

SUSTAINABILITY REPORT 2022



HOFSETH

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OUR RESPONSIBILITY

Delivering Nutritionally-Rich Protein to the World Without Compromising People, Planet, or Fish Welfare

We acknowledge the reality of the climate crisis and accept our responsibility to provide sustainable, healthy food for as many people around the world as possible. The viability of this goal rests on two crucial elements: a sustainable natural foundation and a sustainable value and supply chain. We see this as a duty, not an option — based as we are in a fjord environment that has abundant resources of water and renewable energy, and is surrounded by protective mountains, we can make optimal use of these assets through our well-established value chain to provide the world with much-needed healthy nutrition.

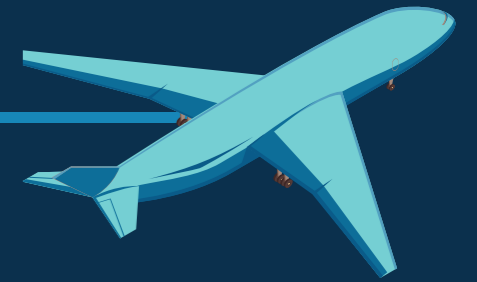
MARKET SERVED



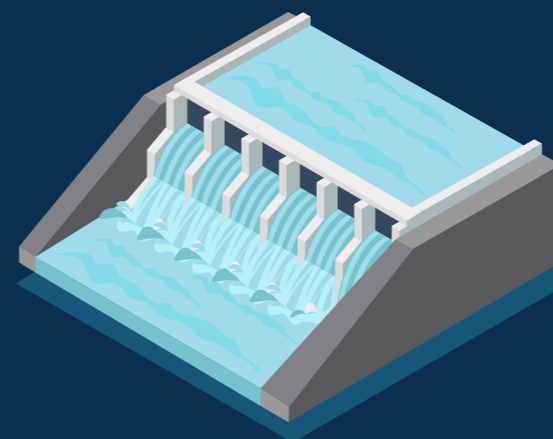
REVENUE



SHARE OF AIRFREIGHT



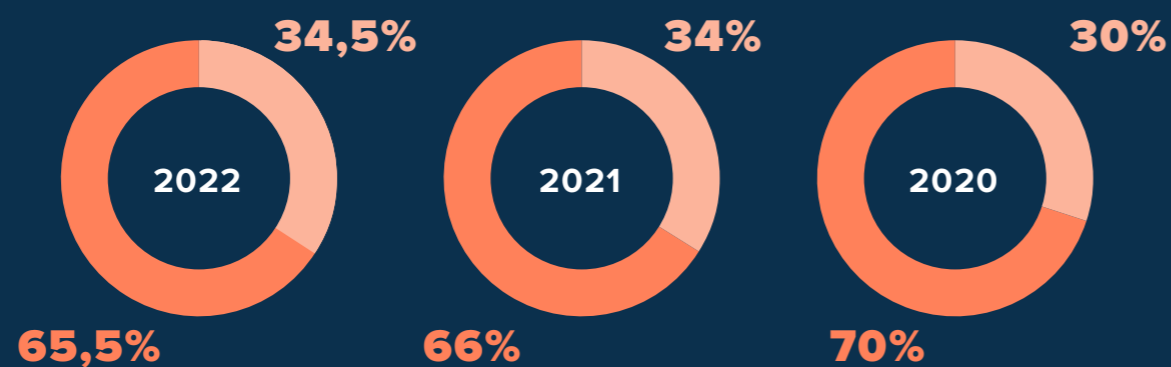
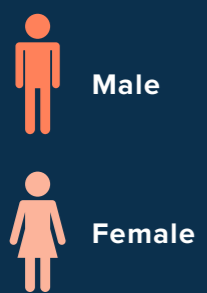
NUMBER OF EMPLOYEES



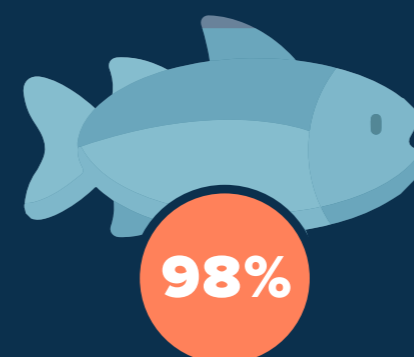
SHARE OF RENEWABLE ENERGY



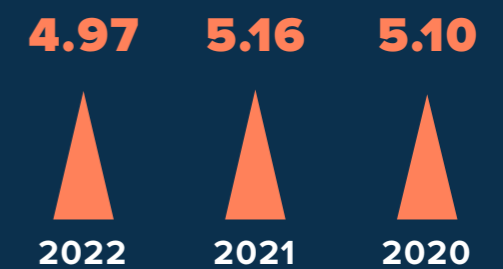
Target 2022: 100%



FISH UTILIZATION



GHG EMISSIONS INTENSITY



(Kg Co2e pr. Kg fish)

