# NIMBUS GROUP

SUSTAINABILITY REPORT 2022

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The Board of Directors and CEO hereby submit the sustainability report for the financial year 2022 on behalf of the Nimbus Group AB (Publ), 24/04/2023.

**MISSION**

We manufacture boats with Scandinavian design for environmentally-aware customers

**VISION**

To improve quality of life by creating sustainable and memorable moments on the water

**OUR VALUES**

To act responsibly and sustainably.
To create better experiences.
Continuous improvement.

# NIMBUS GROUP

Our journey started on the quayside in Långedrag in 1968, with a burning passion for creating memorable and sustainable experiences for environmentally-aware boat owners. The same passion still drives us now, as a family of well-established brands. What all the brands have in common is that they are characterised by Scandinavian design, high quality, comfort, safety awareness and an sustainability.

You are warmly welcome to visit us,
Nimbus Group – Made by Scandinavia.

# OUR BUSINESS

Our business helps to bring marine and archipelago settings to life, now and in the future. We are constantly looking for solutions that make our boats easy to handle and safe for both drivers and passengers. Through our network of dealerships, we also facilitate simple and hassle-free boat ownership. We are therefore lowering the threshold for meaningful leisure time at sea, which promotes health and well-being.

Thanks to the choice of materials, weight reduction and optimised hull design our boats are designed and constructed with the express ambition of limiting their environmental impact. Moreover, they are engine room neutral, which means that our customers can actively choose engines that limit the boat's energy consumption and reduce, or even eliminate, the carbon dioxide emissions.

Humankind has been travelling on water for thousands of years and we want to help this continue through active sustainability work.

## Our products

We are active in the leisure motorboat market. With an extensive brand portfolio and our dealership network, we offer a wide range of leisure motorboats. The Nimbus Group manufactures and sells motorboats under seven brands: Alukin, Aquador, Bella, Falcon, Flipper, Nimbus and Paragon Yachts. We work actively on the profiling of our brands, with each brand aimed at a specific customer segment. Our dealership network consists of both our own and external dealerships. Sales are to some extent direct from the factory and to professional customers.

In addition to motorboats, we also sell spare parts and accessories, as well as after-market services in the form of servicing and winter storage, for example.

## Sustainability requirements

Our business is affected by the demands and expectations of our stakeholders, for instance customers, authorities, local communities, employees, suppliers and owners. This applies especially to social and climate-related sustainability issues that are driving changes in our world, our industry and our product development.

## Environmentally aware end customers

How a boat is designed and driven has a major influence on its environmental impact. Our end customers are often well-read, engaged and willing to learn more about how they can help reduce their impact on the natural world and the environment. We are working together with several industry organisations on these issues and, in collaboration with SweBoat, among other partners, have developed the "Green Boating" educational material.

Our end customers are mainly private individuals - a broad customer group with different needs, backgrounds and requirements. Thanks to our extensive product portfolio, containing multiple brands, and our deliberate efforts to increase the economies of scale between different models of boat, we can target several customer segments without sacrificing quality.

## Dealerships

Local dealerships are a key component in our value chain. Being close to our customers is important for us, because it allows them to find our products easily. In this way, we can also offer winter storage, service and other after-market services in an environmentally sound manner. For this reason, our strategy is to have a presence in the major boating areas around the world. Proximity to our customers' home means hassle-free ownership for end customers.

We currently have 108 dealerships in an extensive global network with well over a hundred trading venues. Our well-defined strategy for growth means that we are working actively to increase the number of dealerships worldwide, especially in the important North America market where, during 2022 and at the start of 2023, we succeeded in doubling the number of trading venues to 39 in total.

Of a total of 108 dealerships, the Nimbus Group owns nine: Offshore Powerboats in the United Kingdom, Nimbus Boats Saltsjö-Duvnäs, Nimbus Boats Lidingö, Nimbus Boats Långedrag, Marine Store Norrtälje, Marine Store Bergshamra, Marine Store Nynäshamn, Flipper Marin in Täby as well as Herholdt Andersen in Tønsberg, Norway (since February 2022).

Through our own dealerships, we have control of the entire distribution chain and can establish many contacts with our end customers. This allows us to gauge their needs, expectations and wishes effectively – insights that we can take with us into our product and business development.

| Design and product development | Suppliers | Manufacturing | Dealerships and distribution | End customers |
|---|---|---|---|---|
| ▪ Self-owned brands | ▪ Supplier-agreements<br>▪ Collaborative suppliers | ▪ Self-owned manufacturing<br>▪ Outsourced manufacturing | ▪ Contracted dealership<br>▪ Self-owned dealership<br>▪ Direct sales | |

| | Design and product development | Suppliers | Manufacturing | Dealerships and distribution | End customers |
|---|---|---|---|---|---|
| Opportunities | ▪ Short, agile development process<br>▪ Scandinavian design identity<br>▪ In-house yacht design team<br>▪ Products with functional quality and long service life<br>▪ Emission-free drivelines<br>▪ Energy-optimised hulls<br>▪ Modern technological solutions that mean the product is safe and efficient to use | ▪ Collaboration to achieve sustainable products, solutions and processes<br>▪ Sustainable, alternative material choices<br>▪ Impact on supplier behaviour, corporate responsibility and products | ▪ A stimulating, sustainable and safe workplace<br>▪ A clean and safe working environment<br>▪ Professional and visible leadership<br>▪ Engaged in the local community<br>▪ Emission-free manufacturing<br>▪ Resource-efficient and energy-efficient manufacturing<br>▪ Optimised logistical flows | ▪ A stimulating, sustainable and safe workplace<br>▪ A clean safe working environment<br>▪ Professional and visible leadership<br>▪ Correct handling and care of the product<br>▪ Extended service life of boat through after-market service | ▪ Amazing experiences at sea and on the lake<br>▪ Unforgettable memories and improved quality of life<br>▪ Sustainable leisure time and holidays<br>▪ Modern technical aids that simplify boating<br>▪ A long service life thanks to our high-quality products and after-market services |
| Risks | ▪ A lack of technical solutions for emission-free drivelines that meet customer expectations | ▪ Lack of material availability<br>▪ Incomplete supply chain transparency<br>▪ Social values<br>▪ Corruption and human rights | ▪ Waste management<br>▪ Slow development of fossil fuel-free transportation<br>▪ Deviations from defined and planned processes<br>▪ Social values in outsourced manufacturing<br>▪ Corruption and human rights | ▪ Waste management<br>▪ Slow development of fossil fuel-free transportation<br>▪ Deviations from defined and planned processes<br>▪ Social values at external dealerships<br>▪ Corruption and human rights | ▪ Environmental impact of use<br>▪ Handling errors<br>▪ Behavioural changes and trends<br>▪ Mishandling of end-of-life products |

# STEP BY STEP, WE ARE IMPROVING OUR SUSTAINABILITY

In your hands, you are holding the Nimbus group's second sustainability report. The aim of the report is to present how our business affects our surroundings with respect to central aspects such as the environment, social responsibility and corporate governance. In the business world, sustainability is a far-reaching term that contains many different dimensions and is applicable at many stages – both upstream and downstream in the value chain.

