8 million are considered as research expenses and therefore not capitalized in the balance sheet in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Financial assistance received from government

TECO 2030 was awarded grants and financial support for four projects during 2021. In October Enova granted TECO 2030 with NOK 50 million in support to develop the hydrogen fuel cells in Narvik. This was the highest amount awarded in Norway 2021. Other projects that received support were:

Amount	Government and type of grant	Description
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	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 2021, 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 2021, none of the Group-companies have presented financial results which have led to taxable profit aside from the US business. The US business generated revenues leading to a minimal amount of taxes to be paid.

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

Taxes 2021	
Norway	Tax: NOK 0 Employer tax ⁴ : NOK 3.645 million Taxes paid by employees: NOK 8.590 million Non-creditable VAT: N/A*
USA	Tax: 7,693 USD Employer tax: USD 27 thousand (approx. NOK 245 thousand) Taxes paid by employees: USD 105 thousand (approx. NOK 952 thousand) Non-creditable VAT: N/A*

* minimal amounts

⁴ Norwegian: Arbeidsgiveravgift

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.



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
GHG	Greenhouse Gas Emissions
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 second sustainability report and we acknowledge that we have not been able to fully answer all WEF Metrics. We consider this report part of a journey characterized by high ambitions and a sincere desire to improve year on year. Next year's report will contain additional disclosures and we aim to publish a report according to the GRI Standards in the years to come.

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 – <i>Sustainability Governance</i>
	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"> 1. 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; 2. (a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; (b) Total number and nature of incidents of corruption confirmed during the current year, related to this year; 3. 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"> 1. Seeking advice about ethical and lawful behaviour and organizational integrity; 2. 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 – Task Force on Climate-Related Financial Disclosures
		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 – Task Force on Climate-Related Financial Disclosures
	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).	Planet – Nature loss and positive contribution to biodiversity
	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.	Not material in 2021
	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"> Will be reported in 2022. Planet – Waste and recycling

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>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"> 1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. 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"> 1. 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"> a. revenues, b. operating costs, c. employee wages and benefits, d. payments to providers of capital, e. payments to government, and f. community investment. 2. 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"> 1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. 2. 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 can be categorized in scope 1, scope 2 and scope 3 type emissions: Scope 1 are direct emissions from owned or controlled assets; Scope 2 emissions are emissions from purchased energy; and Scope 3 are emissions that indirectly impacts the value chain. GHG emissions in each of these categories may stem from several greenhouse gases, such as CO₂, Methane and Nitrous Oxide. Therefore, to make total emissions comparable across sources, it is usually referred to CO₂ equivalents (CO₂e). As a result, calculating total emissions depends on a number of factors such as the data source, how the emission is translated to CO₂e, and which scope is falls under.

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 scope 1 emissions from 2021 were generated from the use of company vehicles, of which TECO 2030 leases 5 and owns one. Of the five cars, two are electric and three petrol-run. The petrol-run cars are included in scope 1:

The number of work-related kilometers driven is estimated per vehicle based on distance between home and office. The number of kilos CO₂e is calculated based on the fuel type of the individual car. The emissions factor per car type was obtained from the website myclimate⁵.

Scope 2 emissions

To measure scope 2, total energy-use for each location was collected from the lessors and electricity companies. Where complete data was not available, an estimation was made based on average use and occupied space. Energy purchased is measured in kWh. For each location, kWh is either derived directly from the electricity company or estimated from third-party source. Secondly, each location's use of energy source which will affect the CO₂e (e.g., renewable sources emit less CO₂e than coal per unit).

Electricity used to charge the electric company vehicles is included here as part of the numbers for Lysaker Torg 12 and 45.

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 homep-age, as they are the owner of the premises. TECO 2030 lease 8,52% of LT45. Hence, Total kWh is estimated as 8,52% 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.

5 Source: https://co2.myclimate.org/en/car_calculators/new

Rødstuen	Renewable	Total kWh usage provided directly from electricity company
Lysaker Torg 12	Renewable	Total kWh usage provided directly from electricity company
Employee apartment*	Renewable	Estimate - The same as Rødstuen based on similar energy source and size (sqm)

* working from home

Energy sources/energy mix in Norway is mostly hydropower, with an estimated factor of 26g/1⁶. The energy mix in Miami includes a larger portion of non-renewable sources such as natural gas and coal, in addition to renewable energy (e.g. solar and hydro) and thus translated using factor 384g/1⁷. Total estimated Scope 2 emissions is the sum of CO₂e from each location.

Scope 3 emissions

It has not been possible to calculate total Scope 3 emissions as not all data was available, such as CO₂e from suppliers. For this report, we have therefore limited our scope 3 reporting to estimated emissions from work-related flights.

Flights

Total CO₂e for work-related flights are estimated as kg CO₂ emission per flight multiplied by the number of flights. Data for emitted kilos CO₂e for each individual route was collected from Google Flights.

6 Source: <https://www.nowtricity.com/country/norway/>

7 Source: <https://www.eia.gov/electricity/state/florida/>



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