SUSTAINABILITY STRATEGY

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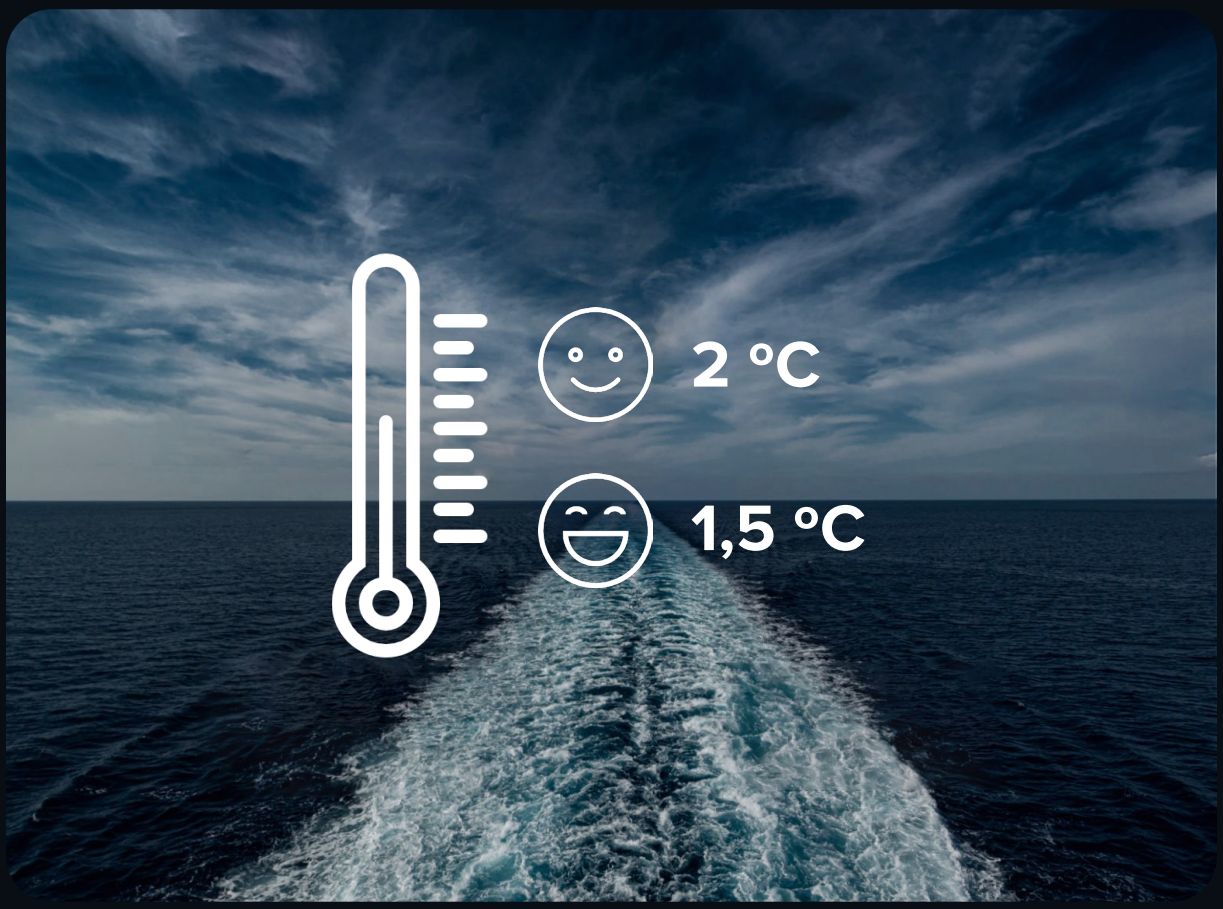
1. Background and purpose

1.1 Background

The world has significant challenges in the years to come, and major changes are necessary, to meet the Paris Climate Agreement and achieve the UN´s sustainability goals (SDGs).



Paris Climate Agreement
To tackle climate change and its negative impacts, world leaders at the UN Climate Change Conference (COP21) in Paris reached a breakthrough on 12 December 2015: the historic Paris Agreement.