When we drew up the first sustainability report in the company's history last year, we had to consider how we should approach these issues: What is our largest impact and in which areas can we make a real difference? Here and now and in the short-term? How can we measure and follow-up these aspects? We took our first step with our first sustainability report and our ambition is, of course, to improve the report every year. That sustainability is a totally crucial question for the future is a fact that all of us in the Nimbus Group accept without reservation. However, we feel humble when we consider the tasks ahead, because these types of changes do not happen overnight.

## Environmental sustainability

The Nimbus group designs and manufactures boats that enable people to travel on water and experience the great natural values offered by lakes, sea and the archipelago surroundings. Anyone who has experienced such surroundings once understands that they are well-worth saving. Our customers understand this – and we understand it. Naturally, for us this means that environmental issues have a prominent position in our sustainability management.

As one of Europe's largest manufacturers of motorboats, we also have a clear responsibility for how we manage the environmental issues. We have formulated this as the freedom to travel freely on the water shall cause as little burden as possible on the environment and our planet. The statement "as little as possible" is central in this context. All human activity unavoidably has some form of impact on the environment, but all human activity can be pursued with the ambition of making the environmental impact as little as possible. It is possible to do things in a more or less good way. We want to do things as well as possible from an environmental perspective. This is our lodestar for all parts of our business, both upstream and downstream.

A motorboat impacts the environment when its components are produced and transported to our factories. It also has an impact on the environment when it is built and transported to dealerships and the end customer. Moreover, it affects the environment during its entire life when it is used and ultimately, very often after a long life, when it is recycled. How can we act to ensure that the environmental impact in these stages will be as little as possible? We do not have all of the answers today, but we can promise that we will have them one day and the reason for this is our openness to all the opportunities for improvement that will undoubtedly appear. This is true for driveline technologies and transports as well as for energy consumption, choice of materials, design, construction and building. It is also the basis for the goals we set in the four different focus areas last year.

For 2022, we have increased these to five by adding Driveline Technologies. The five focus areas now cover Design and Product Development, Production and Dealerships, Corporate Social Responsibility, Driveline Technologies and Our Employees.

## Improvements in 2022

So then, what have our successes been in the areas we set up in the last report? When it comes to our production, we set the goal that we should have moved over to using low-emission polyester in all of our production by no later than 2023. Polyester emits toxic substances during production and a transition to low-emission polyester has positive effects, including a cleaner work environment. In line with our ambition to be prepared to test new and better things, we have, therefore, tried to move over completely to a new type

of low-emission polyester. At our factory in Lugnås, we carried out a number of trials but we were forced to note that the emissions from low-emission polyester were just as large as those from traditional polyester resin. Since the polyester tested was more difficult to work with and, moreover, more expensive, there is no reason to make a change. When new alternatives appear, we will also test them as part of our ambition to have a cleaner production environment.

A closely related goal was for all newly developed polyester-based products, regardless of where they are produced, to be manufactured by vacuum injection or an equivalent method. Vacuum injection is a closed process and means that, during manufacturing, the polyester does not come into contact with the surrounding air to the same extent as hand lay-up moulding. The preconditions differ between our various production facilities and we have come furthest in our Lugnås factory, where 70 percent of the polyester resin is manufactured in a closed process. In other production facilities, we still have some way to go, but the transition is taking place gradually in step with the development of new parts and our investment in new production tools. To obtain a more efficient use of materials, we also had the goal of reducing our landfill waste by ten percent per krona traded annually, a goal that we once again succeeded in reaching during 2022.

When it comes to corporate social responsibility, the goal is for all of our direct suppliers to sign our code of conduct, or for them have one of their own that we approve, by no later than the end of 2023. Here, we are on the way and the goal was already reached in 2021 for our 20 largest suppliers who, in their turn, are responsible for 67 percent of our total purchasing volume. Today, 71 percent of our direct suppliers have signed our code of conduct. In this focus area, we also stated that the environmental aspects would steer the choice of supplier once the other requirements were met. As a result of this goal, we have moved over fully during the past year to EcoTeak, which is a material manufactured from residues from teak production and recycled plastic, instead of normal teak. For the same reason, we have replaced a number of suppliers of wood material during the past year.

## Driveline Technologies, central

One area that we touched upon at various points in our previous sustainability report was the engines and propulsion technologies in our boats. The driveline in a motorboat plays a crucial role for the boat's impact on the environment. However, its use and the way it is driven also have great importance. To obtain a clearer picture of how we work with these issues, we have chosen this year to collect all the information on this subject into one section. A lot has happened in this area during the last year and it is not a wild guess to say that a lot will happen going forwards. Once again, out starting point is to be open to new technologies and to be willing to test them.

During 2022, we did as we preach in this area and, among other things, performed field tests of Oxe Marine's diesel-powered outboard motor on a Nimbus T11. Tests that resulted in us deciding to include these engines in our customer portfolio. From a sustainability perspective, a diesel-powered outboard motor has the advantage that it can be run on renewable biodiesel (HVO100), which results in significantly lower emissions of the climate-forcing carbon dioxide. During 2023, we intend to follow this up by testing a new electric-hybrid from the same manufacturer.

Which other technological leaps forward will be made in the future is, of course, impossible to say, but one thing is certain – the Nimbus Group will continue to work actively with various manufacturers to test new and better solutions as soon as they are available.

**Jan-Erik Lindström**
President and CEO

# SUSTAINABILITY FOR THE NIMBUS GROUP

We exist to create memorable experiences at sea. The social and health aspects of boating are what drive us to continue to develop boats and improve the interaction between boats, people and the environment. We do this with the ambition of having a positive impact on people and the local communities where we operate.

We make it possible for people to travel in marine and archipelago environments. The freedom that comes from being able to travel on water should entail as little burden on our planet as possible. As one of Europe's major boat manufacturers, we therefore have a responsibility to drive development forward and to be an industry leader in sustainability. This is Nimbus's contribution to reaching the Paris Agreement and Agenda 2030, and it forms the basis for our sustainability management.

## Sustainability management at the Nimbus Group

Our sustainability work is led by our management. See our annual report at www.nimbusgroup.se for more information on our corporate governance. In 2021, a code of conduct was introduced for our personnel and our suppliers.

Starting from important stakeholders' priorities, we have carried out a materiality analysis, which resulted in the focus areas and key figures for the sustainability area.

The results of this work are set out in our sustainability report for the Nimbus Group 2022.

We intend to update the stakeholder analyses regularly to meet new accounting requirements as well as society's expectations and changes. Based on this, we will also adjust the goals and monitoring in our prioritised sustainability areas.

## Sustainability values

Within the Nimbus Group, long-term perspective is an important keyword. We take responsibility for what we do, help each other and show commitment, an approach that promotes sustainable development.

Profitable economic growth over time is a prerequisite for creating security for the company's stakeholders and enabling long-term investments in sustainable development. Another prerequisite is a focus on environmental considerations in manufacturing, design and product development.

The balance between work and private life, as well as an opportunity to vary one's work tasks, are the basis for a sustainable life situation. A value driven leadership gives the employees the freedom to make their own decisions, which creates motivation, job satisfaction and pride in our products.

## Collaboration

Collaborations with other stakeholders are crucial for successfully meeting the Paris Agreement and the 2030 Agenda. Within the Nimbus Group, we are working with several players to reduce our own and our boats' footprint. The goal is to achieve the highest possible sustainability yield on the investments we make and to contribute our expertise in the best way to other stakeholders' operations. During 2022, together with our suppliers, we have increased the requirements for the components included in our boats. Thanks to our requirements and the choice of the best suppliers, the transition will lead to better products.

