

På websiden:

1. Report in accordance with the Transparency Act

AquaGen's report for 2023/24 is now available. Please contact the Head of Community Engagement and Corporate Responsibility, (trina.galloway@aquagen.no), if you wish to receive a copy of the report.

Link to the document: S10 Ensuring Good Social Practices

2. Statement on AquaGen's Due Diligence Assessments in accordance with the Transparency Act for 2023/

30.06.2024

1. About AquaGen

AquaGen AS is a research-oriented breeding company that develops, produces, and delivers genetically superior stock material of salmonids to the global aquaculture industry. The company's operations are based on more than 50 years of targeted breeding of stock material collected from more than 40 rivers. The primary product is fertilized roe. Additionally, secondary products from the breeding work are sold, such as fry, smolt, and table fish.

AquaGen AS is the parent company of the AquaGen group, with its headquarters in Trondheim. In Norway, we have approximately 180 employees at production facilities in the municipalities of Heim, Tingvoll, Ørsta, and Steigen, as well as part of the R&D department in Ås. The group's operations in Scotland are managed through the subsidiary AquaGen Scotland Ltd, which has about 15 employees at the headquarters in Stirling and the production facility in Dumfries. The group's operations in Chile are managed through the subsidiary AquaGen Chile SA, which has about 150 employees at the headquarters in Puerto Varas and the six production facilities. Through the subsidiary AquaSearch Ova Aps, AquaGen also produces and sells rainbow trout roe in Denmark. AquaGen AS is 100% owned by the German company EW Group GmbH.

AquaGen Norway is organized with management and departments for production, research and development, sales and marketing, finance, supply chain security, and HR and Corporate Services.

This statement pertains to AquaGen AS's operations in Norway (hereafter referred to as AquaGen) for the fiscal year 2023/24 (we have a non-standard fiscal year, which runs from 1 July to 30 June).

2. About the Transparency Act

The Transparency Act, which came into force on 1 July 2022, aims to *promote companies' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services, and to ensure public access to information on how companies handle negative impacts on fundamental human rights and decent working conditions.*

The Act applies to larger companies domiciled in Norway, offering goods and services within or outside of Norway. AquaGen falls under the definition of "larger companies" according to the Act, which entails the following obligations:

1. Regularly (annually) conduct due diligence assessments in line with the OECD Guidelines for Multinational Enterprises. The process is illustrated in Figure 1.
2. Publicly report on the due diligence assessments.
3. In response to written inquiries from any stakeholder, provide information on how AquaGen manages actual and potential negative impacts.

This document outlines AquaGen's management of the process illustrated in Figure 1, addressing points 1 and 2 above.

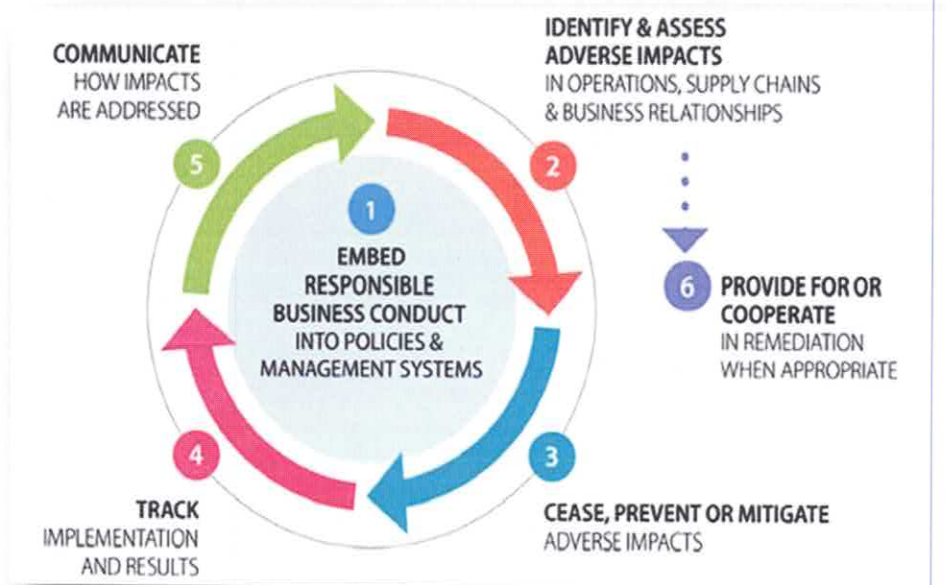


Figure 1: Recommended process from the OECD guidelines for due diligence for responsible business conduct, prepared by the Norwegian Contact Point for Responsible Business Conduct, January 2019, www.ansvarlignæringsliv.no.