Main goal to guide all nations:
Substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees.

UN´s sustainability goals (SDGs)
the 17 Sustainable Development Goals (SDGs) are an urgent call for action by all countries. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

The SDGs require joint efforts from governments, civil society, the private sector, and academia.

The business sector is crucial to achieving these goals.

Innovation and technology development are one of the keys to the green shift, and the private sector is a key force.

As a solution provider with engineering resources and manufacturing plants, CSUB has obligations and opportunities in this context.

We will work actively to improve our own footprint, and at the same time develop environmentally friendly products with our partners.

1.2 Purpose

The sustainability strategy shall clarify and guide the CSUB's work with sustainability. It shall:

Support employees and managers in decisions and the daily work.

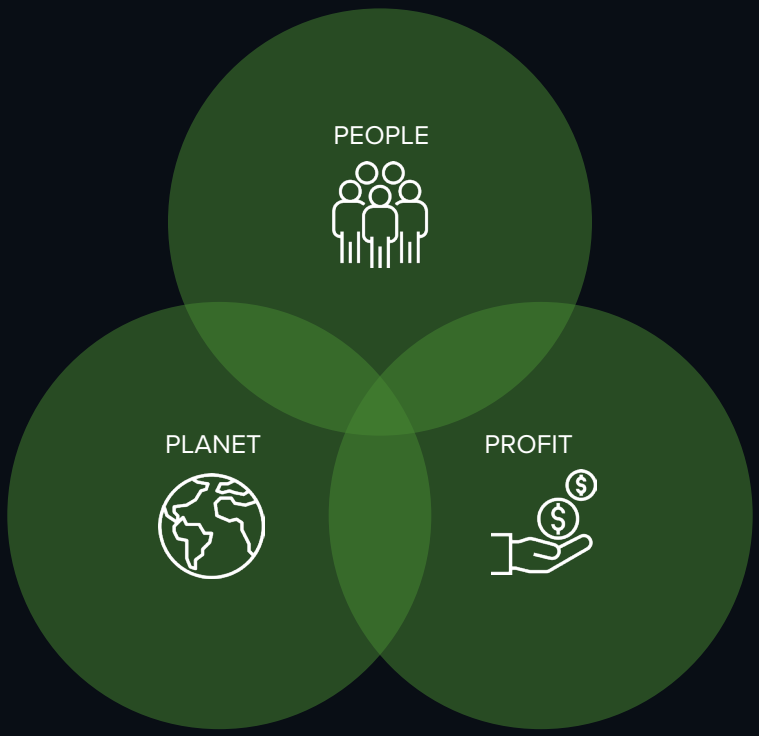
Ensure a common understanding of direction and goals

The strategy shall be the foundation for strategic decisions and ongoing operational work. It must be seen in connection with other governing documents.

1.3 Definitions

Sustainability:
In 1987, the Brundtland Commission's final report, Our Common Future, was published, which had a decisive impact on public policy on environmental issues in much of the world. Sustainable development was the new term in this report, which described how the environment, economy and social development were closely linked.

The main message was that the international community must align itself and do what is required to ensure that the needs of today's people are met without weakening the foundations for future generations to meet their needs.



The three-part bottom line
The triple bottom line is that the company should not only measure success in how much money you make, but that companies must take on a greater responsibility.

People (social conditions) – Pay attention to the local environment and the community your company is a part of. Define which social, cultural and political issues are relevant to their core business.

Planet (environmental responsibility) – Ensure that your company's activity takes the environment into account and that you are constantly working on improvements.

Profit (economic success) – Ensure you have a long-term perspective, remain competitive and create economic growth.