We are involved in the SweBoat and FinBoat trade associations, both of which have sustainability high on their agenda. In the case of SweBoat, the environmental programme includes, among other things:

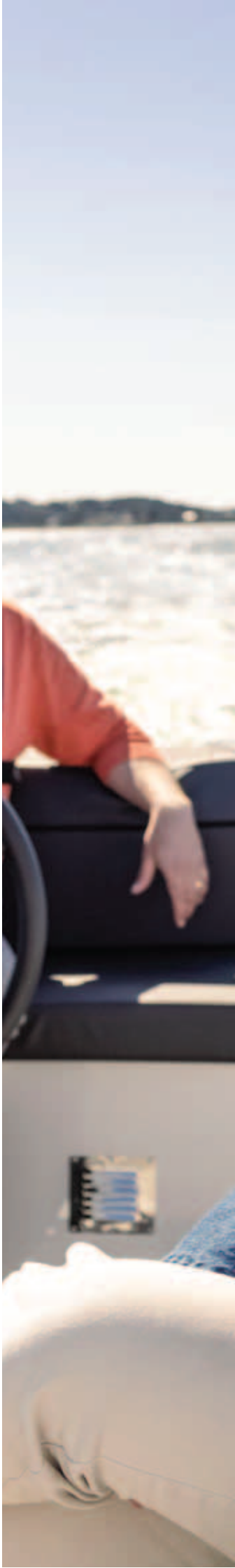
- Industry advice for managing boat bottoms and paints
- Responsible boat care
- Measurement of boat bottoms
- Environmental Fund and Prize
- The Båtmiljörådet (Boat Environment Council)
- Recycling of boats

## Challenges and opportunities

Climate changes, pollution of marine environments, the rise of a circular economy and new technical advances are examples of aspects that directly touch upon our business and product development. This creates both challenges and opportunities that we need to respond to. Our assessment is that technological developments in different areas can create the conditions needed for positive behavioural changes, including an increased interest in environmentally adapted drivelines and fuels.

One of our greatest challenges in the environmental area is the uncertainty surrounding when emission-free engines and power units, which meet the customers' expectations for performance and price, will be available on the market. For this reason, we are looking to work with engine manufacturers and suppliers who we deem to have the best chances of succeeding with the technical development. We are convinced that this strategy of collaboration with external experts will provide a sound and sustainable return over time.

Other challenges are linked to the work environment and production. What these are and how we work with them will be revealed later in this report.



# FOCUS-AREAS

To enable strategic and thorough sustainability work we have chosen to define a number of focus areas. In this year's report, we have increased these to include driveline technologies as well. Linked to each focus area, we have developed a number of goals.

## Design and product development

Our design process will be guided by our goal to continuously improve the interaction between people and the environment.

Our goal is to offer the market's most sustainable products.

## Manufacturing and dealerships

All newly-developed boat models shall preferably be manufactured using closed processes, for instance vacuum injection (reduces the emissions by up to 80%) or an equivalent method, regardless of where they are produced. For a number of years now, all the moulding tools that we develop are already prepared for this technology.

During 2023, we will continue to reduce our landfill waste by a minimum of 10 percent per krona traded.

Our goal during 2023 is to reduce our emissions of VOC (volatile organic compounds) in relation to turnover.

## Corporate Social Responsibility

The environmental aspect shall be governing when selecting suppliers once the other requirements have been met.

We will continue to develop strategies to strengthen the sustainability work in all of the supplier chain and to reduce business risks.

All of our direct suppliers shall sign our code of conduct, or have one of their own that we have approved, by no later than the end of 2023.

## Driveline Technologies

We shall increase the number of models with optional fossil-free drive by at least 10 percent units per year and, by no later than 2027, there shall be fossil-free alternatives available for all our models

## Our employees

We want satisfied employees. A pilot project has been initiated at one of our production units to enable continuous employee surveys, of the pulse type, and dialogue with individual employees. The goal is for the tool to be introduced in the entire organisation in 2023, if the pilot project turns out well.

All of our leaders must take at least one of our leadership training courses. By the end of 2022, 60 percent of our leaders had completed one of these courses.

# DESIGN & PRODUCT DEVELOPMENT

We are proud to be part of a Scandinavian design and craft tradition with a focus on function, quality and choice of materials. This makes our boats attractive and good value for money for many decades while maintaining a high resale value. The long life helps to reduce our boats' environmental and climate impact.

Our starting point is that people thrive in and want to spend time in marine settings. The design process is based on our vision – "Enhance quality of life by creating sustainable and memorable moments on the water". In this spirit, we develop products that meet our customers' expectations and needs based on the conditions we have to take into account, such as, for example, legal requirements, production conditions and technical options.

## For an active boating life

We develop boats with the ambition that as many people as possible are able to use them, regardless of physical condition or previous boating experience. With this perspective, we make boating more democratic and accessible to more people.

Today's leisure boats are increasingly equipped with technical aids such as digital charts, bow propellers, automatic anchors and automatic trim systems to facilitate manoeuvring. The new technology removes unnecessary stressors, providing a better overall experience for the entire crew and lowering the threshold so that more people can try their hand at boating. The technology also ensures that the boat can be driven in the most energy-efficient way possible

## Innovation for reduced footprint

We use leading tools for computer simulations and optimise the hull design to minimise the energy consumption. Energy-smart, easy-to-drive hulls with low power demand enable a positive design spiral since a reduced energy need results in a lighter boat that, in turn, requires a smaller engine. All of these factors interact to reduce the environmental burden.

## Tomorrow's leisure boats

We are currently seeing an increased demand for specialised boats tailored to individual needs. The boat's function, to get out into the natural environment, is now a greater focus for many than the boat itself. This trend away from all-round boats to more stripped down and specifically adapted boats means we can optimise designs based on weight and the motor.

We also see a clear trend for our customers to be more environmentally aware today and to change their behaviour at sea. Many people spend more time in natural harbours, preferably in their local area, which means shorter travel distances. This sets new sustainability demands on the hotel functions in our larger boats, because these need to be able to be stationary for several days in a climate-neutral way. The shorter travel distances also open up opportunities for alternative drivelines on day boats. This is currently market-driven but can be accelerated by, for example, new laws, regulations or industry initiatives.

During 2022, we have developed a series of connected services under the Nimbus Connect name. Nimbus Connect means that the boat is connected to the cloud and can submit status updates in real time. This makes owning our boats even more problem-free while it also means there is an opportunity to streamline service and maintenance for a ser-

vice supplier or a rental fleet. The customers are becoming aware of how they use their boat and can be inspired to a more sustainability boating life. Understanding our customers' behaviour allows us to develop more suitable products.

## Life cycle analysis

During 2018, the Nimbus Group participated in a project to develop a lifecycle analysis of leisure boats. The analysis was carried out on our Nimbus 305 Coupé model by researchers from the University of Gothenburg and IVL, the Swedish Environmental Research Institute.

The project was funded by the Swedish Environmental Protection Agency and the report was published in 2021. The analysis gives us a good understanding of how to prioritise our work and drive product development in the future based on the climate impact of our products.

A clear shortcoming identified in the project is that there is currently a lack of incentives and capacity for scrapping, dismantling and recycling of end-of-life leisure boats. Leisure boats are generally easy to dismantle compared to many other consumer products and we see potential for increased cooperation between all actors in the value chain.

