TECO 2030

sustainability report 2020

Contents

CEO Letter

Dear stakeholder,

We are pleased to present our sustainability report covering our first year of operation. The purpose of the company is to create and optimise value for the shareholders through development and sale of green maritime solutions which significantly reduces negative impact on the environment from the industry. Through this report you will get an overview of how we are working towards sustainability reporting and the implementation of future reporting measures.

The international shipping industry currently carries about 90% of world trade and this is predicted to increase substantially towards 2050. Even though it has a smaller environmental impact than air, rail and road transport, shipping causes significant pollution and emissions and accounts for about 2.5% of global CO2 emissions[1]*.*

Our ambition is to enable the shipping industry in meeting this growth whilst reducing emissions in order to meet the International Maritime Organization (IMO) goals of reducing CO2 emissions by at least 40% by 2030.

To demonstrate our commitment, we called our company TECO 2030 when we were listed on the Euronext Growth Oslo in October 2020. The listing was a major milestone for us and increases our financial flexibility to enable us to think even bigger.

We believe this creates huge opportunities, and at TECO 2030 we believe that innovative technology can reduce the environmental footprint of the shipping industry even as freight volumes increase, contributing to the Paris Agreement and the UN Sustainability Development Goals (SDGs). We aim to do this by delivering both emission reduction and zero emission systems: In the short term, our Future Funnel reduces the emissions of sulphur and nitrogen oxides, black carbon, particulate matters and carbon capture and storage from existing ships running on fossil fuel. In addition, TECO 2030 also delivers ballast water treatment systems to reduce the ecological and public health impact the transfer of organisms across different ecosystems has and engine performance optimization systems to reduce fuel consumption.

1 *https://ec.europa.eu/clima/policies/transport/shipping_en*

In the longer term, we need to transition to carbon-neutral fuels and we are therefore developing the TECO 2030 Marine Fuel Cell System. The system will introduce hydrogen as an emission-free fuel for heavy duty marine application and is suitable for both retrofits and newbuilds. This will be the largest project developed by TECO 2030 and will make a major contribution towards a cleaner shipping industry. I am very excited that we have found a location for the plant in Narvik in Northern Norway, and ready for the continued development of the TECO 2030 Fuel Cell Gigafactory & Innovation Center.

Sustainability therefore is the core of the business that we do, but it also influences how we do business. In 2020, we therefore strengthened our sustainability management by assessing the sustainability risks and opportunities in our value chain and our stakeholders' expectations, in order to provide input to our materiality analysis. Going forward we will determine our goals and develop a roadmap for implementation of these as well as strengthening our approach. We're at the start of our sustainability reporting journey and will focus on expanding our reporting to include more indicators and report on our progress.

Through the TECO Group of companies, we have more than 27 years of history of working closely with the world's shipping companies. Going forward, with our close cooperation with leading engineering firms, combining our extensive marine competence with their technical expertise, we are ideally placed to make a real contribution in the transition to renewable energy.

Together with my highly competent and committed team, I look forward to taking TECO 2030 to new heights and to contribute to the future of sustainable shipping and would like to extend my appreciation for their dedication and endeavours.

Tore Enger
Chief Executive Officer

TECO 2030 "At a Glance"

Key Figures

60% share of women in the Board

17 employees

9 nationalities

3 global offices

5 Ballast Water Systems sold in 2020 (8 in Q1 2021)

About the Report

"We look forward to sharing our goals and progress in our annual sustainability reports, and hope that this report will provide our stakeholders with the information they need about how TECO 2030 works to deliver high quality products."

-Tore Enger, CEO

This is TECO 2030's sustainability report and covers the reporting period 1st January to 31st December 2020. The report is inspired by the WEF IBC common metrics, the GRI Standards and the Euronext guidance on ESG reporting of January 2020. This is our first sustainability report, and we intend to continue to communicate our sustainability performance annually, with implementing defined sustainability measures. We aim to be transparent about our operations and we will therefore further develop our reporting by including additional disclosures, such as climate data.

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.