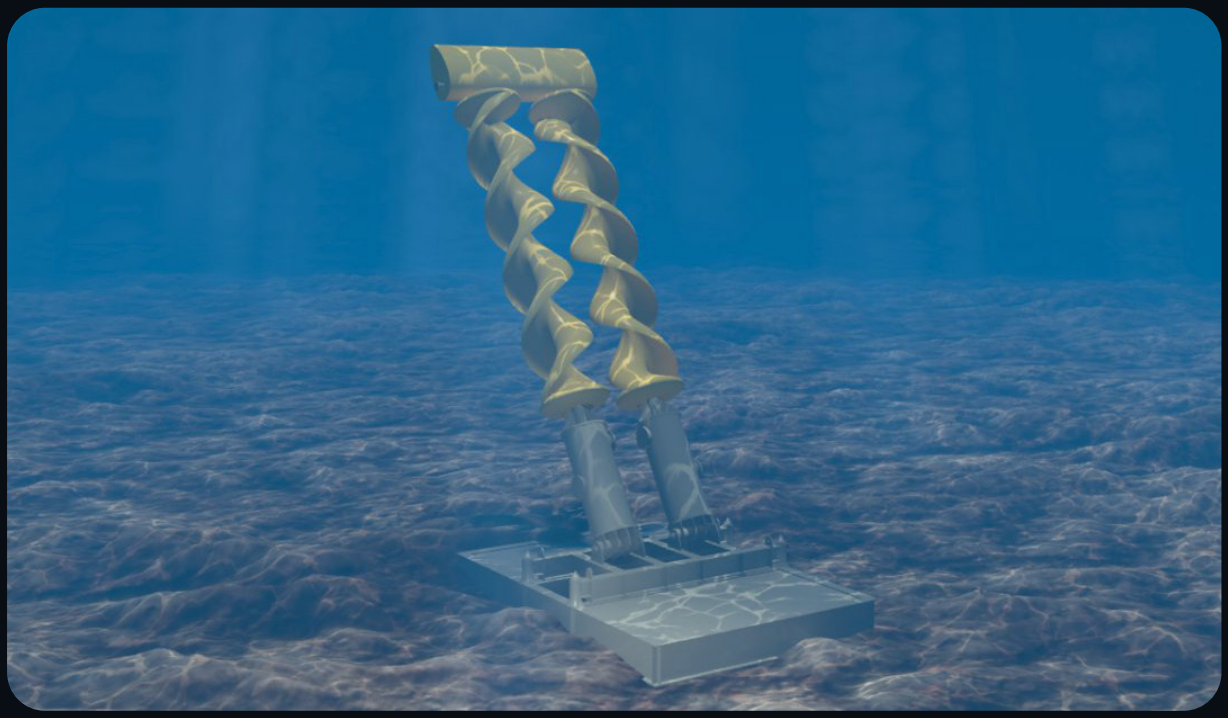
ESG:
ESG stands for "Environmental, Social and Governance", and represents a holistic approach to sustainability. ESG criteria constitute a three-part focus on non-financial considerations, which investors and other stakeholders use to assess and rank the company's ability to safeguard climate/environment, social conditions and rights, and responsible and ethical business governance.

2.1 UN´s sustainability goals

CSUB supports the UN Sustainable Development Goals (SDGs), a collection of 17 global goals set by the United Nations General Assembly in 2015.
We have prioritized 4 SDGs where we believe we can have the most impact and where we seek to contribute positively. In 2023, we will review this prioritization to make sure the goals are aligned with the KPIs, targets and material issues for CSUB.

Goal 9: Industry, innovation, and infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

CSUB aim to develop cost effective aqua solutions with significant positive environmental impact. Further, design and deliver renewable energy solutions projects such as tidal power plants, floating wind and floating solar.



Goal 12: Responsible consumption and production
Ensure sustainable consumption and production patterns.