Greenhouse gas emissions in the user phase were identified as the biggest environmental impact factor for motorboats. Besides greenhouse gas emissions, the climate impact associated with the manufacture of batteries, electronics and cabling was also identified. Our strategy to reduce the environmental impact of this is to use products and suppliers that are recognised for their high quality and which have a clear strategy to make the products fully recyclable (see the section on Corporate Social Responsibility).

## Pace of development

Since 2017, we have launched approximately five new boat models annually. Product development is performed by our design team, which covers all disciplines from concept to series production. New ideas are based on current market trends, feedback from dealerships, general business intelligence and technological developments within our industry.

Due to the fact that we have short development times for new boat models, usually a year, and work on continuous improvements to our products and processes, we are able to introduce climate-adapted choices quickly and to update our manufacturing process continuously.

The current portfolio of brands covers the full spectrum of potential customers and different categories of boat owners, from simple leisure motorboats to premium yachts.

# PRODUCTION & DEALERSHIPS

We currently produce approximately 1300 boats per year and are actively working to reduce our environmental impact in the production. Our sustainability goals, manufacturing requirements and own metrics are important components in our long-term work to optimise operations.

When developing new and existing boat models, we strive to use the latest and most efficient manufacturing processes linked to the work environment, environmental impact and production economics. Our factories in Finland and Sweden, which require permits, hold the necessary environmental permits and present their activities in reports to the supervisory authority. Despite an increased capacity, the use of substances covered by permits has reduced and is now a long way below the authorities' limit values.

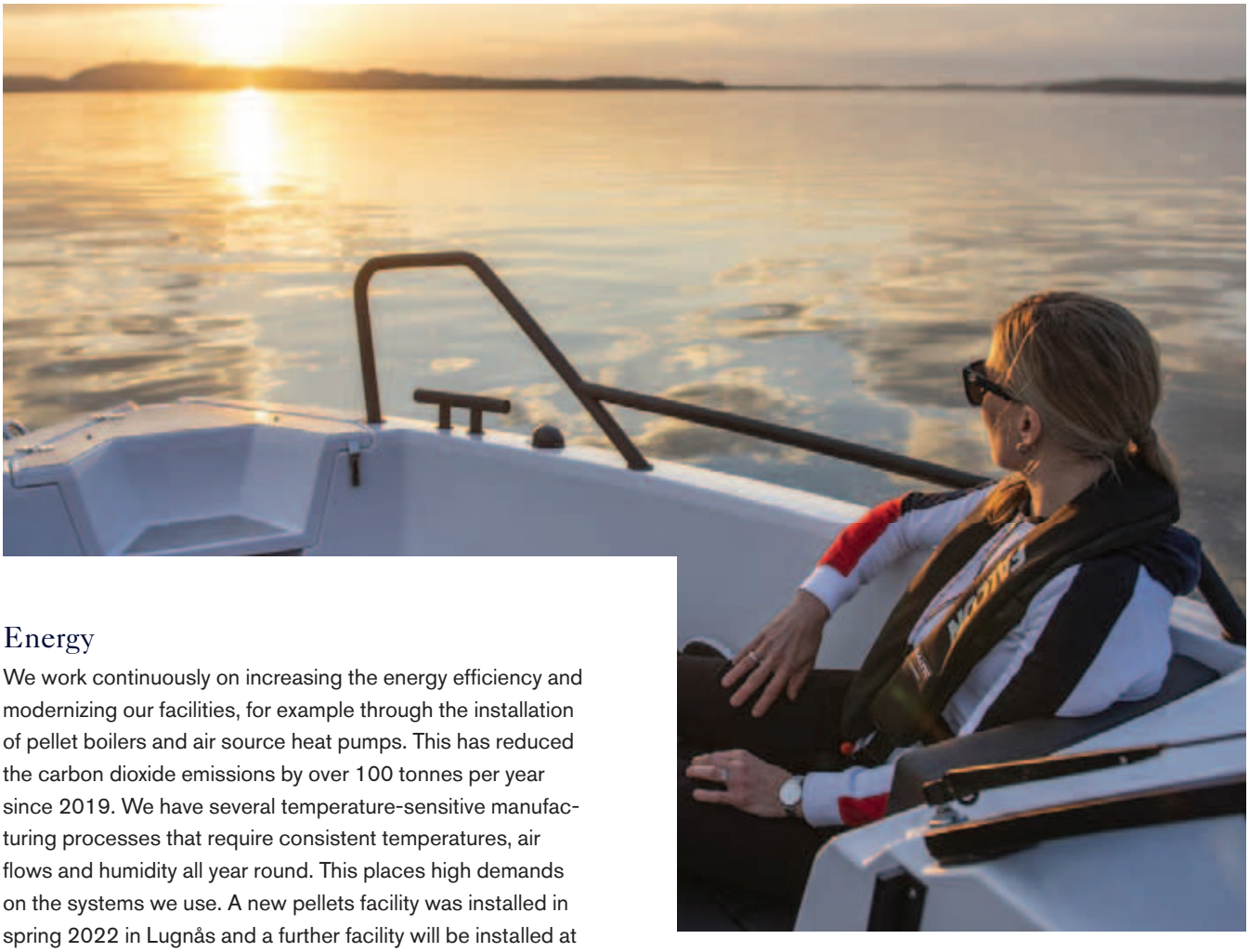
## Solvents

Our plastic boats are currently mainly built from GAP (fibreglass reinforced polyester) which, together with core materials, form lightweight structures or sandwich structures. This has a positive impact on both material consumption and the weight of the final product. However, the manufacturing requires solvents, primarily styrene and acetone, which, when they evaporate, give rise to vapours (volatile organic compounds, VOC), which is a problem from both an environmental and a health perspective. Our calculations regarding VOC emissions are based on the consumption of our two main solvents, where consideration is also given to manufacturing method as well as the efficiency of the purification plant in our production facility in Lugnås.

To reduce the emissions of VOC and the risk of exposure for the personnel, we use to a large extent closed processes that minimise evaporation to the air, primarily vacuum injection. This method reduces the emissions by up to 80%. Today, this technology is primarily used for our larger composite products such as hulls and superstructures. However, our goal is for all newly-developed models to be preferably manufactured in closed processes, regardless of where they are produced, by vacuum injection or an equivalent method. All the tools we have developed in the last few years are already prepared for this technology.

To further reduce the evaporation of styrene during curing, we primarily use low-emission polyester that contains 15–25 percent less styrene compared to the industry standard. Our goal is to increase the proportion of low-styrene polyester in our production units and attain a lower level of VOC emissions measured in relation to turnover. During 2022, a large study on the possibilities for using a new type of polyester resin was carried out. According to the supplier, it should have a 50% lower emission level compared with traditional polyester. After both small-scale and large-scale tests, our measurements showed no difference compared to the current polyester. Since the new product was both more expensive and more difficult to work with, we decided to continue with the existing product.

Finally, since 2010 we also have a purification plant in our production unit in Lugnås that, among other things, absorbs styrene and acetone in the air. The solvents are then incinerated by highly-efficient catalytic oxidation. In recent years, the purification plant has had a purification grade of approx. 95%, which is one major reason for our lower emissions. During 2022, we had a lower purification grade (77.5%) compared to previously, which has had a negative impact on our VOC emissions. During 2023, an investigation will be conducted to identify the cause and the goal is to correct this in 2023.



