

Task Force on
Climate-related
Financial
Disclosures
Report 2022

Moreld AS

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Company description

Moreld provides engineering, products and services to the offshore energy, renewable, marine, aquaculture, and onshore markets.

Established in December 2019, Moreld is the result of nearly 15 years of investing in, refining, and growing nearly 20 companies, many of which are niche players, into market leaders within their respective sectors.

Today, Moreld's consolidation into a single industrial group allows commercial and operational synergies to take place across the group companies.

Moreld is enabling the Energy Transition by playing on each Group company's unique competencies to increase the speed at which Moreld enters new markets and develops its offering in a sustainable manner. At the same time, the group shares common ambitions to launch Moreld into a new era of offshore services, where we aim to become a global industry leader.

Moreld is owned by HitecVision, a leading private equity investor that has been active in the North Sea region's energy industry for more than three decades.

Energy transition across the Group

At Moreld, we aim to pursue a low carbon strategy through a range of carbon reduction projects in all portfolio companies. Such projects include electrification of fossil powered systems, sourcing of renewable energy, and advancing other technological solutions aimed at reducing the carbon intensity in the Group.

Moreld will focus on reducing carbon intensity through its ownership. Its low carbon strategy sets out an objective of being carbon neutral for scope 1 and 2 emissions by 2030. For scope 3, Moreld aims to recycle and energy recover 98% of all waste by 2030.

In line with the Task Force on Climate-related Financial Disclosures (TCFD),

Moreld has conducted a thorough assessment of its potential climate related risks and opportunities. The findings have been incorporated into the company's strategic planning process.

Moreld is dedicated to disclosing its approach to managing climate related risks in a transparent manner in accordance with the guidelines established by the TCFD, as outlined in this document.

Moreld's overarching goal is to enable the energy transition. A purpose with the aim of having a positive impact on the environment and society as a whole. In 2022 we added yet another sustainable endeavour to the Group portfolio.

Carbon Storage
Moreld Ross Offshore has since 2008 been involved in various CCS projects; on both academic and industrial levels, for assessing safe storage of CO₂ in reservoirs. Thus, the company is applying existing expertise towards the energy transition.

TCFD disclosures

This report provides our stakeholders with details on how we identify and manage climate-related challenges and opportunities, including an overview of our governance and risk management structure and our strategy for addressing physical and transitional climate-related risks.

Moreld's work with climate related disclosures

Our annual TCFD report follows the reporting guidelines established by the Task Force on Climate-related Financial Disclosures (TCFD) formed by the Financial Stability Board, an international body of financial policymakers representing the world's largest economies.

This report provides our stakeholders with details on how we identify and manage climate-related challenges and opportunities, including an overview of our governance and risk management structure and our strategy for addressing physical and transitional climate-related risks.

We believe our investors and other interested stakeholders will find that the extensive disclosures in this report, our Annual Report, Sustainability Report, and website align with the TCFD's principles and demonstrate Moreld's strength, adaptiveness, and resilience to climate-related risks.

TCFD recommendations and disclosures

There is a growing demand for climate-related information, and creditors and investors are increasingly demanding access to risk information that is consistent, comparable, and clear.

The Task Force on Climate-related Financial Disclosure (TCFD) encourages standardised reporting structure for financially material climate-related risks and opportunities to give investors, lenders, and insurers enhanced comparability when assessing companies.

The TCFD recommendations are structured around four areas that represent how organisations operate: governance, strategy, risk management, and metrics and targets.

The framework is built around three main categories: Risks related to the transition to a lower-carbon economy, risks related to the physical impacts of climate change, and climate-related opportunities.



TCFD recommended disclosures

The recommended TCFD disclosures are as follows:

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the company’s governance around climate-related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the company’s businesses, strategy, and financial planning where such information is material.</p>	<p>Disclose how the company identifies, assesses, and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>
<p>a) Describe the board’s oversight of climate-related risks and opportunities.</p>	<p>a) Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term.</p>	<p>a) Describe the company’s processes for identifying and assessing climate-related risks.</p>	<p>a) Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>
<p>b) Describe management’s role in assessing and managing climate-related risks and opportunities</p>	<p>b) Describe the impact of climate-related risks and opportunities on the company’s businesses, strategy, and financial planning.</p>	<p>b) Describe the company’s processes for managing climate-related risks.</p>	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>
	<p>c) Describe the resilience of the company’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company’s overall risk management.</p>	<p>c) Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.</p>