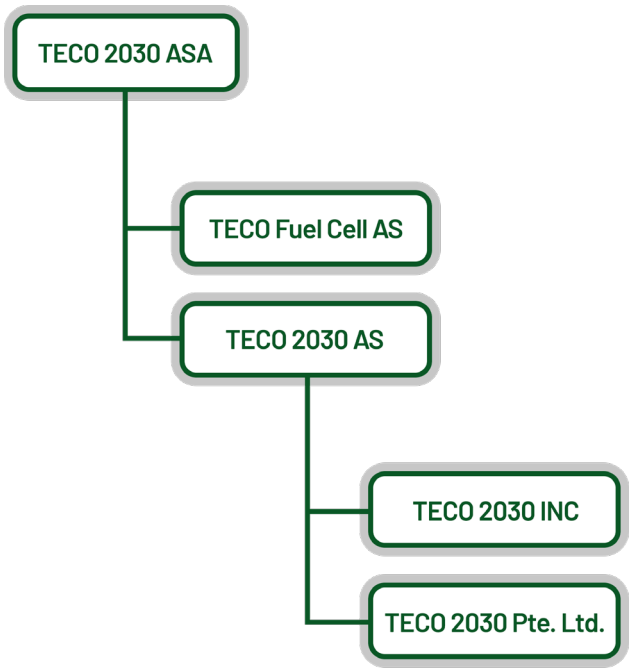
Please visit our website https://teco2030.no/ or contact us at: post@teco2030.no.

About TECO 2030

TECO 2030 is a green marine technology provider that provides sustainable solutions for the shipping industry. Our focus is to help our customers reduce their environmental footprint by developing Future Funnels, an emission-reducing solution and our newest advancement: a hydrogen fuel cell system. In the future, we will continue developing our cleantech product portfolio with the aim to expand into carbon capture and storage (CCS). As a first step, we will upgrade the TECO Future Funnel to include carbon capture.

We are a young company established in late 2019, and the first half of 2020 was focused on the development of the TECO Future Funnel. In August 2020, the TECO 2030 Group was established and now consists of the companies TECO 2030 ASA with the daughter companies: TECO 2030 AS, TECO Fuel Cell AS, TECO 2030 Inc. and TECO 2030 Pte. Ltd. We have locations in Oslo, Norway and Miami, FL., USA, and have established an office in Singapore that will be further expanded in 2021.

As a young company, we are continuously developing and improving. Sustainability is at the heart of everything we do, and in 2021 we will continue to incorporate sustainability into our management processes through the implementation of our Code of Conduct and sustainability strategy, and we will advance our sustainability reporting with further developments of the sustainability measures.



AUGUST 2020

Initiated the Proton-exchange membrane fuel cell (PEMFC) feasibility study together with AVL.

AUGUST 2020

Signed four letters of intents for future development projects together with AVL in the field of: CCS, ORC, PM Capture and PEMFC[2].

SEPTEMBER 2020

Converted from being a private limited company (AS) to a public limited company (ASA).

SEPTEMBER 2020

Signed letter of intent with Chemgas Shipping for delivery of Fuel Cells onboard their new push tugs.

OCTOBER 2020

Signed letter of intent with a shipyard for the sale of two TECO Smart Scrubbers (model 12 TECO Future Funnels).

OCTOBER 2020

TECO 2030 got listed on Oslo Merkur Market (now Euronext Growth Oslo).

NOVEMBER 2020

TECO 2030 announces its partnership in the "Green Hydrogen @ the Blue Danube" -project lead by Austrian Verbund.

2 *see appendix II for a list of abbreviations*

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 report[3] 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 concern 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 express the ideas we strive to live up to 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

Moreover, in 2020 we developed a Code of Conduct that will be approved by the Board of Directors in the first half of 2021 and will be published on the company's webpages. 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 behaviour and environment, human and labour 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 emphasised by management. We will consider establishing a whistle-blower channel as TECO 2030 develops. No instances of corruption, or suspicion hereof, were raised in 2020.

3 *Page 98 of the annual report 2020.*

Our value chain and material topics

With sustainability as our purpose, it determines what business we do and also influences how we do business. In order to strengthen our sustainability approach in 2020, we conducted a materiality analysis that took both our value chain and our own operations into account.