## Energy

We work continuously on increasing the energy efficiency and modernizing our facilities, for example through the installation of pellet boilers and air source heat pumps. This has reduced the carbon dioxide emissions by over 100 tonnes per year since 2019. We have several temperature-sensitive manufacturing processes that require consistent temperatures, air flows and humidity all year round. This places high demands on the systems we use. A new pellets facility was installed in spring 2022 in Lugnås and a further facility will be installed at the production unit in Norrtälje with completion in Q1 2023.

Together with Energyse, we carried out energy audits in Lugnås and Kuopio in 2021. These resulted in current situation reports and action plans to attain an even more energy-efficient production. Based on this, we have, among other things, optimised our ventilation and heating systems and switched to LED lighting on some premises. During 2022, we audited the remaining production facilities to obtain the basic data for future green investments.

## Waste

We are working actively with certified partners, including PreZero Recycling, Urbaser and Lassila & Tikanoja, to manage our waste by means of better processes and recycling. This has included investments in special containers for handling small residues of environmentally hazardous waste. We are also collaborating with suppliers on the choice of packaging. In 2020, we set the goal for halving the quantity of landfill waste (in weight) by the end of 2022. The goal was exceeded and, today, we have reduced landfill waste by 91 weight-percent compared with the base year, 2019.

## Wash-down pads

For our own dealerships, the goal is that everyone will use approved wash-down pads for collecting metals, paint residues and the like when washing boats. Saltsjö-Duvnäs Marina, Flipper Marin as well as Marine Store in Norrtälje and Nynäshamn own approved wash-down pads. Water samples are taken from the wash-down pads approximately every other year to ensure that the emissions are within the limit values that are set by the Swedish Agency for Marine and Water Management, and to allow us to determine when the filter elements need to be replaced. In 2022, new wash-down pads were installed at another two of our facilities.

With regard to those facilities that currently do not have approved wash-down pads, we are working with external suppliers on the management of environmentally hazardous residues. For our external dealerships, we work in accordance with our code of conduct, which promotes active environmental work.


**THE UN GLOBAL COMPACT'S 10 PRINCIPLES**

Our code of conduct and guidance for strategic, active and long-term work to ensure a responsible relationship with our suppliers and sustainable business is built on the UN Global Compact's 10 principles. This is a set of principles developed through international cooperation and based on a series of principles regarding human rights, corruption, labour law and environment.

# CORPORATE SOCIAL RESPONSIBILITY

For us, it is natural to act ethically and protect human rights – we do not accept child labour, corruption, bribery or unfair anti-competitive practices. Our brands must live up to the highest ethical standards in order to foster security and trust among our customers. Our code of conduct for suppliers has been developed in accordance with the UN Global Compact's 10 principles.

Within our group of companies, there is a strict prohibition on all forms of corruption, including inappropriate payments and benefits to or from employees or organisations.

## Together with suppliers

The majority of our suppliers are located in Sweden, Finland and the rest of Europe and are located closed to our own manufacturing units. Our goal is for all our direct suppliers to sign our code of conduct by the end of 2023 or for them to have their own code of conduct that we have approved.

From 2021, our goal has been met for our 20 largest direct suppliers. These 20 suppliers were responsible for 67 percent of our total purchasing volume. In 2022, 71 percent of our direct suppliers had signed our code of conduct, or had one of their own that we have approved. This is an increase of 54 percent from the preceding year.

The access to boat components with improved environmental performance has increased in step with the high-volume producers, such as the automobile and furniture industry, introducing stricter sustainability requirements. This applies, for example, to motors, batteries, wood and textiles that are used in our products. We are working strategically with a number of suppliers to allow us to offer our end customers alternative material choices, for example, for the decks of our boats. Historically, teak has been widely used, but today there are several different options and we have gradually started to introduce EcoTeak, which is a composite produced from recycled plastic and residue products from the manufacturing of teak products. This is to reduce the risk that the material used in boat production is not produced in a way that is incompatible with the ten principles in the UN Global Compact.

## Supplier evaluation

We work actively to ensure that our suppliers comply with our code of conduct. This is performed through our own supplier evaluation carried out by accredited personnel. The evaluation is comprehensive and often takes several days.

If deficiencies are observed, the supplier has three months to take action before a process towards a possible change of supplier is initiated. A supplier evaluation is carried out at our own factories as well as at the external suppliers'.

As a result of our supplier evaluation in 2022, we identified a number of improvement measures together with our suppliers.

## Ongoing work

Important elements of our long-term work with our suppliers to ensure Corporate Social Responsibility include:

- Contract negotiations
- Price negotiations
- Ongoing risk elimination
- Identification of new sustainable and environmentally-friendly materials
- Quarterly follow-ups of suppliers
- Supplier assessments and evaluations
- Identification of new strategic suppliers

# DRIVELINE TECHNOLOGIES

A motorboat from the Nimbus Group is designed and constructed from the ground up to give its owner happiness during many years of active boating. The long life means that the use per se will have a large effect on the boats' total climate impact. This insight, together with society's goals for phasing out fossil fuels, shapes both the way we design boats and how we look at and work with technical development regarding propulsion technologies.

## Our world

Climate changes are one of our time's greatest challenges and the international community, through the UN, has agreed to try to limit the global warming to 1.5 degrees. Burning coal, oil and natural gas is the main reason for increased levels of greenhouse gases in the atmosphere.

The European Union has adopted strict climate goals. In Sweden, domestic travel, which includes travel at sea, accounts for roughly a third of the total climate-driving emissions. The goal is for the greenhouse gas emissions to reduce by 70 percent by no later than 2030, and for the transport sector to be climate neutral by 2045.

## The Nimbus Group can offer various solutions

More than half of Sweden's motor cabin cruisers are more than 30-years old and just about all of them are petrol or diesel-powered. The total sales of new motorboats in Sweden totals approximately 15,000 per year and only a very small proportion of these are electrically powered.

For this reason, as boatbuilders, it is not possible for us to ignore the fact that the driveline and its use will account for a large proportion of the boat's total environmental impact. This realisation has crucial significance for both how we design our boats and our approach to technologies and fuels. Our boats shall offer our customers the opportunity to live an active boating life with as little impact as possible on the surrounding environment.

A supporting element of our engine philosophy is the concept of engine room neutrality. Put simply, this means that our boats are already designed from the bottom up to be ready for different types of engines and different types of fuels. This approach has many advantages for the customers and the environment. By not locking ourselves into a given type of engine or fuel, the boats can be equipped with new types of driveline or operated on new types of fuel, in step with the development of new and more sustainable technologies. Since our boats have a long life, it is also likely that they last longer than the engines and that our customers will one day need to replace the original engine. In this context as well, our engine room neutrality philosophy has positive consequences – the day the engine needs to be replaced, our boats can be adapted for a new type of engine, new fuel or new technology, which further extends their life.

Already today, the Nimbus Group has many boats that can be equipped with an all-electric driveline as well as a petrol or diesel engine, depending on what suits the customer. Our engine neutral approach also means that we do not lock ourselves to given manufacturers or suppliers – instead, we are open for the development of new and better technologies. In a world characterised by a rapid and revolutionary technological transition, we must be ready, as manufacturers, for the technologies and the fuels that are shown to manage the transition's and the customers' demands best.