3. Anchoring Responsibility at AquaGen (Step 1 in Figure 1)

AquaGen works systematically to be an attractive and safe workplace. Our efforts for good social practices are anchored in our sustainability policy, our declaration of good social practices, our Global G.A.P certification, and several processes in our management system:

- Management: Stakeholder management (especially relevant here are suppliers)
 - Procedure: Supplier evaluation and management
 - Procedure: Due diligence assessments – suppliers’ social practices
 - Tool: Qualitative criticality and risk assessment of suppliers
 - Contracts and/or other agreements with suppliers and
- HR and HSE:
 - Handbook: HSE
 - Handbook: Personnel
 - Procedure: Whistleblowing of unethical conduct
 - Deviation system
- Corporate Social Responsibility and Sustainability
 - Policy: Sustainability at AquaGen
 - Declaration: Ensuring good social practices

The Chief Executive Officer (CEO) holds overall responsibility for the procedure concerning due diligence assessments, while department directors are accountable for ensuring assessments of suppliers within

their respective departments are conducted. Our declaration of good social practices and Global G.A.P certificate can be accessed at www.aquagen.no.

4. Due diligence assessments (steps 2-6 i Figure 1)

4.1. Mapping and assessment of negative impact/harm (step 2)

The procedure Supplier Assessment and Management describes how AquaGen continuously evaluates the criticality and risks associated with our suppliers and partners. The procedure Due Diligence Assessments - Suppliers' Social Practices outlines how AquaGen conducts due diligence assessments of our suppliers and partners to identify, prevent, and mitigate negative consequences related to human rights and decent working conditions.

Examples of risks evaluated in due diligence assessments include forced and child labor, discrimination and harassment, hazardous working conditions, forced overtime, low wages, health and safety issues, lack of respect for union rights, and pollution and environmental damage.

AquaGen conducts initial assessments to determine: a) the risk associated with the product or service according to the Directorate of Administration and Financial Management's high-risk list, b) whether the supplier/partner is on the Norwegian Government Pension Fund Global's blacklist, c) whether the supplier/partner is a member of UN Global Compact or similar standards for good social practices, d) whether the supplier/partner holds a Global G.A.P certificate or a "Document of Compliance" issued by an accredited company, and e) whether there are other factors indicating risks of human and/or labor rights violations associated with the individual supplier/partner.

Following the financial year 2023/24, we have found it challenging to conduct due diligence assessments for all our new suppliers, which is also not proportionate based on the principle of proportionality. Therefore, we are going to revise our practices and procedures to only assess large suppliers who provide to our core operations. Additionally, we plan to raise awareness of due diligence assessments within the organization through a joint webinar in autumn 2024 facilitated by an external contributor, aimed at making this process understandable for the entire organization. We aim to make these due diligence assessments an ongoing effort and recognize that we are already progressing well by adhering to our procedures for major purchases. However, it is prudent to clarify the guidelines further and apply them when evaluating new suppliers for significant procurements

For In the fiscal year 2022/23, AquaGen utilized a total of 945 suppliers of goods and services. These suppliers were categorized into two groups: those integral to our value chain, providing input factors for AquaGen's products, and those providing support services such as facilities, cafeteria services, cleaning, and auditing. The former group comprised 86 suppliers who deliver equipment and services in IT, land-based and sea-based fish production, transportation, laboratory analyses, HR, HSE (Health, Safety, Environment), accounting, and research. Additionally, it includes partners involved in fish processing secured for AquaGen. All 86 suppliers engage in recurring sales to AquaGen, and an initial criticality and risk assessment was conducted for them.

The majority of these suppliers (approximately 85%) operate in Norway and adhere to Norwegian laws and regulations.