TCFD disclosure summary

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the company's governance around climate-related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material.</p>	<p>Disclose how the company identifies, assesses, and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>
<p>a) Climate-related issues are integrated into Moreld's overall business strategy and responsibility sits with the Board of Directors. The board follows up and reviews the climate strategy on an annual basis as part of the regular strategy process.</p>	<p>a) Over the short, medium, and long term, transitional risks have been identified to have the greatest impact on Moreld.</p>	<p>a) Identification of climate-related risks and opportunities is undertaken by running facilitated workshops with management from each group company and Corporate management. The company identifies and assesses climate-related risks across its own assets and operations, and indirectly across its supply chain.</p>	<p>a)) Moreld has different key metrics to measure and manage climate-related risks and opportunities.</p>
<p>b) Management of climate-related risks and opportunities ultimately resides with Moreld's CEO who delegates this to Corporate management. Status updates are part of monthly management meetings and quarterly ESG reporting.</p>	<p>b) Climate-related risks and opportunities have influenced our strategy and decision making. Its an integral part of all strategic decisions.</p>	<p>b) Climate-related risks are managed in accordance with Moreld's enterprise risk management (ERM) procedures. Climate-related risks and associated mitigation strategies and actions are assessed at board level.</p>	<p>b) Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions are disclosed on p. 14. Moreld's carbon accounting follows the Greenhouse Gas Protocol.</p>
	<p>c) Moreld's energy transition strategy and net zero strategy is considered resilient to different climate-related scenarios, including APS and STEPS.</p>	<p>c) Management of climate-related risks is embedded in Moreld's ERM procedures and processes. As part of the ERM procedures, key business risks are assessed by Corporate management and discussed with the board as a direct input into Moreld's strategic planning process.</p>	<p>c) We have set absolute reduction targets and will reduce CO2e emissions. Our GHG emission reduction targets are classified as well-below 2°C (2030) and 1.5°C (2050), aligned with the Paris Agreement.</p>

Governance

Governance of our commitments to act on climate change sits at the highest level of our organization. The governance of climate change is evolving due to its growing significance in society and our increasing understanding of its impact on our business.

The board's oversight

Moreld's Board of Directors is ultimately responsible for overseeing the company's governance and management of climate-related matters. The Board reviews and monitors climate-related business risks and opportunities, on a regular basis as part of its broader enterprise risk management (ERM) procedures.

Key climate risks and opportunities are reported to the Board on a quarterly basis as an integrated part of the business reporting process.

Material business risks and opportunities identified by the company, including those relating to climate change, are presented, and discussed with the Board on a quarterly basis.

Furthermore, the Board conducts a structured evaluation of climate risks and opportunities and the company's performance on metrics related to these on an annual basis.

This forms the basis for reviewing and adjusting the business strategy, plans, and targets.

Management's role in assessing and managing climate-related risks and opportunities.

Management of climate-related risks and opportunities ultimately resides with Moreld's CEO who delegates this to Corporate management. Status updates are part of monthly management meetings and quarterly ESG reporting.

Corporate management is responsible for implementing and following up policies, processes, and procedures for managing climate related risk and opportunities. Corporate management works with the Board and the ESG Committee in setting Moreld's climate-related targets and is accountable for performance against set targets.

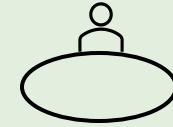
The responsibilities for delivering on Moreld's climate-related targets are also distributed to the respective group companies and coordinated in the ESG Committee.

The SVP/MD of each group company is responsible for defining and implementing relevant actions for their respective companies in order to deliver on the low-carbon strategy and associated targets. This responsibility also includes identifying relevant climate-related risks and opportunities.

Board of Directors



CEO



Corporate management



ESG Committee



Strategy

Climate risks and opportunities are an integrated part of Moreld's business processes and a key consideration in formulating the business strategies and developing financial plans. Climate impact is also an integrated factor in all investment decisions.

To continue our path to becoming a sustainable new generation energy service supplier, Moreld recognises that it is paramount to address transition risks and opportunities through its business strategy and plans.