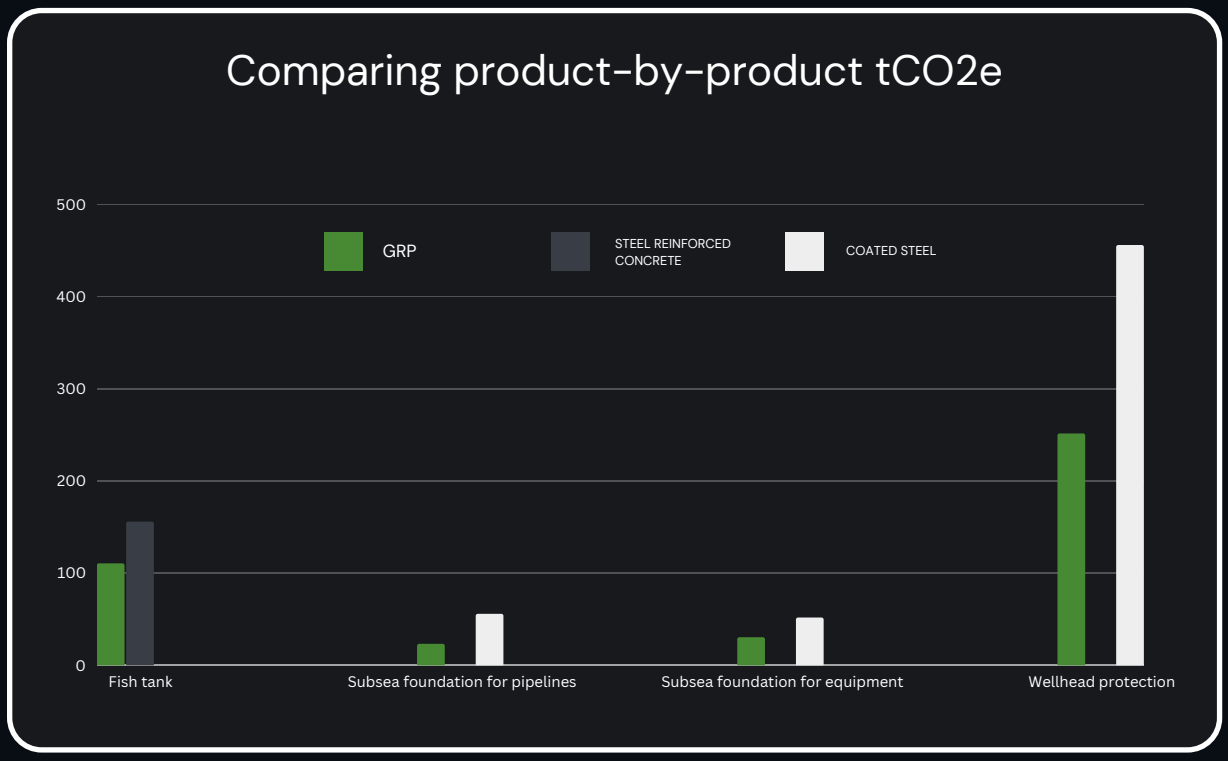
Seek partners and investigate possibilities for re-cycling of our material.
Over time, reduce our total amount of waste, including the hazardous waste, and increase the share of recycled waste.
Invest in automated processes to be more effective and climate friendly, and thus strengthen our competitiveness in the longer term.

CSUB shall strive for green procurements.

Goal 13: Climate action

Take urgent action to combat climate change and its impacts.

CSUB will continue to develop products with lower CO2 footprint than alternatives in concrete/steel. Having 3 fabrication plants, improvements regarding emissions shall have a high focus in the planning work.



This figure illustrates tCO2e for 4 different products using different materials.
Source: 3. Party report from CEMSYS.com AS. Project description in Appendix 1.

Goal 14: Life below water

Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.

Most of our projects are RAS (Recirculating Aquaculture Systems) – used for fish production. The main benefit from RAS is the ability to reduce the need for fresh clean water while still maintaining a healthy environment for the fish. (Ref. appendix 2)
CSUB is involved in multiple developments concepts – where we contribute to develop closed pools for fish farming at sea, which eliminate fish-escape and sea lice. Containing and processing feed and septic is also enabled by these concepts.
CSUB's fish tanks are certified according to NS 9416, a regulation with requirements to technical standards for land-based aquaculture facilities to prevent the escape of fish from land-based aquaculture facilities.

