

Disruptive technologies, sustainable results

At Nekkar, we have chosen a business strategy where **ESG and corporate performance are intertwined.**

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Disruptive technologies, sustainable results

Environmental, social and governance (ESG) issues are of increasing concern. In 2021, this became ever more evident with the ongoing pandemic and the imminent climate crisis. The COP26 meeting in Glasgow, as well as the introduction of new regulations such as the EU Taxonomy and the Transparency Act, have further helped push sustainability to the top of the agenda in many companies – including Nekkars. For organisations like ours, working systematically with sustainability and sustainability reporting has become a must if we are to be taken seriously – not just by the investor community, but by society at large. This is a development we welcome.

At Nekkars, we have chosen a business strategy where ESG and corporate performance are intertwined. In addition, we are taking a proactive approach to manage ESG risks and opportunities. Being a sustainable company means that we are never satisfied with the status quo, but continuously improving. That is why we started developing sustainability reports three years ago, mapping our direct and indirect impact, areas of improvement and the road ahead.

In 2021, we took this work one step further. First, Nekkars started climate accounting on our direct and indirect emissions. Last year, we only included numbers for electricity use, and this year we have also gathered data relating to fuel, business travel and purchased goods and services. Although we will continue to strengthen our climate reporting in the years to come, we see this as a first important step towards cutting our emissions and setting bold climate targets for our company.

Secondly, Nekkars organised another ESG Day in 2021 for all employees, where our sustainability work was in focus. This was previously referred to as Green Day, but this year we chose to rename the event to underline that being sustainable is about more than caring for the environment: It also entails good corporate governance and taking social responsibility, both within our own organisation and when working with suppliers and business partners around the world.

Finally, we have also conducted systematic stakeholder dialogue and a materiality assessment, following the GRI Standards' management approach for sustainability reporting. In the materiality assessment, we revised our previously defined sustainability topics, namely health and safety, ethics and anti-corruption, and the environment. We have also included working environment, specifically gender equality and diversity, as a new priority area from 2021. Our people are our most important assets and making sure that everyone have the ability to thrive and succeed are among our most important goals.



“Being a sustainable company means that we are never satisfied with the status quo, but continuously improving.”

Preben Liltved, CEO

A new, sustainable direction

In 2020, Nekkars identified a new strategic direction: To leverage the group's superior engineering, electrification, automation and digitalisation heritage from “Drilling Bay” in Kristiansand, to develop disruptive technologies that can make high-growth industry sectors more sustainable, productive and profitable. Throughout 2021, all four business areas in Nekkars have demonstrated their ability to implement a business strategy where sustainability and profitability are intrinsically intertwined:

- **Aquaculture:** Progressed with extensive testing of the down scaled Starfish (1:2,5). Starfish is a fully automated, closed fish cage solution that is digitally and remotely managed. It has been designed to reduce environmental impact and operating expenditure to a minimum, while also avoiding the biological challenges that traditional ocean-based pens face.
- **Renewables:** Continued the development of the SkyWalker wind turbine installation tool, including completion of a scaled down 1:20 model. SkyWalker is a disruptive installation tool that could significantly reduce the cost, CO₂ emissions and footprint on nature that are associated with wind turbine installations.

- **Shipyard Solutions:** Continued the development of Syncrolift's digital platform, which will enable more cost-efficient operations of shiplifts and transfer systems, while at the same time reducing their environmental footprint. Skarvik shiplift delivered with waste water collection system to avoid waste to seawater.
- **Digital Solutions:** Entered a joint venture with Transocean to develop a disruptive rig automation solution that allows operators to reduce drilling costs and emission levels through more reliable and faster drilling operations.

As readers will notice, Nekkars's sustainability practices aim to benefit both our bottom line and create greater impact on the wider community.

To find out more about how Nekkars utilises ESG as topic to generate long-term value creation for society and shareholders, please check out the following pages of this report.

Preben Liltved
CEO of Nekkars

About this report

This is Nekar ASA's (Nekar) sustainability report for the reporting period 1 January to 31 December 2021.

The last sustainability report was published in March 2021 and can be found on Nekar's website.

For information about this report and its content, please contact Nekar's CEO, Preben Liltved:
preben.liltved@nekkar.com.

This report is prepared in accordance with the Global Reporting Initiative's (GRI) framework, Core Option. The report is also inspired by the Oslo Stock Exchange (OSE) Euronext guidelines for sustainability reporting.

The report has been reviewed and approved by Nekar's Board of Directors. It has not been audited by a third party.



About Nekar

Nekar is a company that utilises electrification, automation and digitalisation competence as levers to make high-growth industries more efficient, profitable and sustainable.

Key figures 2021

480

REVENUE
MNOK

140

EBITDA
MNOK

70.1

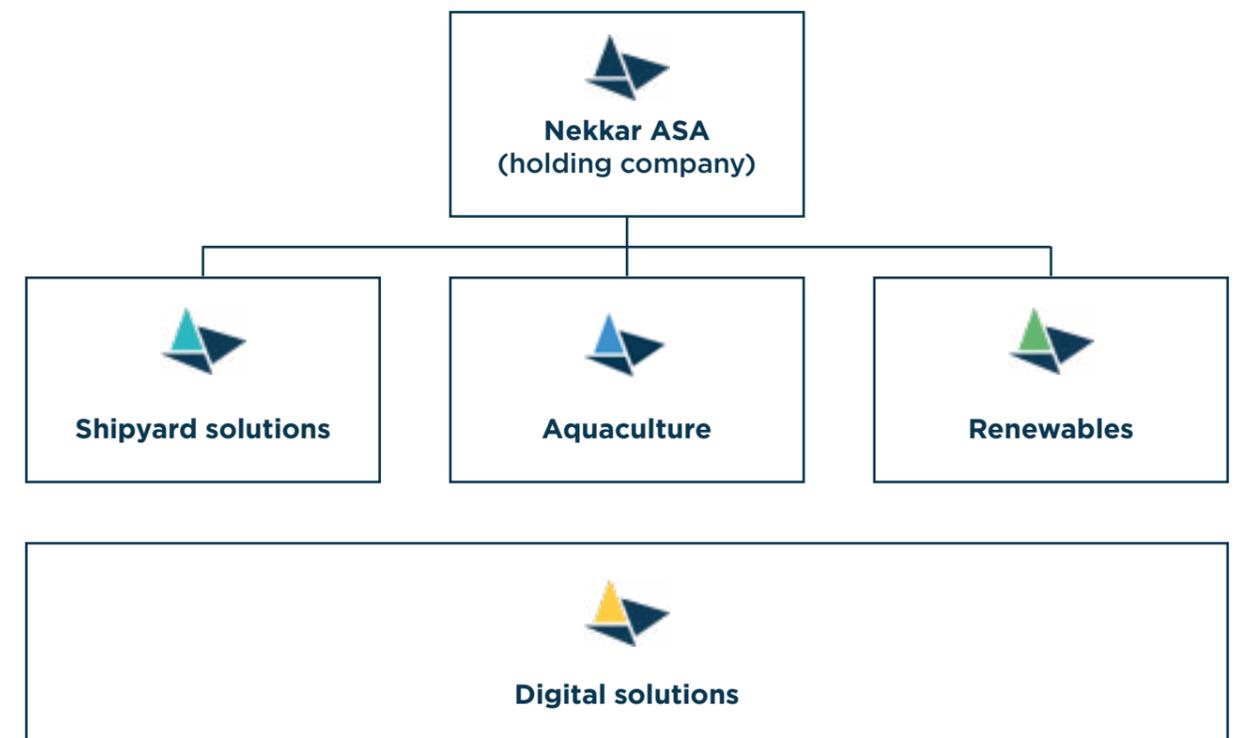
EQUITY RATIO
PERCENT

The company's operations are divided into three business areas – Shipyard Solutions (Syncrolift), Aquaculture and Renewables – that are all supported by Nekar's Digital Solutions business unit which applies its unique competence within electrification, automation and digitalisation across the entire Nekar group.