The three pillars of our low carbon strategy

1

Energy efficiency and electrification - Moreld will contribute to reducing total emissions in its portfolio and the group aims to achieve net zero GHG emissions from own operations by 2030. We also keep track of how much CO₂e emissions we have helped our customers mitigate.

2

Sustainable business development - Moreld will continue to develop and invest in businesses within renewable energy and green technology, both organically and inorganically. Such as Moreld Ocean Wind, Moreld Aqua and HydePoint.

3

Integrated sustainability - In Moreld sustainability is as an integrated part of our business and a key parameter in all business and investment decisions. Since inception, all our investments have been in renewable companies and technology.



Moreld Apply is a leading industrial company, delivering sustainable technical solutions.

Most significant climate related risks

Moreld identifies and assesses climate risks and opportunities across its business in line with TCFD guidelines. Moreld's main risk categories are defined as transition risks especially within Policy, Legal, and Market. Transition risks result from a global transition to a low-carbon and climate-resilient economy.

Below we have described the key climate-related risks with the potential impact to our business over short term (0-5 years), medium term (5-10 years), and long term (10-20 years +) horizons. As well as, our assessment of and approach to these.

Category	Risk	Likelihood	Financial impact	Term	Business impact	Business response
Transitional	Regulatory	Likely	Medium	Short	Increased carbon tariff applied to offshore industry's CO2e emissions. Potential to impact oil and gas field production economics including earlier cessation of production Impact on offshore activity levels (e.g. development economics impact etc) Increased focus on costs and reduction in discretionary spending Impact on oil company (customer) solvency.	Continued pursuit of diversified marine services including offshore wind and fish farming.
	Market	Likely	High	Medium	EU taxonomy will reorient capital flows towards green sustainable projects. Moreld may be impacted through the need for technological upgrades to meet requirements in the taxonomy. This could have a substantial impact in the medium to long term scenario. Secondly, the global focus on reducing GHG emissions may negatively impact the attractiveness of Moreld's products and lead to development of substitute products.	To mitigate these risks, Moreld are delivering products/projects that enable reduced GHG emissions and reduce own energy consumption and GHG emissions.
	Reputational	Likely	High	Short	Oil & Gas sector stigmatisation could impact brand and ability to attract top talent and the energy transition strategy gets delayed due to an attractive Oil & Gas market in the short term. Impact on cost of capital (both debt and equity).	Continue to grow in renewable segments and focus on reducing own and customers GHG emissions.
Physical	Chronic	Likely	High	Long	Weather window disruption for supply activities to offshore platforms. Direct weather impact expected to be insurable but may be own supply chain disruptions potential for increased offshore insurance costs etc potential supply chain disruption.	Continue to closely monitor effect on business and ability to pass on cost to clients.
	Acute	Likely	High	Long	Potential supply chain logistics disruption due to flooding. Limited impact expected on operations in Norway.	Continue to closely monitor effect on business and ability to pass on cost to clients.

Most significant climate related transition opportunities

Moreld has identified numerous opportunities arising from a changing energy market and technological development. These opportunities can help mitigate the identified climate risks and support Moreld's sustainable growth trajectory. The opportunities have not been quantified as they will vary on a case-by-case basis. The key ones are listed below.

Category	Opportunity	Likelihood	Financial impact	Term	Business impact	Business response	
Transitional	Market	New products and services from energy transition	Very likely	High	Short to Medium	Moreld offers products and services that support and enable the energy transition. Our newly initiated company Moreld Offshore Wind operates within the offshore floating wind market. Our Life Cycle Division are leading providers of lifetime extension and smart maintenance.	Moreld is well-positioned to realise opportunities through existing products and expertise.
	Market	Energy crisis in Europe.	Very likely	High	Short	The supply of relatively low carbon gas to Europe is an important transitional energy source. Moreld will deliver services and solutions to provide Europe with Energy.	Moreld is supporting our clients with low carbon solutions and contributing to uptime of offshore energy producing assets.
	Technological	Substitution of existing products and services with lower emission options.	Likely	High	Medium	Opportunity to benefit from technology (3D printing etc). Cheaper procurement of parts etc. Cost efficiencies and performance enhancement arising from technology improvements should help extend field life.	Continue focus on 3D printing and low carbon solutions.
	Physical	Extreme weather driven by global warming	Likely	High	Long	Increased design contingency requirements. Potential for increased inspection and maintenance requirements. Impact on O&G and offshore wind sector.	Focus on opportunities within engineering, maintenance and modification.