2.2 UN Global Compact

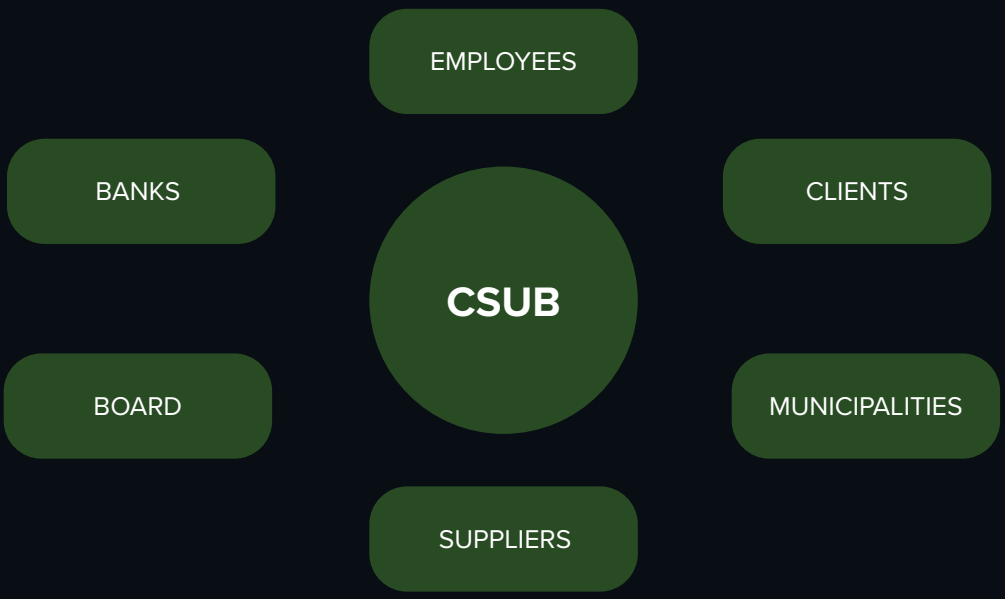
In 2021 CSUB became a member of the United Nations Global Compact. This is a voluntary commitment to adopt sustainable and socially responsible business policies and annually report on their implementation (CoP: Communication on Progress).

2.3 ISO 14001

Our Environmental Management System is certified according to 14001.

3. Stakeholder analyzes

Our stakeholders are increasingly concerned with sustainability. Our most important stakeholders are:



3.1 Significant subjects

Materiality Assessment
CSUB's sustainability strategy is guided by a materiality assessment to ensure we prioritize the risks and opportunities that are of greatest importance to our stakeholders, as well as those that have a material impact on our business.

The sales department has contributed with signals from customers, and CEO and CFO has communicated priorities from the board and banks.

A survey among CSUB employees regarding sustainability has been conducted.
This assessment work has concluded with the following significant subjects:

Use of energy
Waste management
Re-cycling/re-use
Innovation
Automation
Working environment
Safety
Procurement

4.1 Vision

Be the globally preferred partner for composite solutions in multiple sectors.

4.2 Mission

We reduce cost and carbon footprints through better solutions in composite materials.

4.3 Values

Our word is our bond.
We act with agility.
We treat everybody with respect.

4.4 General objectives

Develop cost effective floating aqua solutions.
Develop or be a partner in development of green energy projects.
Implement automation in some of our production processes.
Be a partner vs. end-of-life handling of our material.
Reduce our waste/increase share of the recycled fraction of our waste.
Focus on green procurements.
Increase the proportion of climate-neutral production.
Develop products with lower CO2 footprint than alternatives in concrete/steel.
Be an industrial partner in the development of RAS technology.
Make efforts above expected to make safe working place and a good work environment.
Support activities in nearby society's, typical local sports, and culture associations.

Strategy-goal achievement plan:
The plan will be available in a separate document.
Based on the general objectives above, short-term, and long-term sustainability goals will be defined.
Target date: 31.03.2023.