Many steps have already been taken and more are underway. All of our diesel-powered inboard engines can already today be run on renewable biodiesel, HVO 100, which gives a significantly lower climate footprint. Since 2022, our customers can also choose diesel-powered outboard motors from Swedish Oxe Marine, and these can also be run on HVO 100. When it comes to petrol-powered outboard motors, we offer motors from most of the leading manufacturers who, in

turn, are competing mutually to develop motors that are as efficient and environmentally compatible as possible. Among the manufacturers of both inboard and outboard motors there is also extensive development work underway on electrification and different types of hybrid solutions.

Which type of solution a customer chooses depends, of course, on many factors such as the type of boat, type of use, the characteristics that the customer prioritises as well as the available infrastructure for different fuels. Do you travel short distances and spend a large part of your time in various natural harbours or do you use the boat primarily for travel or longer trips? The answer to that question determines the solution that is most suitable. All solutions have their benefits and limitations

We offer our customers fossil-free or carbon dioxide neutral propulsion in approx. 30% of our models thanks to electric drive or the option to use renewable biodiesel, HVO. Currently, our electrically-powered boats are primarily bought by customers who spend time in sensitive natural areas or on inland waterways where there are speed restrictions, while HVO is best suited for longer travel and higher speeds.

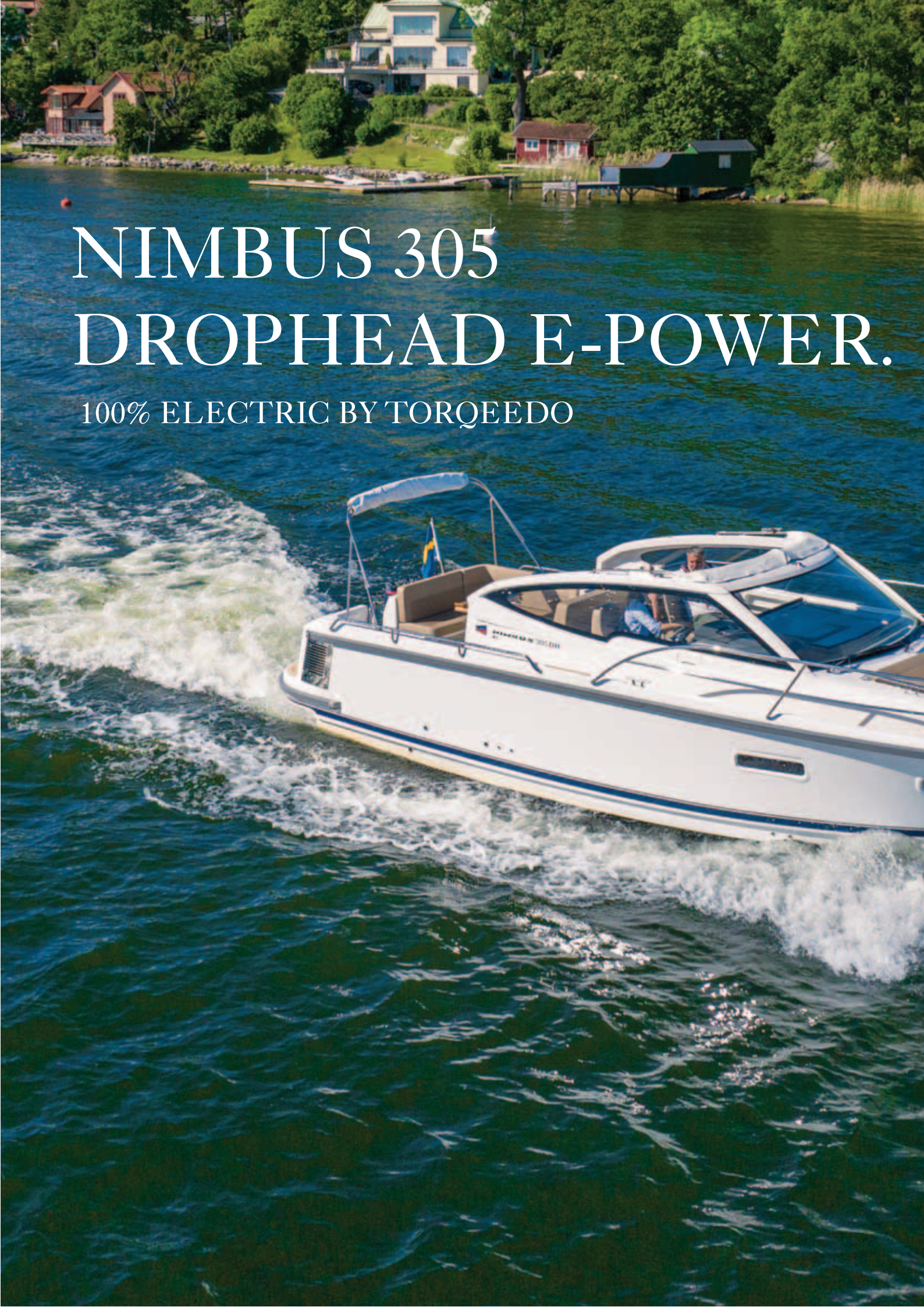
## Combustion engines

Without doubt, the greatest proportion of our motorboats, currently over 95 percent, are powered by various types of combustion engine. For inboard engines, diesel-power is common while petrol-power is the most common for outboard motors. There is political pressure to replace fossil fuels with renewable fuels or electric power to reach the climate targets. Even if combustion engines have a indisputably lower energy efficiency than electric motors they still offer competitive performance, when it comes to power, weight, installation space, total costs and range. Diesel engines generally use less fuel than petrol engines and have the advantage that, to a large extent, they can be run on renewable biofuels, such as HVO 100, which results in significantly lower emissions of climate-forcing carbon dioxide. Currently, the availability of synthetic petrol is not large enough, from an infrastructure perspective, to be an alternative. However, there are a number of interesting projects in this area.

## All-electric drivelines

In the same way as on the automobile side, there is also a transition to all-electric drivelines in the boat industry. However, in the car industry, the transition has come further and there are many reasons for this. Today, many electric cars have a battery capacity that easily covers the owners' and the users' normal needs – moreover, many people can charge their cars at home. For those who want to drive further, there is a decently developed network of charging stations, and more are being added all the time. When it comes to boats, the situation is different in parts. To cover a motorboat user's normal energy needs still requires a very large battery pack that, in turn, is both bulky and heavy. For natural reasons, the possibilities for charging larger motorboats at home are limited and the same applies for taking the battery pack home to charge it overnight. For this reason, charging normally must be done in the home harbour or at special locations on the outskirts of the archipelago. Here, there is important work underway to build more charging stations and many initiatives are in progress, both in Sweden and internationally. However, the number of charging stations is altogether too few for the technology to have an extensive breakthrough.

The Nimbus Group has worked for electric power for many years on developing solutions and, within the framework for the E-power (environmental power) concept, we presented a Nimbus 27 Nova S with all-electric drive in 2009. For many years, we have also been working with Torqeedo, the world's largest manufacturer of marine electric motors. This collaboration resulted in us being able to launch the first all-electric powered houseboat, the Nimbus 305 Coupé, in 2016. We are also shareholders in the Swedish manufacturer of electric powered outboard motors, Stream Propulsion, which has developed all-electric outboard motors in two power classes, and is responsible for the driveline in our all-electric boat, the Bella Zero. In 2022, Stream Propulsion signed an agreement with Japanese Tohatsu, one of the world's largest manufacturers of outboard motors, which means that Tohatsu will deliver key components to Stream Propulsion's outboard motors. The Nimbus Group will offer all-electric solutions in step with them becoming commercially marketable and available.