Nekar has extensive industrial experience and a strong legacy within product development and project execution from both the former TTS brand, which grew from a small business to a multi-billion global company, and the internationally recognized "Drilling Bay" in Kristiansand, Norway. Our highly competent employees have a long track record of innovation and product development.

Nekar is an ASA company listed on the Oslo Stock Exchange (ticker: NKR).

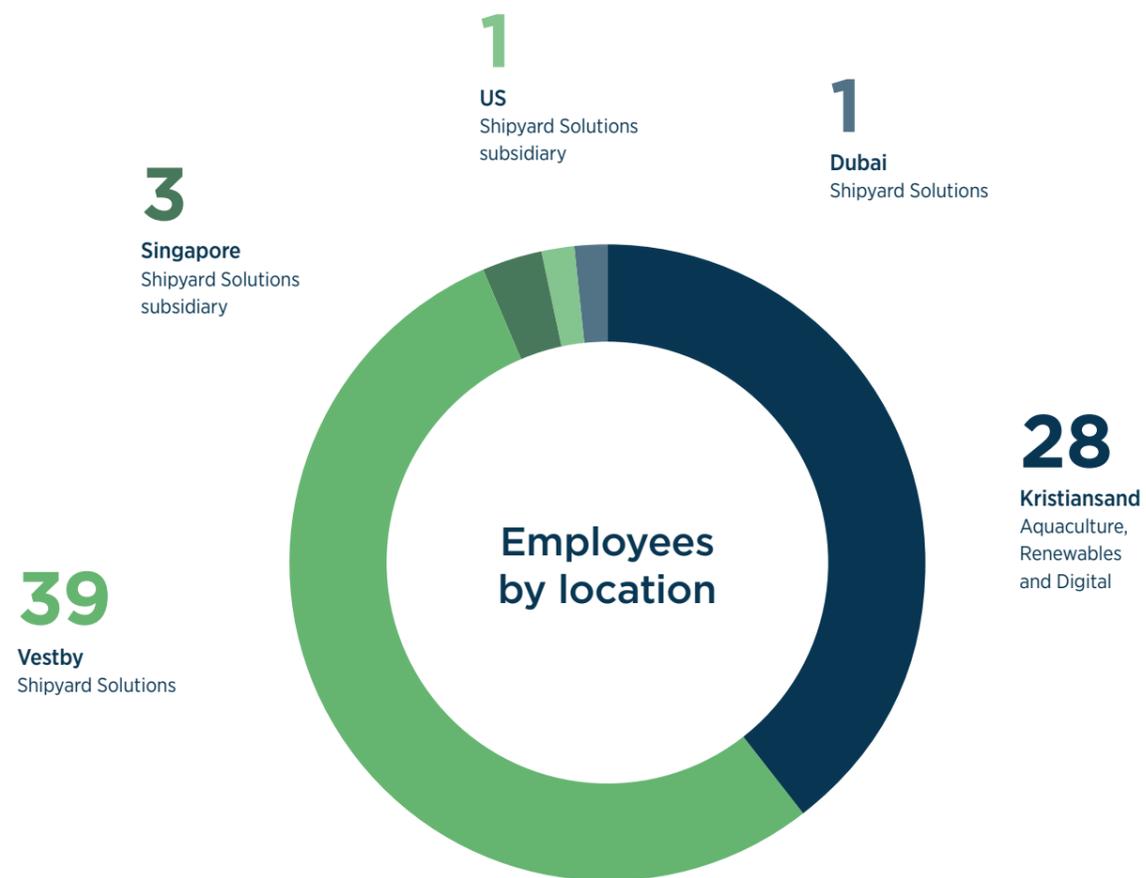
Nekar company structure



Locations

Nekkar (the holding company, as well as the Aquaculture, and Renewables and Digital business areas) is headquartered in Kristiansand, on the South coast of Norway. Shipyard Solutions is located in Vestby, with subsidiaries in Singapore and the US. The company also has a sales and service representative in Dubai.

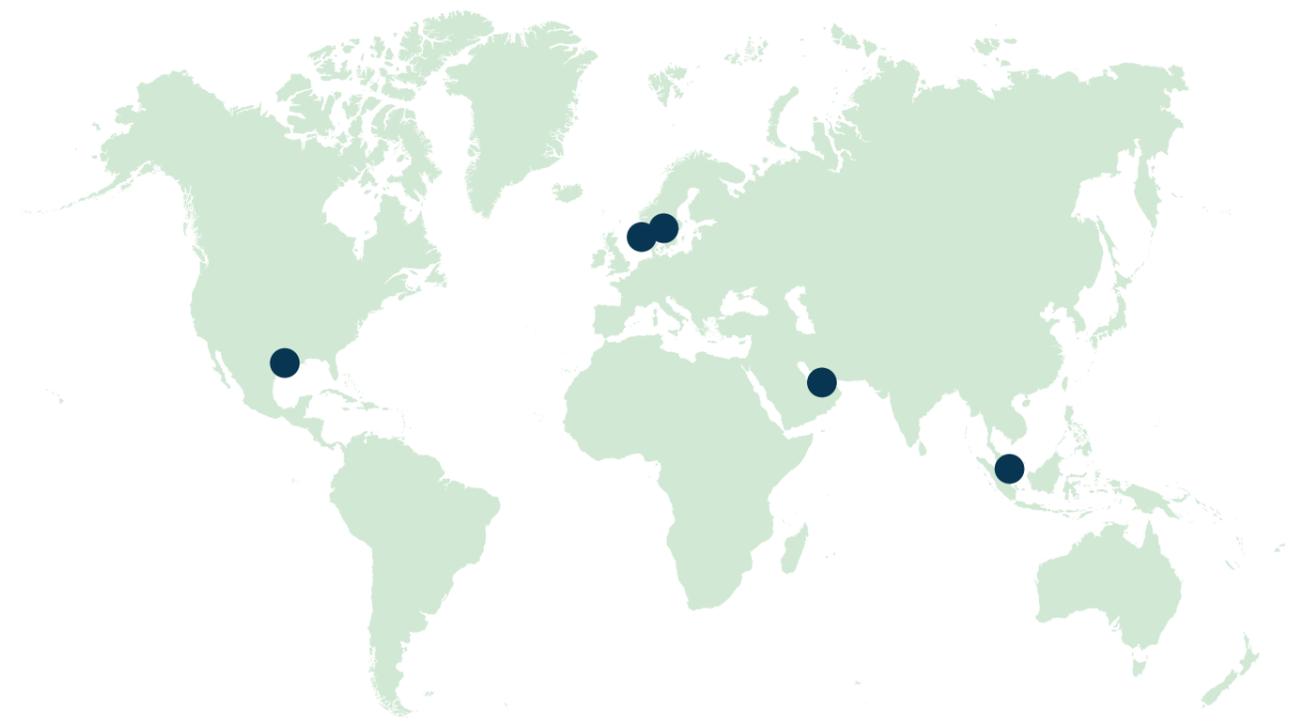
At the end of 2021, Nekkar had 62 permanent employees and 10 temporarily hired employee (project-based).



Employees by location

Location	Employees 2020	Employees 2021	Percentage increase
Kristiansand (Aquaculture, Renewables and Digital)	23	28	21.7%
Vestby (Shipyard Solutions)	35	39	25.9%
Singapore (Shipyard Solutions subsidiary)	3	3	0%
US (Shipyard Solutions subsidiary)	1	1	0%
Dubai (Shipyard Solutions)	1	1	0%

Includes full-time, part-time and temporarily hired employees



Corporate governance and sustainability approach

For Nekkar, adhering to good corporate governance standards is a prerequisite for long-term value creation.