5. Responsibility, updates, and decisions

QHSE was (in the start-up phase Q2-2022) responsible for this document. This document shall have an annual update and be approved by the board.

All process owners are responsible for implementing of the strategy in governing documents. Further they are responsible for operationalizing the strategy in action plans.

6. Organization of sustainability work

The board: responsible for guidelines and strategies.

The Management: responsible for implementation of the guidelines/strategies.
The Sustainability Committee (not yet appointed) will be responsible for a follow-up of the strategy and conduct meetings and discuss current issues, exchange information and coordinate measures.

7. Reporting and framework

A sustainability report shall be issued annually. Format and first submittal date not yet decided.

7.1 External reporting

UN global compact report
ESG Report to owners. (Livonia Partners ESG Questionnaire)

7.2 Internal reporting

Monthly report
Report to Board meeting

8. Appendix

8.1 Project description. Carbon footprint assessment of glass-fibre reinforced polyester

Project description

CEMAsys.com

This report has been prepared by CEMAsys.com on behalf of CSUB group who has requested an assessment of their composite Glass-fibre Reinforced Polyesters (GRP) global warming potential (GWP) and compare the findings to the alternative materials steel and concrete. The purpose of the report is to find out whether GRPs GWP is lower than alternative materials, serving as a convincing reason for its continued use by CSUB as a less carbon-intensive material in the production of subsea foundations, fish tanks and well head protection.

The project maps the GWP of GRP, reinforcing steel, coated steel, and concrete. The framework of Environmental Product Declarration (EPD) forms the basis of the report and has been chosen as it quantifies ”environmental information on the life cycle of a product and enable comparisons between products fulfilling the same function” (ISO, 2006). It is important to note that this report is not an EPD. However, it follows the framework of an EPD and applies a Life-Cycle Assessment approach to the entire Product stage from rae material through manufacturing. The data collection for this report has been three-fold; firstly, data provided by CSUB on the pinal products composition was evaluated; secondly, a literature review was conducted; and finally, a literature review in line with the EPD framework was conducted for the GWP of reinforcing steel, coated steel, and concrete. The findings from these data sources were summarized by cmparing the GWP of four different materials to find whether GRPs GWP is lower than alternative materials.

This report was developed by sustainability advisor Natasja Krommes, with support from senior advisor Per Otto Larsen at Cemasys.com, in close dialogue with CSUB.

Oslo, May 2020

8.2 Recirculating Aquaculture Systems

Aquaculture

H.O. Halvorson, R. Smolowitz, in Encyclopedia of Microbiology (Third Edition), 2009

Recirculating Systems

Recirculating aquaculture systems represent a new way to farm fish. Instead of the traditional method of growing fish outdoors, this system rears fish at high densities, in indoor tanks with a 'controlled' environment. Recirculating systems filter and clean the water for recycling through fish culture tanks. Water is typically recirculated when there is a specific need to minimize water replacement, to maintain water quality conditions which differ from the supply water, or to compensate for an insufficient water supply. There are innumerable designs for recirculating systems and most will work effectively if they accomplish aeration, removal of particulate matter, biological filtration to remove waste ammonia and nitrite, and buffering of pH. These processes can be achieved by biofilters. These are living filters composed of a medium (corrugated plastic sheets, beads, or sand grains) upon which a film of bacteria grows. The bacteria provide the waste treatment by removing pollutants. The two primary water pollutants that need to be removed are (1) fish waste (toxic ammonia compounds) excreted into the water and (2) uneaten fish feed particles. The biofilter is the site where beneficial bacteria remove (detoxify) fish excretory products, primarily ammonia.

Reoxygenating the culture water as it returns to the fish tank is crucial. Oxygen is the first limiting factor in recirculating aquaculture systems and with less than the required levels most fish and other aquatic organisms will die in a very short period of time. It is also critical that biofilters have access to adequate oxygen. Biofilters are homes to nitrifying bacteria, which are aerobic (use oxygen during respiration). Furthermore, nitrification, the conversion of ammonia to nontoxic nitrate by the bacteria, cannot occur without the presence of oxygen.