Climate scenario analysis

Scenario analysis is an important tool for strategic planning, risk management and assessing our strategic resilience. In 2021 and 2022, we performed quantitative climate modelling across our businesses to assess our portfolio's resilience under different external conditions.

Selected climate scenarios

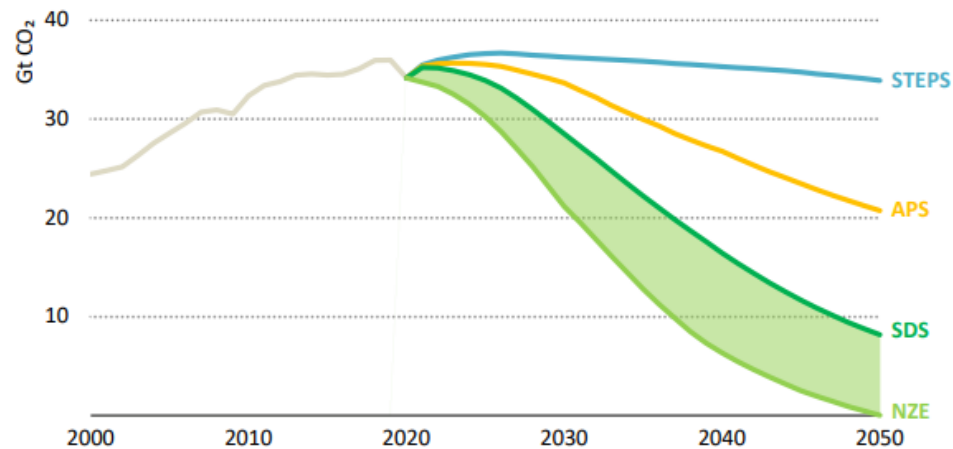
1

International Energy Agency's (IEA) Announced Pledges Scenario (APS) aims to show to what extent the announced ambitions and targets, including the most recent ones, are on the path to deliver emissions reductions required to achieve net zero emissions by 2050.

2

International Energy Agency's (IEA) Stated Policies Scenario (STEPS) takes a more granular, sector-by-sector look at what has actually been put in place to reach energy-related objectives, taking account not just of existing policies but also of those that are under development.

CO₂e emissions in the IEA scenarios



Source: IEA World Energy Outlook 2021



Scenario analysis outcomes

The outcome of the climate scenario analysis supported our expectations that in the foreseeable future, Moreld must navigate transition risks and opportunities. This insight further strengthens the importance and relevance of our climate-related actions outlined in our annual Sustainability Report.

The results of the climate risk and opportunity assessment have been evaluated by Moreld management and the Board, and are part of the Group's strategic planning.

Announced Pledges Scenario (APS)

In the Announced Pledges Scenario the transition from Oil & Gas to renewables is accelerated. As the majority of the Group's revenue currently stems from the O&G Industry, we expect lower margins and growth from this segment in this scenario. Additionally, we expect reputational issues such as increased stigma, as well as higher cost of capital and reduced leverage capacity. Consequently, these factors will accelerate our strategy to diversify our service offerings towards renewable energy and other marine industries.

APS scenario top three takeaways:

1. Accelerated transition from O&G to renewables
2. Value uplift on renewable segments
3. We will become a sustainable industrial group with a material presence in renewables and non-O&G industries, and a strong focus on lowering our own and customers' GHG emissions.