The company strives to ensure that its internal control mechanisms, organisation and management structures comply with good corporate governance principles, including the Norwegian Code of Practice for Corporate Governance (NUES). Nekkar is also committed to OECD's Guidelines for Multinational Enterprises and contributing to the improvement of international business standards and practices, especially with regards to questions of corruption, labour relations and the global environment. The company and its employees should at all times operate in an ethical and lawful manner.

Nekkar's governance structure shall ensure a systematic approach to corporate social responsibility.

The Annual General Meeting (AGM) is Nekkar's supreme governing body and where stakeholders can influence how sustainability is practiced. The Board of Directors ("the Board") is responsible for ensuring that the company is organised, managed, and controlled in an appropriate and satisfactory manner in full compliance with applicable laws and regulations. The sustainability report has also been reviewed and approved by the Board. Corporate Executive Management bears the ultimate responsibility for the company's strategy, development, and day-to-day work.

Nekkar's main governing document is the company's Code of Conduct, in addition to the Code of Conduct for Business Partners and the company's Articles of Association.

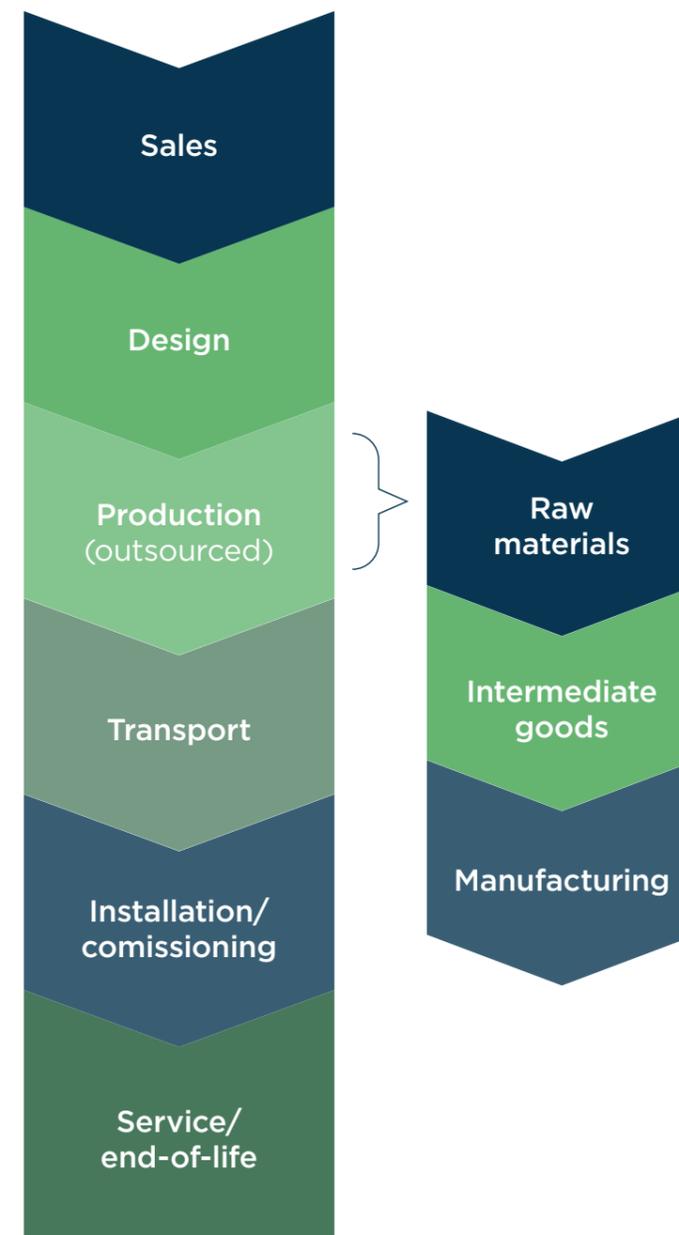


"It's all about our responsibility to make the world liveable and sustainable for the next generation."

Trym Skeie, Board Member

Supply chain and sectors served

Nekkar's business operations are mainly related to ocean-based industries and segments such as ports and harbours, aquaculture and renewable energy. Nekkar has global presence with projects all over the world.



UN Sustainable Development Goals

Nekkar supports the UN's Sustainable Development Goals (UN SDGs). The company is implementing activities and initiatives relating to four of the SDGs, where the company has the potential to make the biggest contribution:



Nekkar promotes equal opportunities for employees regardless of their gender, age, ethnic or cultural background. Nekkar's employees should be treated with respect and the company shall ensure a safe and healthy working environment for everyone.



Designing and adapting our products to foster innovation and the development of sustainable technology is a key consideration in Nekkar's product development. An example is the wind turbine installation tool SkyWalker. This innovation has the potential of increasing the efficiency and decrease the environmental footprint of installing wind turbines.



The ocean represents a highly significant resource in terms of food, energy and value creation and has a high priority in our efforts to ensure a sustainable future. Nekkar's business operations are closely linked to the sea as our products are designed for the maritime and marine industries. Nekkar is currently developing the 'Starfish' cage, which aims to improve the sustainability of fish farming by improving fish welfare and eliminating sea lice and waste problems normally associated with fish farming. Our goal is to design and produce products that can contribute positively to the development in marine areas.



Nekkar aims to promote and maintain the highest ethical standards to create a trust-based relationship with our stakeholders. The company shall comply with laws and regulations, act in an ethical, sustainable and socially responsible manner and otherwise practice good corporate governance.

ESG Day 2021

On 25 November 2021, Nekkar arranged an 'ESG Day' – aiming to increase employees' awareness of Environmental, Social and Governance topics.

The ESG Day was previously named Green Day, but the company decided to change this in order to include social and governance topics as well.

During the ESG Day 2021, the executive leadership group gave an introduction to ESG in general and Nekkar's ESG work and guidelines specifically. This included a review of the company's Code of Conduct and how this applies to employees, an introduction to ESG software tools, a reminder of Nekkar's ESG goals for 2021 as well as suggested KPI's for 2022. Ideas discussed at last year's Green Day were also brought up, in addition to product improvement.

The next ESG Day will be arranged in the first half of 2022, and the main focus will be on social topics.

“Our company strives to improve our ESG efforts every day, and to make this happen, we need to have all employees on board. During this years' ESG Day, employees were presented with our ESG strategy and participated in discussions on how we as a company can improve. I am already looking forward to the next ESG Day in 2022, where we can demonstrate our results.”

Inger-Marie Harvei, HSEQ Manager



Stakeholders

Investors/Board of Directors (BoD)

Nekkar's investors and owners are primary stakeholders and directly affect the company's priorities and strategic direction. Ensuring value for shareholders is one of the main priorities for the company.

Customers

Nekkar's customers directly affect the company economically and the company's ability to offer attractive products at acceptable cost is decisive for customer retention. Furthermore, an increased ESG awareness among customers is part of driving Nekkar's sustainability priorities.

Employees

Nekkar's employees are directly affected by the company's internal policies and activities. The company is greatly dependent on its employees and the ability to attract and retain skilled talent.