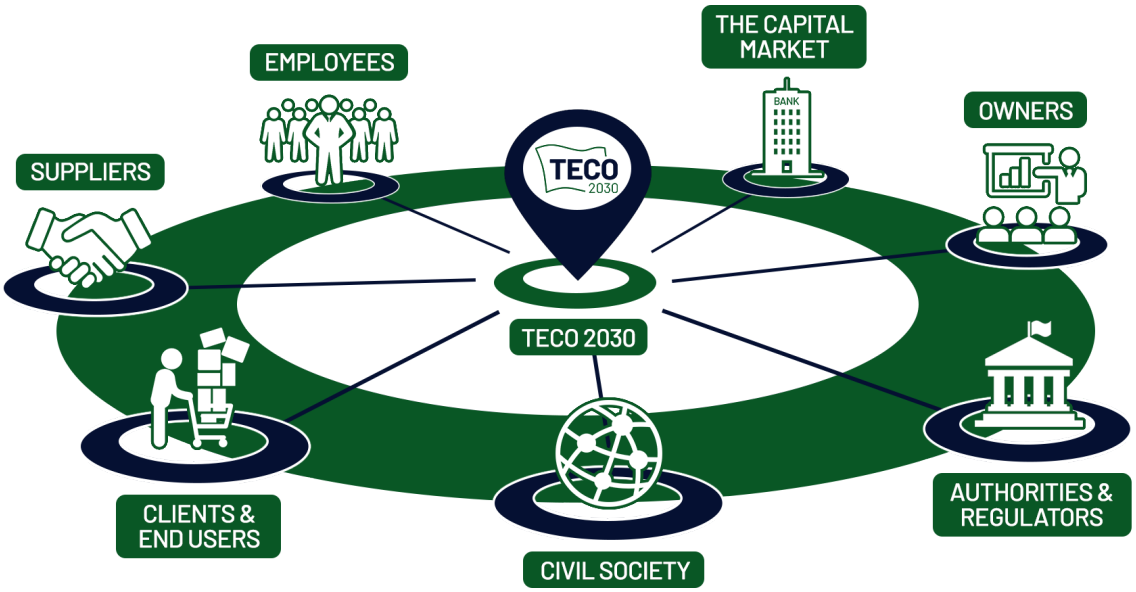
The value chain analysis was conducted through several workshops with the sustainability working group with support from an external advisor and senior management. Through a systematic ranking of identified topics of importance, the following most significant topics were identified:

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

We also conducted an internal assessment of our stakeholder's concerns based upon conversations and discussions form our regular course of business and input from external experts. The assessment included identification of 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 such as Hydrogen Europe, H2 Cluster, NCE Maritime Cleantech, Ocean Hyway Cluster, Norwegian Business Association Singapore, Norwegian-American Chamber of Commerce and EGCSA, where sustainability is high on the agenda. This provided further insight into our analysis of stakeholders' concerns. Going forward, we will systematize our processes of including sustainability in our interactions with key stakeholders.