ECONOMICAL FEED RATIO



Target trout <1.28
Target salmon <1.13

TIMELINE

1907 - Ivar Heggen from Valldal pioneered the first fish ponds on land

1959 - Olav C. Vik and Karstein O. Vik established Nor-Laks in Sykkylven

1967 - First experimental farming in Fjørå close to Tafjord

1976 - Anita and Anders Pedersen established Fjordlaks Aqua with fish farms in Storfjord

1998 - Fjørå Fjordlaks AS and Fjordlaks Aqua AS merged

2022 - Ovum our first closed farm-system

2020 - Upgrading smolt and post-smolt facility in Tafjord and farm pens in Storjorden

2019 - Upgraded slaughterhouse to double capacity

2016 - Acquisition of salmon and trout farmer Fjordlaks Aqua (now Hofseth Aqua)

2008 - Merged with Seafood Farmers and created what is today Hofseth International

2005 - Hofseth acquired the first factory, a former dairy plant that was converted into salmon processing

2002 - Hofseth AS established, initially focused on trading of various seafood

2023-2025 - World Heritage Salmon, our first land-based farm

2030 - Reduce our GHG emissions by 46% (scope 1 og 2) and 42% (scope 3), and doubling farming and processing volume to 100 000 tons of fish yearly

2050 - Net zero GHG emissions

HOFSETH

REFLECTIONS FROM THE CEO

Dear stakeholders

I take pride in observing the hardworking and dedicated efforts of the Hofseth team in delivering nutritious, sustainable seafood to our customers worldwide. Our filets alone have contributed to more than 130 million meals in 2022, and it's remarkable to witness the growth of Hofseth as an organization - both in terms of size and expertise. As I previously mentioned, to remain the leading provider of sustainable seafood, we require the most skilled and qualified personnel.

In our previous report, we highlighted the government's plan to support the creation of green value and its potential benefits for companies and organizations investing in sustainable initiatives. The aim of this plan was to advance sustainable development and enhance the well-being of local communities, while also adding more value locally. Unfortunately, we were disappointed to learn about the proposed unsound ground rent policy. Since September 28th, 2022, we have had to focus our efforts on defending our companies' right to exist and grow in Norway against this confusing tax suggestion, which threatens our stability and

growth. Stable governance and reasonable tax levels are vital for our businesses to succeed. The ground tax suggestion has caused a significant shift in the relationship between industry and politics, with negative consequences that will endure for years to come. We must stand together to oppose this policy and support the government's original plan to promote green value creation and add more value locally.

The future of farming is a source of great excitement for me, especially when I am out in the fjords surrounded by towering mountains and awe-inspiring waterfalls. It is a privilege to observe the integration of cutting-edge technology and competent staff as the future of seafood farming takes shape. Our partner company, Ovum, is at the forefront of this development and in September 2022, the first smolt was introduced into a closed system.





To see the fish thriving in a lice-free environment, with improved growth rates and revolutionary feed efficiency, and near-zero mortality rates, gives us the confidence and motivation to continue our pursuit of sustainable farming practices. In our last ESG-report I also shared my optimism for closed systems in fjords and my skepticism for offshore facilities, I am therefore glad to see that Sintef Ocean in their latest report colludes with the same, offshore farming is both bad for environment and economy, to become sustainable we must play on the side of nature and not against nature.

In our processing division, I am pleased to see progress in several initiatives. Our development project to use mono-plastic and recycled cardboard has the potential to improve our packaging footprint and reduce the risk of environmental littering. Our long-term goal is to supply our processing facilities with fish farmed by Hofseth, which could remove 5000 truckloads from the roads annually and eliminate the use of EPS. In the meantime, we are upcycling EPS from fish purchased from external farmers, reducing our environmental footprint. Our contracts for renewable energy have given us a competitive advantage in terms of emissions and finances. We also have promising research with a local company regarding emissions to water. By using energy, salt, and water, we aim to eliminate several thousand liters of chlorine used annually.