Business partners/suppliers

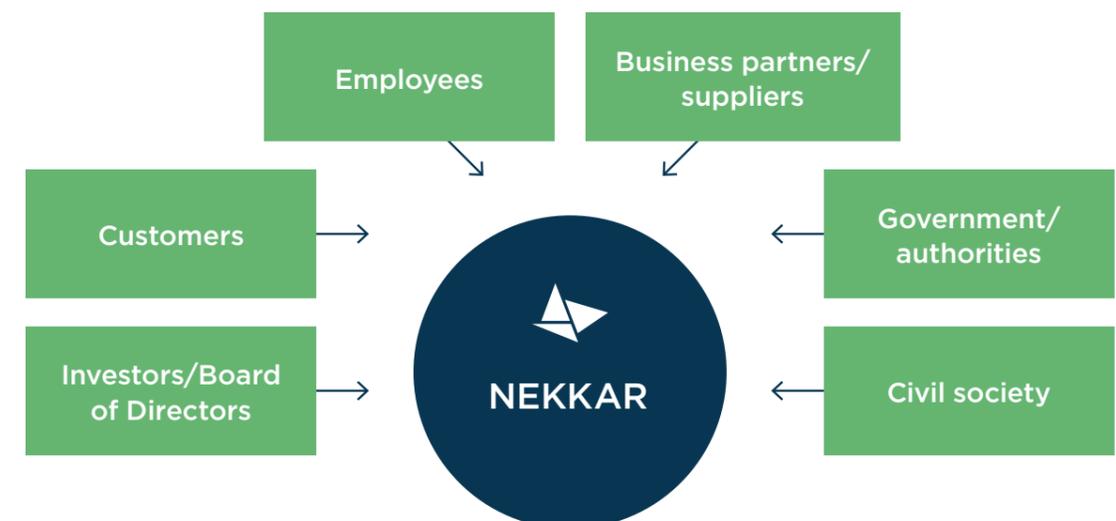
Suppliers are important stakeholders for Nekkar and are directly affected economically by the company. Also, suppliers' responsibility is indirectly affected by Nekkar's focus on responsible business practices as well as the expectations placed on them by the company.

Government/authorities

Nekkar is directly affected by government regulations in the countries in which it operates, and the company's operating conditions is directly and indirectly affected by regulatory authorities. As a listed company, Nekkar is also bound by the Oslo Stock Exchange's regulations.

Civil society

Local communities are indirectly, socially, environmentally and economically, affected by Nekkar's activities in terms of job creation and tax contribution. Civil society is also environmentally impacted by the company's products.



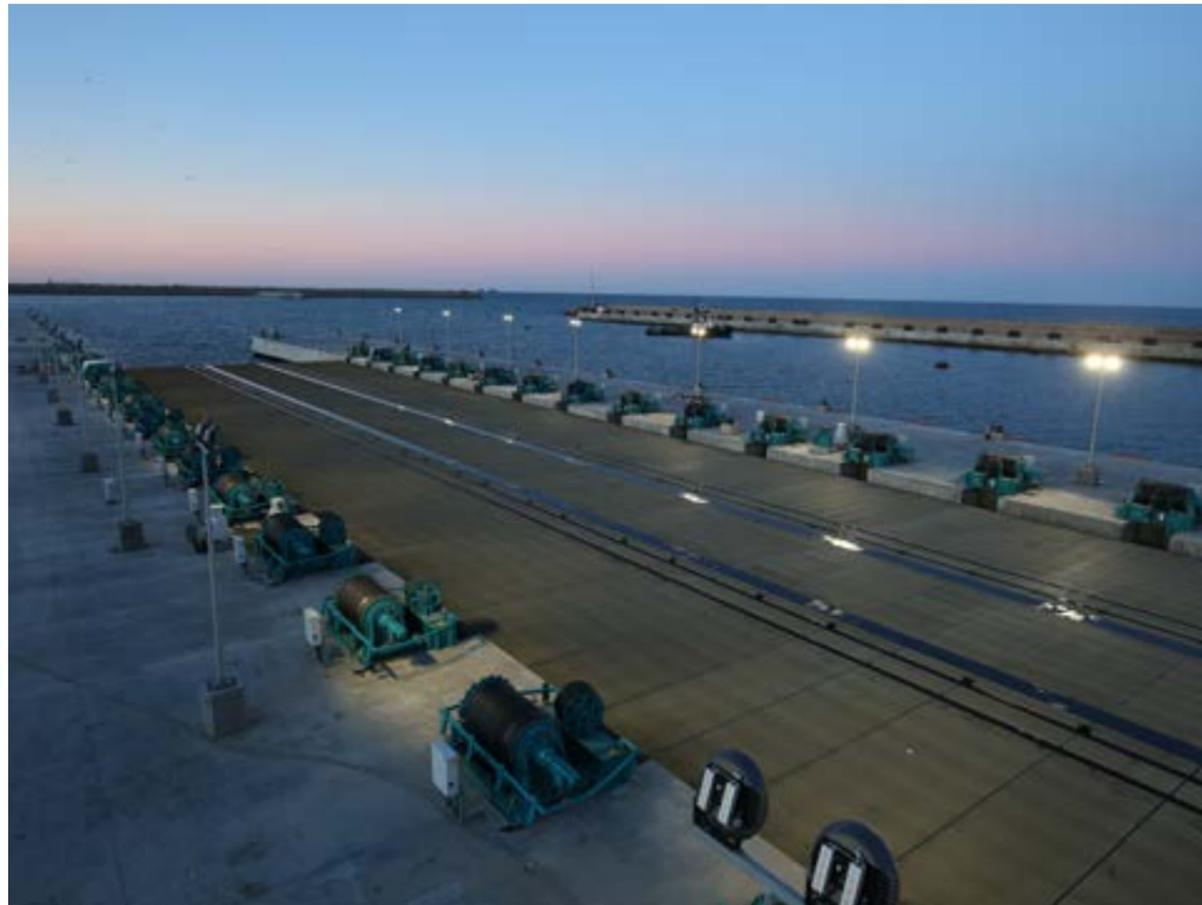
Stakeholder dialogue

Nekkar aims to have an ongoing dialogue with key stakeholder groups. A good dialogue strengthens the company's relationship with the society in which it operates and its immediate surroundings. Good stakeholder dialogue also ensures a strategic approach to ESG reporting, and systematic stakeholder dialogue is a fundamental objective of the GRI Standards Management Approach.

In December 2021, key stakeholder groups including employees, business partners/suppliers, customers and investors/BoD members were invited to participate in Teams interviews with representatives

from Nekkar. In the interviews, we asked about general ESG topics as well as their perception of the company's approach to sustainability. Nekkar has also conducted desktop research, for example when it comes to the ESG priorities of relevant governmental authorities. A summary of key topics and arena of dialogue can be found in the table on the following page.

The findings of the stakeholder dialogue were structured for discussion with Nekkar's internal ESG workforce consisting of the company's CEO, HSEQ manager and business controller (the management group) in January 2022.