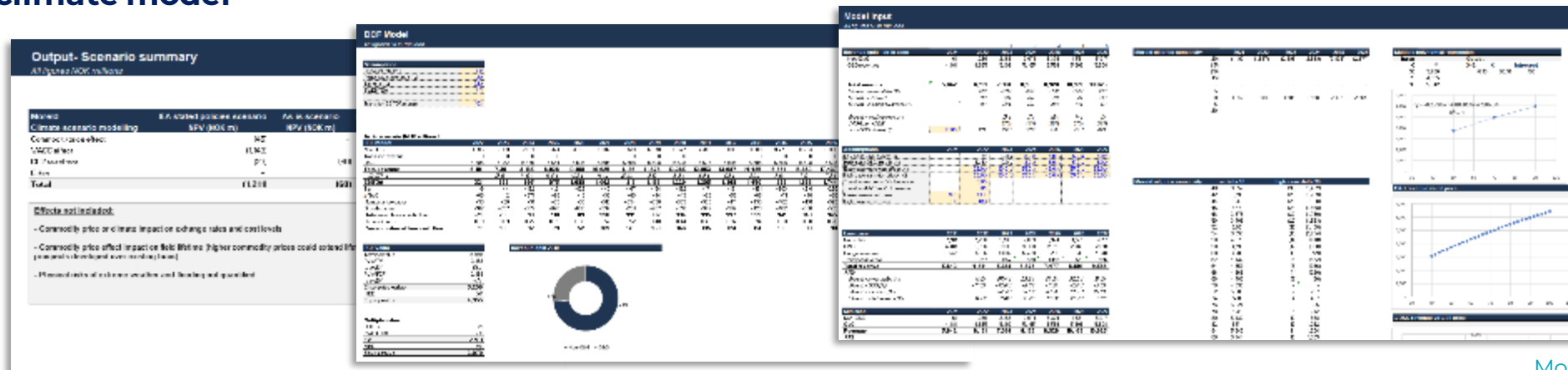
Stated Policies Scenario (STEPS)

We expect to see higher revenues and lower pricing pressures in the Stated Policies Scenario from Oil & Gas. A higher oil price will extend our ongoing transition to renewables. We also expect the cost of capital to increase due to a continued high exposure to O&G.

STEPS scenario key takeaways:

1. Delayed transition from O&G to renewables
2. Value uplift on O&G segments
3. We will become a sustainable industrial group with a material presence in O&G segments, and a strong focus on lowering our own and customers' GHG emissions.

TCFD climate model



1 Process for identifying and assessing climate related risks

- 1. We follow the TCFD guidance** in assessing climate-related risks and opportunities, including transition risks and physical risks.
- 2. We identify climate-related risks and opportunities** by running facilitated workshops with management from each group company and Corporate management. The company identifies and assesses climate-related risks across its own assets and operations, and indirectly across its supply chain.

2 Process for managing climate related risks

Climate-related risks are managed in accordance with Moreld's enterprise risk management (ERM) procedures.

Climate-related risks and associated mitigation strategies and actions are assessed at board level with the following frequency:

Top-tier enterprise risks, including climate risks, are included in the board reporting, and discussed on a regular basis as required.

The board has a structured evaluation of climate risks and opportunities on an annual basis. The evaluation results are used when reviewing strategy, business plans and evaluating performance objectives.

Mitigating actions are identified and assigned to individuals within the relevant business function. Progress against these activities is followed up and monitored continuously by the responsible business unit leader.

3 Integration of processes for identifying, assessing, and managing climate-related risks into overall risk management

Management of climate-related risks is embedded in Moreld's ERM procedures and processes.

As part of the ERM procedures, key business risks are assessed by Corporate management and discussed with the board as a direct input into Moreld's strategic planning process. As referenced above, the Board's Audit and Risk Committee is responsible for oversight of

Moreld's climate-related risk management procedures as part of a broader ERM oversight role.

The committee ensures that climate-related risks and opportunities are properly integrated into the ERM framework.



Metrics and Targets

It is Moreld's ambition to be sustainable in all our operations. With this comes the need to set clear targets related to CO2e emissions. Moreld reports all relevant Scope 1, 2, and 3 emissions. There are several different ways of measuring environmental performance, the most relevant measure for Moreld is the GHG reduction targets. The below table describes Moreld's carbon equivalents emission levels.

Greenhouse Gas Emissions (tCO2e)	2019	2020	2021	2022
Scope 1	1,787	1,407	1,403	557
Scope 2	1,845	1,845	1,298	829
Scope 3*	4,530	4,427	2,656	4,689
Total	8,162	7,679	5,357	6,076
Total reduction from 2019				-25.6%

*Moreld is increasing scope 3 reporting to align with CSRD requirements, this means higher reported figures even though Moreld is working actively to reduce them.

Targets used to assess climate-related risks and opportunities, and performance against these targets

Moreld's most important climate goal is to reduce greenhouse gas (GHG) emissions and contribute to the transition to a low carbon economy.