In the market it is satisfying to see that we are the leading provider of frozen Atlantic salmon delivered to US market from Norway, being a force for fish delivered by sea freight rather than airfreight is the single most important step toward sustainability, in addition to the re-fresh marked we are now looking forward to introducing Ice-fresh technology to reduce waste, improve quality and enhance the value chain of the frozen fish.

Our customers have placed their trust in us, and we are committed to providing them with the highest quality products and services. Our employees have been tireless in their efforts, continuously striving to improve and drive the company forward. Our partners have been instrumental in our growth, and we value the strong relationships we have built with them. And our local community has supported us every step of the way, and we are proud to be a part of this vibrant and thriving area.

We are committed to continuing to grow and evolve, and we couldn't do it without you. Thank you for your trust and support, and we look forward to continuing to work together to shape the future.

A handwritten signature of Roger Hofseth in blue ink. The signature is written in a cursive, flowing style.

Roger Hofseth

Chief Executive Officer

SUSTAINABILITY GOALS



Hofseth has for the past 20 years delivered healthy food options for consumers. We understand that tastes change over the years; now, people often prefer to eat only cleaned fillets without bone or skin. Unfortunately, this means some of the most nutritious parts of the fish are often wasted. Hofseth International has a close relationship with Hofseth BioCare, whose technology converts all off-cuts from the salmon filleting process into healthy, easy-to-consume supplements.



Marine life, biodiversity and efforts to mitigate potential harm are closely intertwined. Therefore, our company takes all conceivable measures to protect the environment surrounding our operations and all the life within it. We believe the future of fish farming lies in closed systems, which have little or no impact on marine life.



Salmon has a low carbon footprint compared with other protein sources, but there is still room for improvement. At Hofseth we are examining our entire supply and value chains to reduce or eliminate greenhouse gas emissions.



Hofseth International is always open to, and actively seeks, partnerships that are beneficial for the planet, for its people and for the company's products. We believe fresh ideas, research, product development, early-stage technology and adaptation are all part of the formula for optimum sustainability.

STAKEHOLDERS

A stakeholder is a group, organization, member or system who affects or get affected by organization's action.

Hofseth is committed to have a good dialogue with our stakeholders. We do this through our yearly stakeholder meeting for interested parties, at which we describe our operations, challenges, solutions and future plans. The presentation can be sent by e-mail to those who request it. Open dialogue and productive feedback are highly valuable for our strategy to continue growing in a sustainable way. In addition to the annual meeting, we carry out surveys and engage in dialogue with our various stakeholders to establish priorities and find the best path to a sustainable future.

INTERNAL INFLUENCES

- Employees
- Shareholders
- Management

CUSTOMERS

- International customers
- National customers
- New customers
- Consumers

HOFSETH

BUSINESS ASSOCIATES

- Bank/Finance
- Fish farmers
- R&D partners
- Suppliers

EXTERNAL INFLUENCE

- Government
- Local community
- Media
- Research establishments
- NGO

STAKEHOLDER DIALOGUE

Our vision is to be the world's most sustainable seafood producer, a goal where stakeholder inclusion is vital. However, we understand that there is no 'one-size-fits-all' solution as different stakeholders have varying aspects to consider. For our previous year's report, we succeeded in creating a format that facilitated greater stakeholder inclusion. We believe that the most effective way to engage stakeholders is by presenting the ESG report and fostering an open dialogue around its topics. This approach often leads to stakeholder demands and constructive feedback. Here are some key takeaways from this year's dialogue:

Employees

The previous ESG report was primarily presented on leadership and management levels. We are now developing an approach to enhance employee engagement, training, and feedback concerning ESG matters, aiming for more comprehensive inclusion across all levels of our organization.

Shareholders

Hofseth is committed to transparency regarding our robust ESG positioning and our long-term strategy to become the world's most sustainable seafood producer. We firmly believe in the integral connection between sustainability, economy, and profitability. Our ESG report is openly shared with our shareholders, fostering an open dialogue on various pertinent issues.

Customers

Our customer base mainly includes large supermarkets and supercenter chains, all of which usually have their own specific ESG targets. To align our objectives, we maintain a continuous dialogue with their management and sustainability leaders, which allows us to fully understand their goals and challenges. Our report from the previous year was shared with them and the feedback we received has been invaluable in guiding our forward strategies. This collaboration enables us to work together towards reducing our collective environmental footprint.