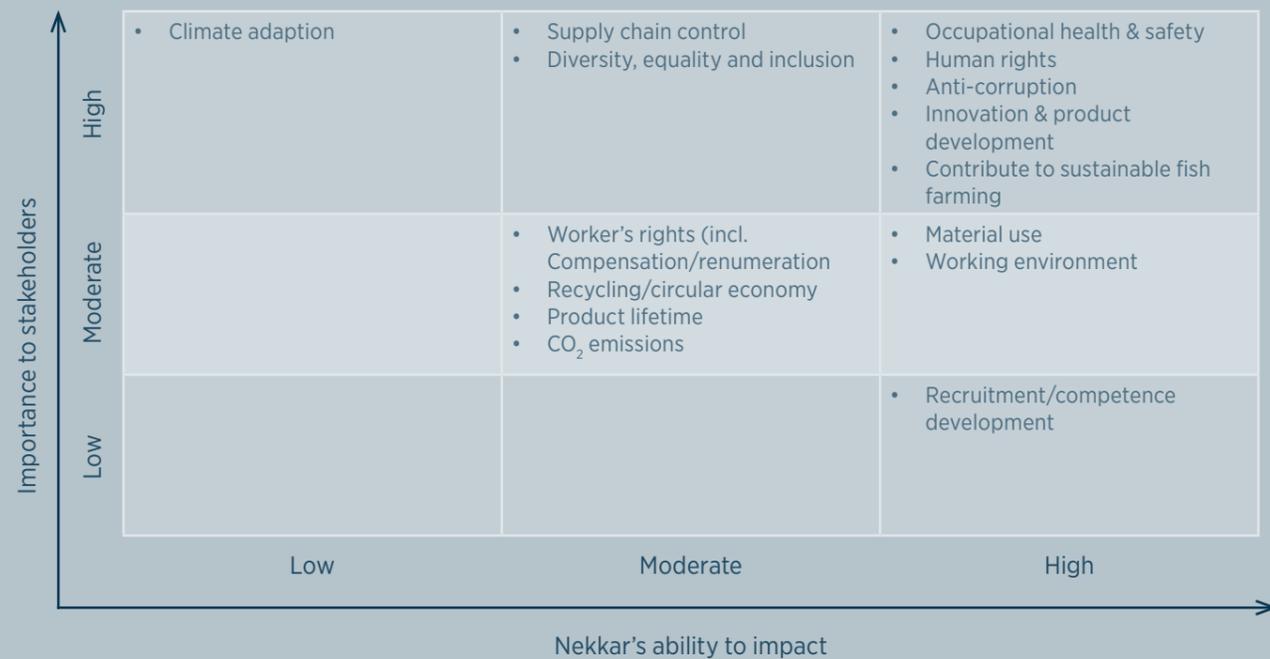


Stakeholder group	Topics mentioned	Arena for dialogue
Investors/BoD	<ul style="list-style-type: none"> Product innovation and development Environment and climate Regulations 	<ul style="list-style-type: none"> ESG report Direct communications (emails/meetings) BoD meetings Social media
Customers	<ul style="list-style-type: none"> Product innovation and development Climate and the environment Health and safety (HSE) Inclusion Material use Biodiversity Supply chain management 	<ul style="list-style-type: none"> Direct communication (emails/meetings) Website
Employees	<ul style="list-style-type: none"> Good corporate governance Product innovation and development Climate and the environment Product lifetime (LCA/LCM) Supply chain management Compensation/renumeration Diversity, equality and non-discrimination Health and safety (HSE) Working environment 	<ul style="list-style-type: none"> Employee surveys Annual report ESG report ESG Day (previously Green Day) All hands meeting Meetings
Business partners/suppliers	<ul style="list-style-type: none"> Fair and equal treatment of suppliers Supply chain management Health and safety (HSE) Anti-corruption Working environment Competence/recruitment Climate and the environment Diversity, equality and non-discrimination Product lifetime (LCA/LCM) Product innovation and development 	<ul style="list-style-type: none"> Annual report ESG report Newsletters Website
Governments/authorities	<ul style="list-style-type: none"> Human rights Global sustainability development goals Climate and the environment Labour rights Anti-corruption Consumer interests Good corporate governance Risk evaluation Circularity Pollution prevention Biodiversity 	<ul style="list-style-type: none"> Desktop research

Defining Nekkar's material topics

Nekkar conducted a materiality assessment in January 2022. The materiality assessment was based on interviews and dialogues with employees, business partners and suppliers, customers, authorities and investors and owners, and a summary can be found in the below materiality matrix:

Materiality matrix



These topics can be narrowed down to the following priority areas for Nekkar:

- Working environment (including equality and diversity)
- Health and safety
- Ethics and anti-corruption (including human rights)
- Environment (including product innovation)

Reporting themes and topics

In the next chapters, each of the suggested overarching sustainability topics and their relevance to Nekkar are discussed in detail. This chapter includes reporting according to GRI 401 Employment, GRI 403 Occupational Health and Safety, GRI 405 Diversity and Equal Opportunity, and GRI 205 Anti-Corruption.



“Keeping a close dialogue with key stakeholder groups as well as mapping out material topics are important for Nekkar. By doing this, we get a better understanding of our company’s direct and indirect impact, and can implement sustainability measures where needed.”

Anne-Line Aagedal, Business Controller and ESG responsible

Working environment

Employees are a key stakeholder group being directly affected by and having a high impact on Nekkar's operations and business activities. Attracting, developing, motivating and retaining highly competent people is vital to the company's future business success.

The company is operating according to the Norwegian Working Environment Act and according to local laws and regulations in other countries where it is present. Nekkar has also developed its own Employee Handbook where expectations for the working environment is outlined specifically. The Employee Handbook has been under revision in 2021 and the new version will be communicated to all employees in the first half of 2022.

Due to the company's size, Nekkar has not maintained a Working Environment Committee in Norway but has appointed a Health and Safety representative which meets with the management group on a regular basis. A number of the companies' engineers are members of NITO or Tekna, and the company is also a member of the Confederation of Norwegian Enterprise.

The CEO as well as the HSEQ Manager bears the overall responsibility for ensuring a good working environment in Nekkar, and each employee is responsible for contributing to a happy and healthy corporate culture.

Employee surveys

The working environment should form the foundation for a meaningful work situation and increase employee engagement. In August 2021, Nekkar conducted an employee survey which goal was to map out the working environment and areas of improvement. Out of 54 employees, 44 completed the survey (81.4 percent). A goal for 2022 is to increase the response rate to at least 85 percent.

In the 2021 survey, employees were asked to rank 28 different statements relating to the working environment (both physical and social) on a scale

81%

Response rate

77%

Motivation indicator

from 1 (lowest) to 10 (highest). The results show that the motivation indicator among employees is at 77 percent on average. This percentage is based on a ranking of the following: tasks, responsibilities, feedback, relationship to leaders/management, competence/professional development, collegial support, cooperation and mastering of tasks.

The statement which received the highest score (9.0 on average) was "I feel respected, appreciated and fairly treated at work". Employees were also satisfied with the communication within the organisation (score 8.7) and their level of well-being at work (score 8.5).

The statement with the overall lowest score (6.3 on average) was: "I believe my salary is based on my competence, experience, responsibility and effort". The company will focus more on communication regarding compensation/renumeration in 2022. Other statements with a lower score concerned job management (6.8) and training and development (6.8). The company does not actively promote external training and competence development today but is often sponsoring and facilitating for this when inquired by employees.



Gender equality and diversity

Ensuring a diverse workforce is important to Nekkar and the company has the direct ability and responsibility to impact gender equality and diversity in the workspace. Equal opportunities should be offered to all employees, regardless of their background. The company has a zero tolerance for discrimination whether based on gender, age, disabilities, political views, sexual orientation or other.

In 2021, the total number of employees at Nekkar was 62 where 82.3 percent of the workforce were men and 17.7 percent women. To achieve this, the company will consider different equality and diversity initiatives as well as partnerships.

“The company has a zero tolerance for discrimination whether based on gender, age, disabilities, political views, sexual orientation or other.”

Statement on equality and non-discrimination

Based on the Norwegian Activity Duty for employers (Aktivitets- og redegjørelsesplikten, ARP), the company is reporting the following employee data:

Permanent employees by region, gender, and payroll:

Location	No. of employees 2020	Payroll (MNOK) 2020	No. of employees 2021	Payroll (MNOK) 2021
Norway	48	43,496,514	53.3*	48,103,667
Women	9 (19%)	7,421,628 (17%)	11 (21%)	9,239,328 (19%)
Men	39 (81%)	36,074,886 (83%)	42.3 (79%)	40,091,665 (81%)
Singapore	2	<i>Less than five of each gender</i>	3	<i>Less than five of each gender</i>
Women	0	-	0	-
Men	2	-	3	-
US	1	<i>Less than five of each gender</i>	1	<i>Less than five of each gender</i>
Women	0	-	0	-
Men	1	-	1	-
Dubai	1	<i>Less than five of each gender</i>	2	<i>Less than five of each gender</i>
Women	0	-	0	-
Men	0	-	2	-

* The number of permanent employees are in this overview are excluding 3 long term hire-inns that received their salary from other companies (CEO (Eyde mooring solution), CFO (Ernst & Young), engineer (advantek))

Guidelines for executive management compensation was approved by the general meeting in May 2021. A full disclosure of executive management compensation can be found on page 148-153 and on Nekar's website.