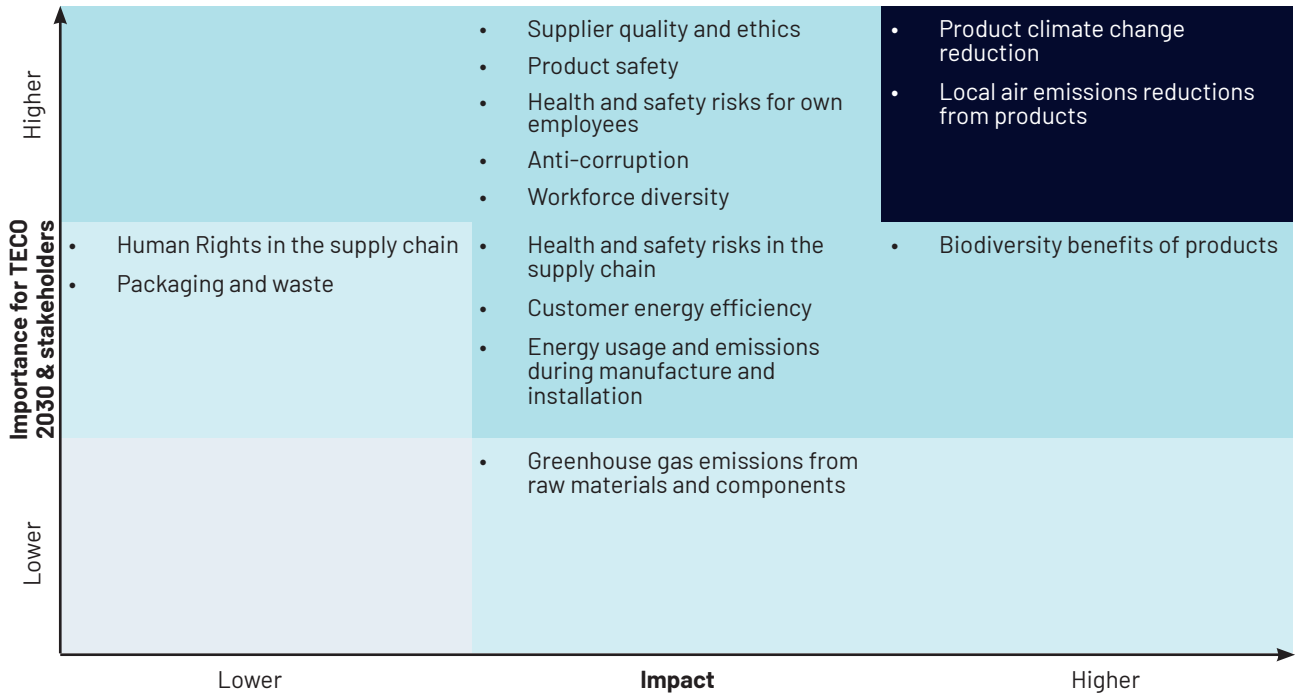


What are their main concerns?

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

The topics identified in the stakeholder mapping provided input to the materiality analysis in which we analysed the topics where we as TECO 2030 have the greatest impact and substantially influence the assessments and decisions of stakeholders. During this process, we also assessed and prioritised the UN Sustainability Development Goals (SDGs). Several working sessions on sustainability were conducted where we analysed the SDGs and identified those goals and sub-goals to which we can make the largest positive contribution. The working group comprised a third-party advisor in addition to a dedicated TECO 2030 team and applied a holistic approach to the evaluation of each goal.

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



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 less 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 on each journey. To reach its full potential, shipping needs green solutions. At TECO 2030, we have teamed up with high-quality suppliers such as AVL, a forerunner in hydrogen application development, to develop emission reduction technologies and systems for the shipping industry, for instance a zero-emission hydrogen-run fuel cell system. Hydrogen will be essential to support the decarbonization and emission reduction of the maritime industry. With this partnership, we contribute to target 17.16.

Way forward

Narvik production facility

As part of the development of the TECO Marine Fuel Cell, we started planning for a fuel cell production site late 2020, and officially released the news that we were searching for a production site during Q1 2021. Therefore, a non-operative production site was identified in Narvik, Norway, and the rent agreement was finalized in Q1 2021. The property will be rented with effect July 1st 2021 and pilot production is expected to commence in 2022. The production facility and associated production activities constitutes a change in TECO 2030 operations and requires modification and further development of our current governance systems. The building was unoccupied and ready for an advanced production line which reduces the environmental footprint of TECO 2030, and reduces construction risk, time, and other resources.

At TECO 2030 we are already considering these changes and have identified a set of initial ESG-related KPIs that will enter effect as they become applicable. The KPIs include topics such as air emissions, supply chain assessments, accidents/incidents, and employee satisfaction.

Sustainability strategy

The KPIs have been developed with the GRI disclosures and the WEF IBC Common Metrics in mind, and, together with the value chain-, SDGs- and material topics assessments, play into TECO 2030s sustainability strategy that we intend to further develop in 2021. During 2021, we intend to develop a sustainability governance system grounded in our sustainability strategy, to be prepared for the future of TECO 2030 with internal production and further business expansion. However, we will not stop at this as we aim to continuously improve and update our systems and strategy with the development of our business.

Planet

"Sustainability and protection of the environment is a key value in TECO, and the foundation for comprehensive results. This influences not only how we do business, but also what business we do."

-Tore Enger, CEO

TECO 2030 has limited 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 have also entered the green marine technology market with the objective to transform the shipping industry through more sustainable solutions.