Among these 86 suppliers, none posed a high risk of negative impact on human rights and labor conditions based on the initial assessments, while 8 were assessed to have medium risk.

The previous reporting highlighted risks primarily associated with suppliers of electronics and transportation services. There is now increased awareness within the organization regarding procurement of these services, and our electronics suppliers also serve public entities. As mentioned, our focus on due diligence assessments of suppliers will target those extensively utilized to maximize our purchasing influence. This approach builds upon the robust due diligence efforts undertaken in the fiscal year 2022/23, and we are proceeding based on this foundation with clearer guidelines and more focused assessments of major suppliers going forward.

4.2. Implementation of measures (step 3)

If initial investigations reveal a high risk that AquaGen causes, contributes to, or is directly associated with negative impacts, dialogue with affected and other relevant stakeholders shall be initiated to identify appropriate measures that reduce and possibly eliminate the negative impacts. Mitigative and preventive measures will be prioritized where the risk is greatest.

If actual violations or risks of negative impacts on human and/or labor rights are uncovered during the assessment, measures shall be implemented to reduce and eliminate the negative impacts.

For the fiscal year 2022/23, AquaGen did not directly implement any specific actions towards its suppliers. However, a mitigative measure was planned regarding IT equipment suppliers: to engage suppliers who also supply to public institutions, are more experienced in due diligence assessments than us, and have greater influence to address identified risks. This awareness has been addressed and will continue to be maintained going forward. Awareness-raising around purchasing routines and evaluation of suppliers is important in the onboarding of a new IT manager.

For the year 2023/24, there have been no significant new suppliers added. We have chosen to refine our measures for more realistic compliance going forward. In the autumn of 2024, the finance department will work on updating routines for procurement. The procurement routine must contain which due diligence assessments (checklist) must be carried out by suppliers, to ensure that we comply with The Transparency Act. This checklist is prepared and maintained by the Department for HR and corporate services. The latter department must also be involved in quality assurance that the choice of supplier is made in accordance with our due diligence assessments.

4.3. Monitoring and evaluation of implemented measures (step 4)

When measures are implemented to reduce negative impacts on human and/or labor rights, it is essential to monitor whether these measures are effective. This involves documenting the actions taken and their outcomes, assessing their effectiveness, and considering if additional measures are necessary. Active communication with affected stakeholders and rights holders is conducted to prevent future negative consequences.

4.4. Communication on how negative impacts/harm have been addressed (step 5)

AquaGen AquaGen informs its employees about our obligations under the Transparency Act and works to increase awareness throughout the organization. However, there will be a particular focus on our largest suppliers to ensure compliance with our procedures. High risks of negative impacts on human rights and labor conditions among our suppliers, as well as the measures implemented, will be recorded in AquaGen's deviation management system.

AquaGen's disclosure of due diligence assessments will be made publicly available on www.aquagen.no by June 30 each year, and will also be referenced in the annual report and sustainability report.

4.5. Remediation and compensation (step 6)

If AquaGen is found to have caused, contributed to, or is directly linked to actual harm, the damage shall be managed by ensuring or cooperating in remediation and/or compensation where necessary. Appropriate remediation/compensation will be assessed case by case and in dialogue with affected stakeholders. This could include financial compensation, public apologies, or restoration/substitute actions if material harm has been caused.

5. Further work

2023/24 marks the second year AquaGen conducts due diligence assessments of its suppliers and partners. The company is more aware of the risks associated with our suppliers and partners, as well as our procedures for assessing and managing these risks.

AquaGen is certified according to ISO 9001 and continually improves and develops. Consistent with this, we will continue our efforts to enhance transparency, traceability, and integrity throughout our value chain.

In line with the principle of proportionality, we recognize that focusing on our largest suppliers and allocating more time to assess them in the next period will be beneficial. The finance department and the department for HR & Corporate Services are currently working on establishing new procedures for this effort.

If you have any questions regarding how AquaGen operates in accordance with the Transparency Act or other corporate responsibility-related topics, please contact our Head of Public Affairs and Corporate Responsibility, Trina Galloway (trina.galloway@aquagen.no).