Part-time employees, turnover, and parental leave:

Organisation	2020 (as per 31.12)			2021 (as per 31.12)		
	Men	Women	Total	Men	Women	Total
Number of permanent employees	45	9	54	50	11	61
Temporarily hired (project based)	6	0	6	8	2	10
Part time employees	0	0	0	1	0	1
Organisation total	51	9	60	59	13	72
Newly hired						
Total number of newly hired employees in 2020	3	1	4	9	2	11
Newly hired employees in Norway	1	1	2	4	2	6
Newly hired employees in the rest of the world	2	0	2	3	0	3
Employee turnover						
Number of employees who have left the company	0	0	0	3	0	3
Parental leave						
Number of employees on parental leave	3	0	3	3	0	3
Number of weeks on parental leave	17.5	0	17.5	21.7	0	21.7

Breakdown of employees and board members by gender:

	2020 (as per 31.12)			2021 (as per 31.12)		
	Men	Women	Total	Men	Women	Total
Organisation total	45	9	54	51	11	62
Board of Directors	2	2	4	2	2	4
Executive level management	3	1	4	3	1	4

Breakdown of employees and board members by age:

	2020 (as per 31.12)			2021 (as per 31.12)		
	Under 30	30-49	50+	Under 30	30-49	50+
Organisation total	3	25	23	1	31	30
Board of Directors	0	1	3	0	1	3
Executive level management	0	1	3	0	1	3

Goals and targets: Working environment

2021 goals	Status	2022 goals
Facilitating personnel development focusing on follow up of each employee through a systematic use of development appraisals.	In progress: Employee survey conducted in Syncrolift and Nekkar with 81.4 percent response rate.	Conduct employee surveys in all of Nekkar. KPI: response rate at least 90 percent.
	New.	Review relevant development/training programmes for employees and improve communication regarding this.
	New.	Improve communication regarding compensation/renumeration policies.
	New.	Increase the overall response concerning job management from 6.6 to at least 7.
	New.	Explore initiatives and join partnerships aiming at improving equality and diversity in the workplace.
	New.	Arrange another ESG Day.
		Further develop mission, vision and value statements following the next ESG Day.

Health and safety

Maintaining a safe and healthy working environment is critical to Nekkar and the company's stakeholders. Safe operations are at the core of our values and the company continuously work to ensure that employees return home safely every day.

The company, its management and employees shall at all times comply with applicable rules and regulations in order to prevent accidents, injuries and damage to people, assets or the environment.

“The company, its management and employees shall at all times comply with applicable rules and regulations in order to prevent accidents, injuries and damage to people, assets or the environment.”

Nekkar's policies and guidelines regarding health and safety are described in the company's Health and Safety Handbook to which all employees have been onboarded. Shipyard Solutions has also been certified according to ISO 45001 Occupational Health and Safety, which is an international standard aiming to improve employee safety, reducing workplace risks and creating better and safer working conditions.

The CEO as well as the HSEQ Manager have the overall responsibility for health and safety at Nekkar, in addition to individual health and safety representatives for each business unit. All managers have a particular responsibility to monitor and mitigate any safety risks and report conditions that may impact quality, safety, the environment or assets. Employees have a duty to follow the company's health and safety guidelines, prevent unsafe actions and otherwise promote good safety behaviour.

In 2021, the company established a new Emergency Response Plan, which includes information about internal notification procedures, mobilising, 24/7

preparedness and communications. The Emergency Response Plan also includes an Emergency Response Team.

Risks and opportunities

Working at Nekkar could potentially involve health and safety risks to employees and the risks differ depending on whether employees are working in one of the company's office locations or onsite. Therefore, employees receive training on work-related hazards regularly, including fire safety. Service personnel undergo on the job training guided by experienced co-workers upon hiring, and also attend specific health and safety trainings organised by clients to receive work permits before entering a work site.

For employees doing production follow-up from suppliers or onsite inspections and installation supervision, there are work hazards that require special attention, including lifting, working at heights, working with scaffolding, dropped objects, trapping, entanglement, burns and other hazards arising from equipment use. Specific project risk assessments are regularly carried out for the work sites, which mainly relates to Shipyard Solutions' projects. At Nekkar's office locations, risks are mainly associated with sedentary work.

In 2020 the company implemented precautionary measures relating to the Covid-19 pandemic for all business units, following recommendations from national and local authorities. These has been sustained for most of 2021. Measures include for instance more frequent cleaning of our offices and having employees work from home.

Health and safety are continuously discussed at management level, and extra focus is put on this

during the annual ESG Day (previously Green Day), where the company actively promote a safety culture. To minimise health and safety risks, the company has taken a number of precautions. The company has invested in ergonomic desks/chairs at the office locations and employees working in Syncrolift have access to health services, such as massage/physiotherapy to minimise the risk of ergonomic health issues. At the work sites, Safe Job Analysis are carried out, as well as safety rounds to identify any risk factors and ensure necessary improvements.

Syncrolift conducted a safety round on-site in May 2021. During the safety round, employees were asked to undertake a survey where they had to rank several statements relating to health and safety. The statements included topics such as indoor climate, ergonomics and fire safety. Overall, the scores were good, but some improvements can be made for fire safety, light and noise at the offices.

All employees are required to use personal protective equipment whenever necessary. Personal protective equipment is site specific and determined by the different risk factors on each site.

Although the product is still in development, the company has in 2021 initiated a HSE process for the Starfish cage. Tests are ongoing and registered in the database and the HSE process will be completed in 2022.

Suppliers, business partners and subcontractors

Health and safety requirements for our suppliers have until now followed the legislation and standards in the supplier's home country. Suppliers can register injuries and work-related incidents through a system for non-conformities.

To follow up on the health and safety of subcontractors, Nekkar is working to implement the QMS system in Kristiansand, which is expected to be completed in Q1 2022. Nekkar aims at increasing its effort with respect to suppliers' compliance with our health and safety policies in the time to come.

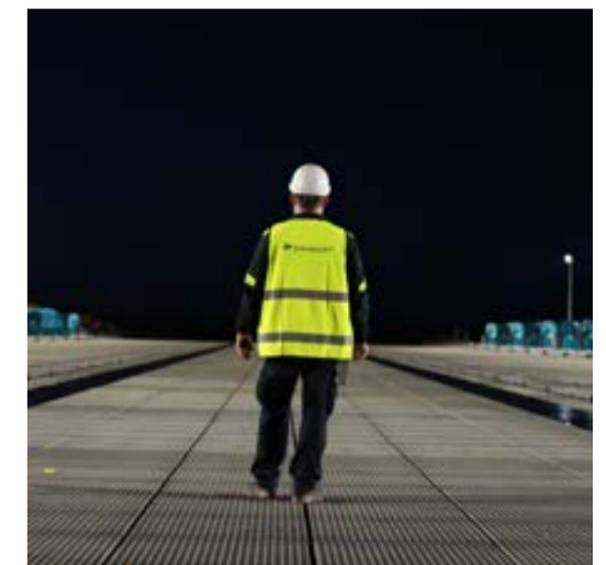
Reporting irregularities

We continuously work towards our zero injuries vision; however, it is of critical importance to have full overview of any adverse event at Nekkar's sites to be able to work on prevention and ensure a healthy and safe workplace.

Injuries are registered at site level and all employees are encouraged to immediately report incidents or dangerous occurrences. Injuries and incidents are registered through the HSE web portal at Landax.no and in a mobile app, in addition to immediate internal notification to the CEO, HSEQ Manager or nearest line manager. Examples of incidents to report includes:

- Near incidents/incidents, accidents, epidemic disease at office location, during site work, service or travelling
- Influence of damage/hazardous conditions
- Breaches of health and safety regulations
- Missing or evacuation of personnel
- Security breaches or criminal acts towards Nekkar and employees
- Spill/release of products which require notification to authorities and local response

In 2021, Nekkar had zero work incidents. The absence due to illness in the reporting period was 1.88 percent.