Shipping accounts for about 2.89 % (IMO GHG Study 2020) of global greenhouse gases (GHG) emissions and 80% of global trade and reducing GHG emissions from ships by at least 50% by 2050 compared to 2008, plays a vital part in achieving the goals of the Paris Agreement. TECO 2030 aims to deliver leading environmental technologies that answer to these industry challenges.

Sustainability regulations

Transport, and thereby shipping, has been included in the first publication of the EU Taxonomy and our customers will therefore have to report their degree of sustainable activities in relation to the technical screening criteria. With the production of the TECO Marine Fuel Cell, TECO 2030's activity is considered an "enabling activity" to climate change mitigation, as it supports actors in the shipping industry to reduce their CO2 emissions.

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 described above, we make a direct contribution to our downstream value chain through our solutions and products. In 2021, we intend to conduct a Taxonomy screening of all our activities to identify how the Taxonomy will affect our operations and how we may actively contribute to a higher level of sustainability also upstream.

To remain transparent, we intend to disclose our environmental impacts and efforts annually in our sustainability report. We also intend to develop our sustainability strategy to include considerations around our climate risks and exposures, and in the future we aim to disclose these in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Our impact

As described above, our direct environmental impact in 2020 was limited. Our real impact was through our products that help shipping companies reduce their impacts on the environment in which they operate. In 2020, we started the development of TECO Marine Fuel Cells with AVL List GmbH; a hydrogen fuel cell solution that provides true zero emission energy to the seafaring vessels. We intend to start the pilot production of the Fuel Cells at the production facility in Narvik in early 2022.

GHG emissions

Emissions from office activities generally comprise heating and electricity. The TECO 2030 offices in Norway are powered using renewable energy, however, the office in Miami is not. Furthermore, due to the Covid-19 pandemic, only limited traveling occurred during the first two months of 2020. Without production activities, scope 1 GHG emissions are minimal, and scope 2 and 3 constitute the majority of our GHG emissions.

In 2020, TECO 2030 developed a set of KPIs. These included scope 1, 2 and 3 GHG emissions as well as reduction of energy consumption and customer's emissions as a result of using TECO 2030 products. As part of the sustainability strategy, TECO 2030 will implement GHG accounting in relation with operations at the Narvik production facility.

TECO Marine Fuel Cell System

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 IMOs initial strategy on the reduction of GHG emissions from ships.

TECO Future Funnel

Future Funnel is a scrubber, which reduces sulphur emissions in line with the IMO sulphur regulation. It has high SOx 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 – AVL EPOS™

TECO has partnered with AVL to produce high quality systems, including the EPOS engine monitoring and diagnosis software. The software can increase energy efficiency and reduce fuel consumption with up to 3%, and thereby further reduces CO2, NOx and SOx emissions.

Nature loss and positive contribution to biodiversity

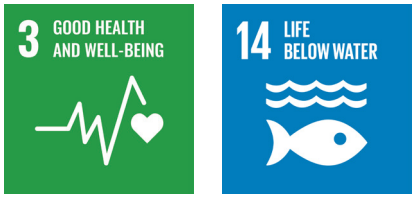
Ballast water is sea water abstracted and discharged to stabilize a ship according to its load. This poses a significant threat to marine life as it transfers species from their natural habitat to a foreign one. It was therefore included in the UN SDGs (goal 14 – life below water) leading to The IMOs Ballast Water Convention which is implemented and strictly entering into force in September 2024.

Our Ballast water treatment system eliminates organisms in the discharged ballast water and thereby significantly reduces the ecological impact on the marine life.

Our Ballast Water Treatment System eliminates organisms in ballast water prior to discharge. 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.

The production facility in Narvik is located on a brownfield and is not situated in any nature protection areas. Future impacts to local fauna at the production facility is therefore expected to be minimal.

Fresh water



TECO 2030's direct fresh water consumption is insignificant as a result of current operations being limited to office activities. Indirect fresh water consumption in the value chain is taken into consideration in our sustainability strategy.

We are aware of the fact that the operations in Narvik will require significant water consumption for product testing. Methods for reducing water consumption, such as withdrawal from sea water instead of fresh water and treatment and reuse of water, are already being considered, and a plan will be in place in time for start of production.