# NIMBUS 305 DROPHEAD E-POWER.

## 100% ELECTRIC BY TORQEEDO

## Fact Box, E-Power

The following product launches have been made within the framework of E-power (Environmental Power)

- In 2009, we presented the test boat the Nimbus 27 Nova S with all-electric power
- In 2016, we launched the first all-electric series-produced boat, the Nimbus 305 coupé E-power, in collaboration with the world's largest marine electric motor manufacturer, Torqeedo.
- In 2017, the Nimbus 365 Coupé E-power (electric motor) was launched.
- In 2018, the Paragon 31 was launched, a professional sea assistance model 100 percent powered by green methanol.
- In 2019, the Nimbus Group invested as a shareholder in the start-up company STREAM Propulsion, which offers marine electric drivelines using existing industrial components. This way of doing business makes the distance from product idea to commercial product shorter and the price picture easier to control.
- In 2021, we launched Bella ZERO as part of the ZERO concept (zero emissions in operation). In the Bella case, this is about making good-value boats equipped with electric outboard motors from STREAM Propulsion available to the general public. The boats are semi-planing and intended to be driven at a slightly lower speed. These models have attracted a lot of attention, both from the media and among customers. Our ZERO concept is independent of our various brands and, via it, we are a "Sustainable Partner" to the "Sustainable Seas Foundation".
- In 2022, our associate, Stream Propulsion, signed an agreement with Japanese Tohatsu, one of the world's largest manufacturers of outboard motors, which means that Tohatsu will deliver key components to Stream Propulsion's outboard motors.
- In 2022, we conducted successful test of Oxe Marine's diesel-powered outboard motor on a Nimbus T11, which resulted in the collaboration agreement that now allows our customers to also choose to equip their boats with Oxe engines. Oxe Marine's diesel-powered outboard motors can be run on renewable biodiesel, HVO100, which results in significantly lower emissions of the climate-forcing carbon dioxide.

## Hybrids

Hybrid operation, that is to say, a combination of electric power and combustion engine, have long been common in the automobile industry and are now starting to appear in the leisure boat industry. For motorboats, hybrid operation has several advantages. All-electric operation can be used for 100% emissions free and quiet operation, for example, in harbours and channels where fossil operation is not permitted, but also in other situations where quiet and emission free operation is preferable, for example, some types of fishing. Moreover, the electric motor's torque curve makes it particularly suitable for use from stationary up to planing speed, when the combustion engine can take over. Thanks to such combined use, each motor can be used in the parts of the operating cycle where they are most efficient, which provides, in general, lower fuel consumption and thus, lower environmental impact.

Since the hybrid driveline consists of a battery, the solution also provides increased electrical capacity, which can be used to operate different onboard applications. Thanks to the fact that the electric motor in these types of solutions can usually also act as a generator, the battery can be charged while the boat is run on petrol or diesel. The stored energy can then be used again. For boat owners who prioritise tying up in natural harbours, the availability of higher battery capacities provides better options for hotel operations during longer stationary periods.

Many manufacturers have presented different hybrid solutions in the past year, including Volvo Penta, Mercury and Oxe Marin. The Nimbus Group will offer our customers hybrid solutions in step with their market introduction and availability.


## Future technologies – future opportunities

The Nimbus Group manufacturers boats with a long life and thus, by definition, we build boats for the future. Which technologies or fuels will be dominant in the long term is impossible for us to say today – the only thing we know is that we must be attentive to the customers', the market's and the world's demands, and we must also be ready to test new solutions when they appear. Presently, there are several different technical paths forward that have not yet reached full commercial maturity and acceptance but which could turn out to be crucial in the near future. 15 years ago, the first series manufactured all-electric car was launched. What will happen in the technical development in the next 15 years we do not know – the only thing we do know is that it is wise to get ready for other solutions than those that appear obvious today. The Nimbus Group is ready for other solutions. Our boats are ready for the future.

# OUR EMPLOYEES

Our values and ethical approach permeates everything we do. Long-term and value-creating relationships reduce the risk of losing employees, customers and suppliers. We therefore encourage open and transparent dialogue on sustainability linked to our business.

We are striving to develop as a value-driven organisation with open and unpretentious communication that supports new ideas, improvement work and work environment issues. We continuously map and formulate goals and strategies for the area.

## Code of Conduct

Our commitment to sustainability is deeply rooted in our culture, and our employees share the responsibility to for acting appropriately in relation to customers, owners, suppliers and colleagues. To clarify how our employees must act, we have introduced a code of conduct for our employees in the Group. In our code of conduct, we make it clear that we do not accept bribery or corruption in any way. This reduces the risk of damage, negative publicity or a negative impact on our brands and it helps to strength our relations with employees, customers and suppliers.

We see working for human rights only as a minimum requirement and our ambitions go beyond that. The code of conduct states that Nimbus strives for a high level of business ethics and has zero tolerance for all forms of discrimination or illegal and unethical conduct. All employees are given equal opportunities regardless of gender, sexual orientation, age, ethnic or national affiliation, religion or impairment.

## Safety and Security

Offering a good and safe working environment is important to us. The Group's overall goal is that work environment management will be an integral part of all operations. The Nimbus Group shall be a physically, mentally and socially sound workplace for all employees where risks of occupational injuries and work-related ill-health are prevented.

Security and a healthy work-life balance are important in order to attract and retain employees. Our working hours will not exceed those set by local laws and our employees shall be compensated in accordance with all applicable legislation in the area.

## Employee surveys

The Nimbus Group has conducted anonymous employee surveys every two years to measure the ESI index, Employee Satisfaction Index. In the last survey, conducted in January-February 2020, the Group had an ESI of 77.4 (on a scale of 1-100) and a response rate of 78 percent. In 2022, a new measurement tool was procured, which is why an ESI measurement was not made. The new tool will be tested in our production facility in Lugnås before any roll-out. If it is decided to introduce the new tool, the intention is to develop new goals based on the new metrics.

## Leadership

Training of both managers and leaders is conducted through a comprehensive external leadership training programme with the aim of establishing modern, situational leadership. At the end of 2022, approximately 60 percent of the intended target group had attended the course (the goal is 100 percent) and an additional number of managers, who started the course during 2022, are expected to finish it in 2023.

## Our guidelines for a good working environment

- No employee should be subjected to victimization such as bullying, psychological violence, social exclusion or harassment.
- No one should be under the influence of alcohol or drugs during working hours. All employees are obliged, if someone is under the influence of alcohol or other drugs, to immediately report it to their line manager who is then responsible for taking the necessary measures.
- Work adaptation and rehabilitation issues should be included as an important part of work environment management. The goal is for the employee to be able to return to their workplace as soon as possible. If necessary, external expertise shall be used.
- All employees should be given the knowledge, skills and practical opportunities necessary to participate actively in the design of the work.
- The individual should receive, as far as possible, challenging and stimulating tasks with opportunities for variety, and be given responsibility in line with their position.
- Division of responsibilities and powers should be clearly formulated and understood.
- Both internal and external resources will be used to track and assess risks and to propose measures.
- Concrete action programmes and projects for work environment management shall be drawn up, implemented and evaluated.