Goals and targets: Health and safety

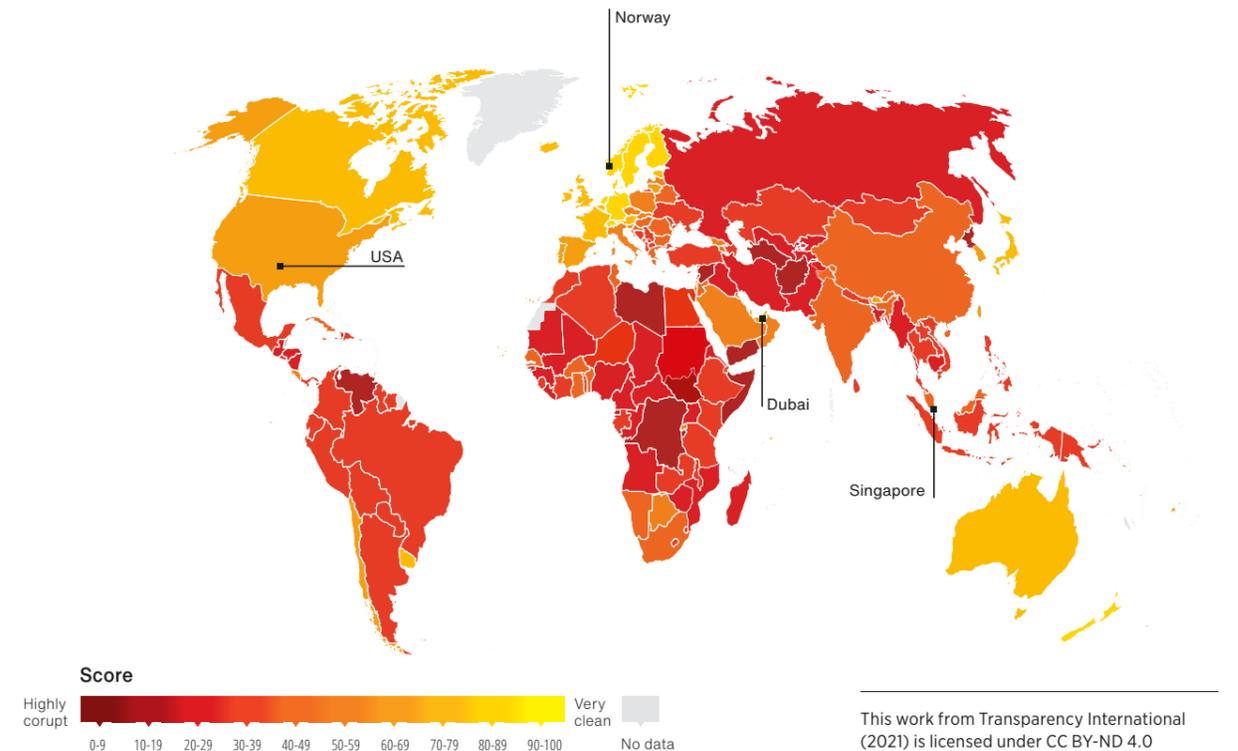
2021 goals	Status	2022 goals
Re-establish Nekkar Emergency Response Team.	Completed: The Nekkar Emergency Response Team was re-established in 2021.	Inform employees about the Emergency Response Plan and introduce the Emergency Response Team. Arrange necessary training for key functions.
Further improve health and safety processes and follow-up.	In progress: HSE process for Starfish initiated.	Complete HSE procedures for the Starfish cage. Strengthen our 'health and safety' mindset, and particularly promote this during our annual ESG Day. Appoint a safety representative in Kristiansand.
Implement revised process for follow-up of the health and safety of subcontractors.	In progress: A new quality system are in planning and will be implemented during 2022.	Implement the new quality system and communicate to employees and subcontractors.
	New.	Review fire safety routines and arrange annual training on all locations.

Governance, ethics and anti-corruption

For Nekkar, promoting and maintaining a high ethical standard is imperative. Doing business with integrity and building a culture that prevents unethical business practices is highly important to the company.

As a global company, Nekkar is both directly and indirectly exposed to ethical risks throughout its value chain. The company is present with offices in 4 countries, where 3 score 69 or lower according to the Corruption Perception Index (CPI). The CPI index scores and ranks countries/territories based on how corrupt its public sector is perceived to be by experts and business executives. The CPI scores for the 4 countries where Nekkar is present are shown in the map below:

Country	Score
Norway	85
United Arab Emirates	69
United States of America	67
Singapore	48



Main risks are considered to be related to Shipyard Solutions’ activities as the company delivers projects to countries with a heightened risk of corruption, including China and Vietnam (the Far East), the Middle East, Africa and South America. However, based on the risk assessment carried out by the company, risk exposure is considered to be limited. The remainder of Nekkar’s operations takes place in countries where the risk of corruption is considered to be low.

Policies and guidelines

Our business should be conducted in a manner that respects internationally recognized human and labour rights. The company oppose from all forms of discrimination, human trafficking, forced labour and illicit forms of child labour in our operations or value chain.

Nekkar is committed to follow internationally recognized business standards and practices and follows OECD’s guidelines for Multinational Businesses. The company adheres to international and national laws and regulations, including (but not limited to) the Human Rights Act, the Money Laundering Act, and the Penal Code with related regulations. Furthermore, the company shall comply with applicable laws and regulations in all countries where it is present.

Our guidelines for ethics, anti-corruption and conflict of interest are described in the company’s Code of Conduct. The Code of Conduct addresses important principles and sets clear rules and expectations for ethical behaviour.

Communication and training on ethics and anti-corruption

The company does not have an ethics committee as of today, but the Management Group is responsible for communication about and compliance with the Code of Conduct. The Nekkar Code of Conduct is shared with all employees as part of the onboarding process, and employees are expected to read, understand and comply with this. In 2021, the

company started collecting signatures from all employees on the Code of Conduct, and this work will be completed in Q1 2022.

Code of Conduct workshops are regularly held at all business locations as well as workshops focused on raising ethical awareness. Joint information meetings are held whenever the Code of Conduct is updated. The latest information meeting was held in November 2021 during the annual ESG Day.

Business Partner Code of Conduct

Nekkar has developed a Business Partner Code of Conduct, which is part of our standard terms and conditions in contracts with business partners. New business partners usually sign contracts where our anti-corruption policies are stated, and the company itself or a third party on our behalf conducts risk assessments in relation to financial and illicit activities for new suppliers, customers and sales representatives. Shipyard Solutions also uses a supplier evaluation questionnaire, which is required to be filled in order to become an approved supplier. The evaluation form includes questions on sustainability, ethical standards, environmental management and health and safety.

The company has in 2021 revised its procurement routines and procedures for employees and the management group.

Whistleblowing

All conditions, which give rise to ethical issues or is considered a breach of the Code of Conduct is expected to be reported to an employee’s closest line manager or to the HSEQ and registered, so that necessary follow-up can be done, and suitable measures implemented. Examples of concerns related to Nekkar’s business practices that may be reported include allegations such as:

- Criminal activities
- Violations of health, safety or the environment
- Infringements of Nekkar’s Code of Conduct
- Violation of generally accepted rules/standards

In 2021, the company started the process of establishing an anonymous whistleblowing channel through My Voice (Mitt Varsel). The whistleblowing channel will be fully implemented in 2022, and information and training provided to all employees as well as on Nekkar’s external website.

There were zero confirmed incidents of corruption in 2021. Neither the company nor its employees faced criminal actions related to corruption or illicit business practices. No contracts with partners were terminated or allowed to expire due to violations related to corruption. The company is not aware of any ongoing investigation or any legal actions pending.