We follow the standard from the GHG protocol. Emissions and climate impacts of our operations will be monitored, assessed, and improved.

Moreld will focus on reducing the carbon intensity of our group companies through our ownership positions. Our low-carbon strategy sets out an objective of net zero GHG emissions for scope 1 and 2 by 2030. For

our waste recovery ratio in GHG scope 3, we aim to minimize our waste and recover 98% of all waste by 2030.

This target supports the Norwegian goal of reduced GHG emissions with at least 50% and towards 55% by 2030 compared to 1990 levels and well below the global average, thus making Moreld an active contributor to reach the climate target under the Paris agreement.

For a detailed metrics, please refer to Moreld's [2021 Sustainability Report](#).



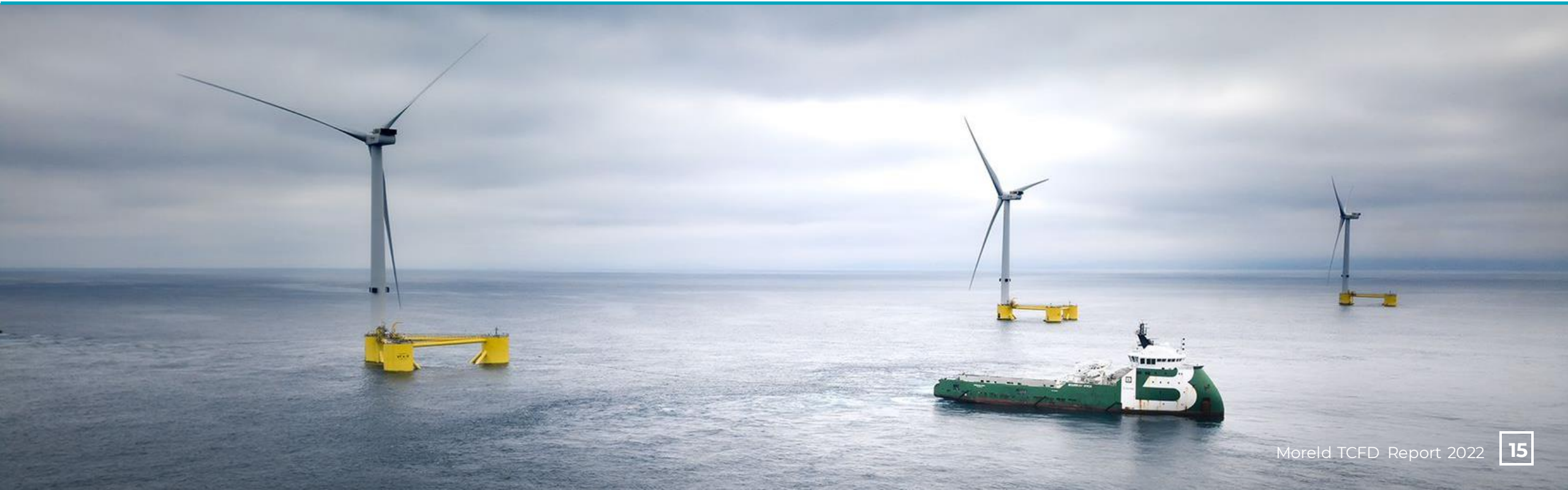
Next steps

At Moreld, our commitment to address the impact of climate change is grounded in our firm's strategic priorities to embrace climate transition as a key driver for growth. We have made significant progress in integrating ESG as a foundational element of our business and risk practices.

Going forward, we remain committed to developing new sustainable solutions, transitioning from Oil & Gas to renewables and to reduce the carbon footprint of our customers. We will continue to refine our approach to climate risk and further integrate climate risk into our risk management process, long-term business strategy and financial planning.

Next steps for progress

- 1** **Communicate and promote** our approach and progress in transitioning from Oil & Gas to renewables, and other relevant sustainability topics. This will further increase our ability to attract talent [, financing/capital] and customers.
- 2** **Help our customers reduce their GHG emissions** with energy transition solutions. By providing technical and sustainable solutions to our clients and documenting the carbon footprint impact.
- 3** **Support** the ongoing energy transition strategy through effective board and top management oversight.



Contact

Moreld AS

Moseidsletta 112, 4033 Stavanger

E-mail:

contact@moreld.com

Web:

www.moreld.com

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