# ADDITIONAL INFORMATION

This is the Nimbus Group's second sustainability report and relates to the 2022 financial year. The report has been prepared in accordance with sustainability reporting as stated in the Annual Accounts Act. This year's report continues to be based on the materiality analysis and stakeholder analysis that were performed prior to the production of the sustainability report for 2021. The measurement and calculation methods are described, if necessary, in connection with the respective key figures.

## Materiality analysis

The materiality analysis prior to the 2021 sustainability report was performed in a number of management team workshops. The first step involved drafting a comprehensive list of the various sustainability-related factors/areas based on the company's business model and value chain. The list was ranked, partly based on our ability to influence these factors/areas, and partly on the basis of stakeholders' opinions/preferences and the importance of the factors to stakeholders.

This resulted in the following priority areas:

- Personnel, with a focus on training and the working environment
- Our suppliers
- Clean and resource-efficient manufacturing
- Driveline with an active requirement for our motor suppliers
- Environmental issues at dealerships
- Life cycle analysis of our products

Of the areas that we are able to influence, it was the areas above that were considered to be the ones that had the highest importance for stakeholders.

## Stakeholder dialogue

Prior to the 2021 sustainability report, a stakeholder analysis was carried out through internal workshops with the management team and representatives from HR, Sales and Purchasing, which gathered information from their business relationships and contacts. The participants in these workshops were representatives from all relevant departments of the company with expertise in all different stakeholder groups.

The stakeholders we chose to focus on in the materiality analysis are owners/investors, customers, employees, suppliers and the local community. These have been considered the most relevant as they have the greatest impact on the company. Other relevant stakeholders are authorities, the media, legislators and auditors, as well as interest groups such as boat clubs and environmental organisations.

When selling boats, we often have a close dialogue with the end customer. For most people, buying a boat is a significant purchase and requires proper and sometimes lengthy dialogue with our organisation. We therefore gain a good understanding of our customers' needs and opinions.

We have previously conducted anonymous employee surveys every two years to measure the ESI index, Employee Satisfaction Index. These surveys, together with other contact with employees such as the annual performance appraisal, have, among other things, formed the basis for our work with our employees. In 2022, we procured a new measurement tool, which is why an ESI measurement was not made. The tool, which provides the option to make faster and more frequent measurements (pulse measurements), will be tested at our production facility in Lugnås prior to any roll-out in the Group.

Our manufacturing plants, where the majority of our employees work, are located in smaller locations. We therefore have a relatively large impact on the local community. It is therefore important for us to support – actively, directly or through our employees – the local community through associations, youth sports, etc.

In connection with the IPO process, the CEO and CFO met with a large number of investors who conveyed their desire for information and reporting on sustainability. Many of these subsequently became shareholders in the Nimbus Group and continue to be today. The feedback from these meetings have formed the basis for the stakeholder analysis.

During 2022, communication with stakeholders has mostly continued through ongoing business contacts. We have also conducted a more focused stakeholder dialogue with potential end customers by means of questionnaires with a focus on sustainability issues. During 2022, an additional number of supplier evaluations have been carried out. These reviews provide a good picture of their requirements and needs from us.

# MANUFACTURING & LIFE CYCLE

## Energy

| Energy GWh | 2019 | 2020 | 2021 | 2022 | Year's difference |
|---|---|---|---|---|---|
| El[1)] | 4.96 | 4.57 | 5.38 | 5.11 | -5% |
| District heating | 2.57 | 2.56 | 3.54 | 3.44 | -3% |
| Pellets | 0 | 0 | 0.05 | 0.60 | 1064% |
| Fuel oil | 0.53 | 0.35 | 0.01 | 0.00 | -100% |
| Diesel [2)] | 0.75 | 0.78 | 0.80 | 0.80 | 0% |
| **Total:** | **8.81** | **8.25** | **9.78** | **9.95** | **19%** |
| Intensity MWh/MSEK[3)] | 11.85 | 9.68 | 7.79 | 7.69 | -1% |

1) For increased comparability, previous figures have been recalculated in accordance with new principles, 2) Excluding internal transports in out factories and at our dealerships,
3) Turnover at our own factories and the dealerships we own

## Waste

| Tonne[1) 2)] | 2019 | 2020 | 2021 | 2022 | Year's difference |
|---|---|---|---|---|---|
| Recyclable waste | 672.39 | 669.13 | 916.70 | 997.35 | 9% |
| Landfill (non-recyclable) | 36.98 | 16.73 | 5.01 | 3.51 | -30% |
| Hazardous waste[3)] | 35.47 | 22.54 | 44.79 | 62.09 | 39% |
| Intensity total waste Tonnes/MSEK | 1.002 | 0.831 | 0.769 | 0.821 | 7% |

1) For increased comparability, previous figures have been recalculated in accordance with new principles
2) Lidingö and Saltsjö Duvnäs were not included between 2019 and 2021, since data was missing. In 2022, their total waste amounted to 2.52 tonne
3) Hazardous waste is either recycled, incinerated or sent to landfill depending on its nature

## Emissions

| Tonne VOC from plastic manufacturing | 2019 | 2020 | 2021 | 2022 | Year's difference |
|---|---|---|---|---|---|
| VOC (NMVOC) | 28.319 | 22.695 | 18.687 | 22.998[1)] | 23% |
| Intensity Tonne/MSEK | 0.038 | 0.027 | 0.015 | 0.018 | 19% |

1) During 2022, the purification plant at Lugnås had a lower purification grade than in previous years, which will be investigated and corrected in 2023

## Carbon dioxide emissions

| Tonne | 2019 | 2020 | 2021 | 2022 | Year's difference |
|---|---|---|---|---|---|
| Scope 1[1)] | 347.2 | 301.6 | 235.8 | 237.0 | 1% |
| Scope 2 | 729 | 726 | 843 | 843 | 0% |
| **Total:** | **1077** | **1028** | **1079** | **1080** | **0%** |
| Intensity Tonne/MSEK | 1.45 | 1.21 | 0.86 | 0.83 | -3% |

1) Excluding internal transport in our factories and at our dealerships,

# CORPORATE SOCIAL RESPONSIBILITY

## Code of Conduct

**Proportion of direct suppliers who have signed our code of conduct, or who have one of their own that we have approved.**

| | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Share (%) | 0% | 0% | 54% | 71% |

# STATEMENT OF NIMBUS' FULFILMENT OF THE ACCOUNTING REQUIREMENTS IN THE ANNUAL ACCOUNTS ACT

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| | Risks and risk management relating to anti-corruption | p. 5, 18–19 |
| | Objectives and results relating to anti-corruption | p. 13, 18–19, 30 |

# POLICY-STATEMENT

At present, we have the following in place:

- Work environment policy
- HR policy
- Anti-victimisation policy
- Code of conduct for suppliers
- Code of conduct for employees

During 2022, we worked actively to clarify the importance of environmental issues in the organisation, which will be summarised in a written environmental policy in future.

NIMBUS GROUP

NIMBUS GROUP AB (PUBL)
BOX 5152, 426 05 VÄSTRA FRÖLUNDA
OFFICE ADDRESS: TALATTAGATAN 10, GKSS LÅNGEDRAG
PHONE: +46 (0) 31-726 77 00
WWW.NIMBUSGROUP.SE