Goals and targets: Governance, ethics and anti-corruption

2021 goals	Status	2022 goals
Ensure regular information and training on ethics and anti-corruption, for example through townhall meetings.	Completed: Information and training provided during the annual ESG Day in November 2021.	KPI: 90 percent of employees that have received training in ethics and anti-corruption.
Re-establish an anonymous whistleblowing channel for reporting irregularities / concerns.	Close to complete: Whistleblowing channel established. This will be fully implemented during Q1 2022.	Inform and train employees in when and how to use the external whistleblowing channel. Publish information about the whistleblowing channel on Nekkar’s external website.
Get employees to sign for having read and understood the company’s Code of Conduct.	In progress: 92 percent of employees have signed the Code of Conduct as per 31.12.2021.	KPI: 100 percent of employees having signed the Code of Conduct in 2022. Publish the Code of Conduct on Nekkar’s external website.
Follow-up on the Code of Conduct for Business Partners, making sure that this is well known and complied with by new business partners.	In progress: New business partners usually sign contracts where our anti-corruption policies are stated, but not the Code of Conduct for Business Partners.	Include the Code of Conduct for Business Partners in procurement processes. KPI: 100 percent of critical suppliers or business partners having signed the Business Partner Code of Conduct. Publish the Business Partner Code of Conduct on Nekkar’s external website.
	New.	Revise procurement routines and procedures for Nekkar’s employees and management group.
	New.	Conduct human rights assessment with all suppliers.

Environmental and climate impact

As a manufacturing business, Nekkar’s business activities have both direct and indirect impact on climate and the environment. The company’s business activities are mainly related to the marine and maritime industries, which means that we have both an impact and responsibility to ensure sustainable use of our oceans.

Nekkar is committed to design and deliver sustainable solutions for the marine and maritime industries in Norway and abroad. The company recognizes the ocean as a highly important resource in terms of biodiversity, food, energy and value creation in general, and takes several measures to ensure that operations are conducted in accordance with applicable environmental standards, limiting or reducing our environmental footprint as much as possible.

Sustainable product innovation

Nekkar aims to contribute to the sustainable use and development of marine resources through its innovative products. New business opportunities focus on impact technology solutions combined with high-end software solutions that will positively contribute to increased sustainability. In our digital solutions the focus is technology enabling electrification and reduced energy consumption in general, which thereby contributes to reduced greenhouse gas emissions.

In 2021, Nekkar completed the development of “Starfish”: a semi-closed fish cage designed to improve fish welfare and reduce the lice and waste problem associated with fish-farming. The fish cage is manufactured by using light and eco-friendly materials, where the inner canvas is recyclable and made of materials that removes the need for chemicals during cleaning. The goal is to collect at least 90 percent of the waste and develop environmentally friendly solutions for waste management instead of exposing the sea water, for example using dead fish or feed remains as a fertiliser.

Several of Shipyard Solutions innovations contributes to reducing unwanted emissions into the sea. The ship lifts are designed to provide better control than a traditional dock. In 2019 the first closed system for collecting wastewater was delivered, and in 2020 an upgraded version where the wastewater is cleaned has been delivered. Shipyard Solutions is also investigating solutions for regenerating energy made during the lifting operations into the subsequent transfer of the ship.

Climate accounting and emissions reduction

In addition to designing and developing sustainable and environmentally friendly products, reducing emissions where we can, is important to the company. Nekkar has a direct and indirect impact on the environment and emissions are mainly related to energy consumption at our offices, transport of products / equipment and employee business travel.

Nekkar started climate accounting in 2020 and is in the process of setting targets for reducing energy consumption and GHG emissions from its business operations. The climate accounting was updated in 2021 using CEMAsys’ digital solution. The information comes from both external and internal sources, and is based on the “Corporate Accounting and Reporting Standard”, as developed by the Greenhouse Gas Protocol Initiative (the GHG protocol). This is the most widely used method for measuring greenhouse gas emissions, and the ISO standard 14064-1 is also based on this.

Nekkar has limited emissions from sources that are either owned or controlled by the company

(Scope 1 emissions), and the emissions in Nekkar’s scope 1 stems from company cars, amounting to 0.8 tonnes CO₂.

The heating and ventilation of office buildings in Norway and Singapore is the main source of indirect emissions (Scope 2 emissions). Consumption of electricity in own or rented premises and/or buildings are measured using a market-based approach. In 2021, Nekkar had a total electricity consumption of 185.2 MWh, amounting to 2.6 tonnes CO₂. In 2021, Shipyard Solutions moved into new and modern premises in Vestby and Nekkar also relocated its headquarter to new and more environmentally friendly premises in Kristiansand, which is likely to reduce this number.

The company’s largest source of indirect GHG emissions (Scope 3) is through outsourced global production, particularly in terms of steel manufacturing and the transportation from suppliers to the installation sites. The total number of purchased steel for manufacturing in 2021 was equal to emissions of 5 107.4 tonnes CO₂. This category stands for 98.7 percent of Nekkar’s total emissions. This was not measured in 2020.

Nekkar’s total emissions connected to flights for all countries was 61,5 tonnes CO₂ in 2021. The total number of kilometres driven with private cars within working hours was 37,215, which gave an emission of 3.6 tonnes CO₂. Although business travel was significantly reduced due to the Covid-19 pandemic in both 2020 and 2021, this is something that would normally have a significant impact on the company’s indirect GHG emissions.

In total, Nekkar’s emissions across scope 1, 2, and 3 amounted to 5 176 tonnes CO₂ in 2021. The emissions

data can be found in the table below. For a detailed overview, please see the climate report on Nekkar’s website.

Waste management, recycling and reuse

Although waste from our in-house operations is relatively limited, implementing good waste management procedures (take-back schemes, reuse, and recycling of products and equipment) is important to the company.

Nekkar’s products are mainly made out of steel, electro components, hydraulic and paint. Although our products have a long lifetime (approximately 25 years), the company facilitate recycling and reducing waste for our customers when using our products. When products are upgraded the old steel assemblies as well as wooden decking, old rail systems, wire ropes, and hydraulic oil are scrapped and recycled. Motors and wire sheaves are usually refurbished and reinstalled.

Creating awareness among employees and business partners

If the company are to meet its environmental targets, employees need to be engaged in the process. The company’s annual ESG Day is important in this regard. Nekkar has also started a project where we aim to have a closer cooperation with our suppliers, increasing their awareness around issues related to emissions and waste. The company will in 2022 implement an environmental policy which is to be shared with all relevant stakeholders.

Annual key energy and climate performance indicators

Name	Unit	2019 ¹	2020 ²	2021	% change from previous year
Scope 1+2 emissions	tCO ₂ e	-	0.5	3.4	528.9%
Total emissions (s1+s2+s3)	tCO ₂ e	-	0.5	5,176 ³	n.a.

1) Line indicates that historical data is not available.

2) The low number is due to limited data provided in 2020.

3) This figure reflect steel production related to Shipyard solutions project ordered with foreign sub-suppliers.

Goals and targets: Environmental and climate impact

2021 goals	Status	2022 goals
Introduce climate accounting on both scope 1, 2 and 3	Completed: The company has in 2021 started climate accounting on all three scopes by using Cemasis' software solution.	Perform a third-party review of climate accounting data.
Arrange another "Green Day" creative workshop for employees	Completed: ESG Day arranged in November and December 2021.	See goal under 'Working Environment'. Another ESG Day will be arranged in 2022.
Further develop existing and new products that can contribute positively to the development in the marine areas, including completion of the Starfish cage.	In progress: Nekkar has continued the development of the Starfish cage, Skywalker and flex-trolleys. Product innovation is a continuous target.	Start mapping our activities and how our products can help with climate mitigation/climate adaption as described by the EU Taxonomy.
Review material use and recycling of Nekkar products.	In progress: Preliminary life cycle analysis performed for Skywalker. The company is also in dialogue with the supplier of Starfish canvas.	Reuse/resale of Venice transfer system, Starfish recycling program and SkyWalker possible green steel production.
	New.	Start preparing for ISO 9001 certification for the entire organisation in 2022, with a plan to obtain such certification in 2023.
	New.	Implement an environmental policy, including business travel, which is to be shared with all relevant stakeholders.



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