Waste and recycling

Waste generation at TECO 2030 was in 2020 limited to household waste, general waste, paper/cardboard and plastic. The limited amount of waste generated at the office at Lysaker is sorted for recycling. We follow local authorities' guidelines and requirements for waste handling and recycling, and new and comprehensive measures will be implemented in 2021.

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. During 2020, TECO 2030 went through an extensive development phase without any severe product safety incidents.

Product safety will become increasingly important going forward as TECO 2030 expects to commercialize and operate the Future Funnel onboard vessels due to the risk of corrosion and scrubbers failing and letting water into the engine room. To assess the level of risk during the development phase, we conducted simulations where the product was in realistic use for 20 years of continued operations without any corrosions occurring.

The TECO Marine Fuel Cell will not be commercially available during 2021, but its product-related risks are being taken into consideration for future planning. Hydrogen is connected to a risk of explosion. As such, before being installed in any application, our hydrogen and Fuel Cell systems will undergo a thorough approval process where they are examined and tested by authorities and third parties. We will also conduct onshore testing involving third-party quality control.

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

TECO 2030 ended 2020 with a team of 17 employees representing nine nationalities, who have left excellent jobs to take part in a new adventure. 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. This office will be expanded, and we intend to recruit a sales-representative for TECO 2030 in 2021. Women account for 18% of our workforce. We believe that diversity strengthens both our culture and our results, and aim to recruit more women to the team, in addition to focusing on diverse backgrounds and competencies. Our Board of Directors consist of 60% women, and all the board members have a passion for the environment and the shipping industry.

People Governance

TECO 2030 is committed to equal treatment of our employees regardless of their gender, age, skin colour, 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. Upon formation of TECO 2030 in 2020, all 13 employees were transferred from TECO Technologies AS, creating a new team of people who all encompass the same drive and passion for sustainable shipping. Furthermore, we welcomed four new colleagues through the fall of 2020, composing a team of 17 employees by December 31st, 2020.

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's main activities are conducted in an office environment. As of today, we do not operate any production processes. Health and safety risks are therefore considered to be low and in 2020, there were no HSE incidents. Due to the low HSE risks amongst our employees, we currently do not have an incident reporting system. As we continue to develop the company, with the establishment of a production plant in Narvik, a reporting system will be established as soon as the production commences.

Throughout the pandemic, TECO2030 has taken actions to protect the health and safety of all employees by enforcing recommendations presented by the Norwegian health authorities. TECOs management team has monitored the pandemic on a daily basis and provided clear communication of guidelines and safety measures. Remote work was enforced in March 2020, and all employees were provided with tools and equipment to be able to perform their tasks from the safety of their homes.

To maintain the well-being of employees, an initiative to work from the office in smaller teams was introduced. On a rolling basis, 60% of employees work from home while the remaining percentage meet at the office. The initiative has worked well and allows for social interaction, deemed as an important part of employee health.

A sick leave rate of under 1% in 2020 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.

Competence

The development of our employees' skillset and talent is important for TECOs growth and productivity. Given the small staff size, 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 induction, new hires are provided with comprehensive orientation to company policy, tools and resources.

As always, attention to and awareness on 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

Supplier quality and ethics and health and safety risks in the supply chain were assessed as highly important topics identified through our materiality analysis.

We have a practice of using recognized German, Austrian and French suppliers. Our suppliers engage highly educated employees and also have well-established health and safety standard, which ensures high quality and reduces risks of potential human and labour breaches. Risks of incidents of forced or compulsory labour is therefore considered to be low.

Moving forward, we will strengthen our work with supplier management and oversight. Supplier overview will be integrated into the business areas, and we will ensure oversight through audits, controls, and screening. In addition to this, 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.

Case 1

TECO 2030 has formed a strategic partnership with AVL to develop green technologies for shipowners. As a result of the partnership, the Future Funnel was developed in record time and the first two towers have already been produced. Together with AVL, our next big mission is to develop heavy duty marine fuel cells – the TECO Marine Fuel Cell.

Case 2

TECO 2030 entered into a Letter of Intent with the shipowner and shipyard in regards to the ambitious Green Hydrogen @ Blue Danube project. The plan is to produce green hydrogen from renewable electricity in south-eastern Europe. The hydrogen will then be transported via the River Danube to hydrogen users in Austria and Germany by push tugs and barges to be powered by TECO 2030 fuel cells.

Prosperity

Due to the Covid-19 pandemic, which lead to low oil prices and a general slow-down of the global economy and the maritime sector, TECO 2030's sales in 2020 were limited. The Group's total revenue was NOK 2.2 million.

Operating expenses were NOK 28.8 million, mainly made up of personnel expenses, daily operational and office-related expenses and professional fees, partly related to the IPO and listing of the company in October 2020.

Prior to August 2020, TECO 2030 did not have any employees and relied on management services from TECO Technologies AS. From August and onwards, the employees were split between TECO 2030 ASA, TECO 2030 AS and TECO 2030 INC.

The Company has few physical assets but spend substantial amounts on developing green technologies. As such, the balance sheet as per 31.12.20 shows a total of NOK 19.5 million of intangible assets, mainly made up of project related external services and internal man-hours.

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 TECO 2030's annual report published on the company website.

Local community

As the company first started operations in 2020, community engagement has not yet been initiated. With the continuous development of the business, in addition to the establishment of a new production facility in Narvik, we will contribute with a substantial number of jobs over the next 10 years. TECO 2030 will also contribute and engage with local communities in the areas in which we are present, starting in 2021.

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 worlds most advanced test beds and other valuable technical resources. This enables us to develop world leading technologies in a collaboration between a world leading powertrain developer and the TECO 2030-team with numerous years of maritime industry experience between them. This R&D-partnership is an essential piece to TECO 2030s continued innovation.

The TECO 2030 Group spent approx. NOK 15 million on R&D-related activities during 2020. 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.

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 2020, 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 2020, 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 have contributed the following amounts of tax:

Taxes 2020	
Norway	Employer tax[4] : NOK 1.4 million Taxes paid by employees: NOK 3.4 million
USA	Employer tax: USD 33 thousand (approx. NOK 276 thousand) Taxes paid by employees: USD 116 thousand (approx. NOK 970 thousand

4 *Norwegian: Arbeidsgiveravgift*

Appendix

Appendix I : Terms and abbreviations

CCS	Carbon Capture and Storage
CO2	Carbon Dioxide
GHG	Greenhouse Gas Emissions
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IMO	International Maritime Organization
KPI	Key Performance Indicator
NOK	Norwegian Kroner
NOx	Nitrogen Oxide
ORC	Organic Rankine Cycle

PEMFC	Proton-exchange membrane fuel cell
PM	Particulate Matter
R&D	Research and Development
SDG	Sustainable Development Goals
SOx	Sulphur Oxide
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 first sustainability report and we acknowledge that we have not been able to fully answer all WEF Metrics. We consider this report a first step on 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 – *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 – *Our value chain and material topics*

WEF Metric	Theme	Metric	WEF Criteria	Reference
Governance	Ethical Behaviour	Anti-corruption	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	A description of internal and external mechanisms for: 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 (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Planet – *GHG Emissions*
		TFCD 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 – *Sustainability regulations*
	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).	*Not relevant in 2020*
	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 2020*
	Solid waste	Impact of solid waste disposal	1. 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. 2. Report wherever material along the value chain, the valued societal impact of solid waste disposal, including plastics and other waste streams.	1. *Will be reported in 2021.* 2. 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 - *Our People*
		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 - *People Governance*
		Wage level (%)	1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. 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 - *People Governance*
		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 - *Supply chain*
	Health and Well-Being	Health & safety (%)	1. 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. 2. 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 – *Well-Being*
	Skills for the Future	Training provided (#,$)	1. 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). 2. Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	People - *Competence*

WEF Metric	Theme	Metric	WEF Criteria	Reference
Prosperity	Employment and Wealth creation	Absolute number and rate of employment	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 - *People Governance*
		Economic contribution	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: revenues, 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 – *Introduction and local community*
		Financial investment contribution	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 – *Introduction*
	Innovation of Better Products and Services	Total R&D expenses ($)	Total costs related to research and development.	People - *Research & Development*
	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 - *Taxes*

zero emission in the future

TECO 2030

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