Bank/Finance

In 2022, Hofseth was granted a sustainability-linked loan of 1,650,000 NOK, facilitated by Sparebanken Møre, Sparebanken Vest, Sparebank1 SMN, and Sparebank1 Nordmøre. We appreciate these banks recognizing our commitment to reducing GHG emissions and setting future ESG targets. Our ESG report has been presented to all our banking partners, and the constructive feedback received has been valuable. Hofseth eagerly looks forward to continuing its journey towards achieving net-zero emissions.

Fish Farmers

Approximately 70% of the fish processed by Hofseth comes from external farmers in Norway, who operate under rigorous government regulations. These rules forbid the use of GMOs in feed and antibiotic treatments in operations. Additionally, enforced fallow periods at the farming sites are a mandate to mitigate environmental harm in the surrounding areas. A significant portion of our fish supply originates from farms run by large farming cooperatives.

In our collaborative efforts, we encourage these farmers to increase secondary processing of fish within Norway, an initiative that can contribute to reduced transport costs and emissions. We also advocate for investments in more sustainable energy sources and feed, further aligning our shared environmental objectives.

R&D Partners

Hofseth is actively involved in a diverse array of research and development projects. Our endeavors span from investigating renewable energy sources such as solar cells for farm use, to enhancing feed for improved trout health, and aiding our sister company in the innovative research concerning the residue from fillet projects. Our recent initiative to incorporate economic aspects into ESG reporting allows us to allocate resources for research and development related to our ESG targets and challenges more efficiently. This strategic alignment of sustainability and economic feasibility facilitates the discovery of sustainable solutions that also uphold economic viability.

Suppliers

Our suppliers occupy a critical position within our value chain. In collaboration with them, we strive to source sustainable inputs and refine our supply chains for optimal efficiency with minimal environmental and social repercussions. A key focus in our stakeholder engagement involves our feed supply chain, where we have a close working relationship with Cargill. Our goal is to source high-quality and sustainable feed ingredients that satisfy our fish's nutritional requirements while concurrently minimizing our environmental footprint.

Our discussions with Cargill have revealed that regenerative farming for agricultural ingredients could be a viable solution, complementing our primary strategy of using more marine residue to decrease the feed footprint. In our processing operations, we have run several experiments with sustainable packaging solutions and have been working closely with our packaging suppliers, including Multivac, Bewi, VPKgroup, and Glomma Papp. Our joint efforts aim to develop innovative solutions that both reduce our environmental impact and meet our customers' high standards for quality and food safety.

Nonetheless, we recognize that integrating sustainability with food safety presents a significant challenge, and there remains much progress to be made. Our dialogues with some of our suppliers have been somewhat sporadic. While we've communicated with all of them, their ESG reporting is still in the early stages. Therefore, we continue to provide feedback on our requirements and request information to enhance their ESG reporting practices.

While we have engaged in dialogue with our most significant suppliers, we plan to extend an ESG framework to our less significant suppliers in the future. It's important to note that there is no 'one-size-fits-all' solution for supplier engagement. In the past year, Hofseth had relationships with over 1100 suppliers, illustrating the diversity of our supplier interactions.

Research Establishments

Research plays a pivotal role in our industry, especially regarding ESG considerations. The most significant work in this field is the Sintef Ocean report: "Greenhouse Gas Emissions of Norwegian Salmon Products". This report, commissioned by FHF and conducted by Sintef Ocean, Asplan Viak, and the Research Institute of Sweden, serves as an excellent tool for scientific benchmarking and target setting. Updated late in 2022, we highly recommend that this report be utilized as an industry standard and updated annually. In our quest for continued improvement and understanding, we've had several stakeholder meetings with Sintef Ocean. Additionally, Sintef conducts a survey on health and safety. Hofseth is committed to participating in this survey, using its findings for benchmarking, and fostering improvements within our farming division.

Local Community and media

Last year, we utilized the Ivar Heggen viewing center and the educational center at Atlanterhavsparken for several local stakeholder meetings. The participants represented a broad demographic range, enabling diverse perspectives to be shared. School children were able to voice their views on sustainability and their visions for the future. Even a local critic of salmon farming had the opportunity to express his concerns. In response, we provided the information he sought, along with additional details that fostered a better understanding of our operations. It became apparent that our perspectives were not as divergent as initially perceived.

Effective stakeholder engagement and inclusion hinge on disseminating accurate information. In this spirit, Hofseth participated in a wide range of educational events and job fairs to champion our local community and promote greater awareness about our operations and goals.

We released a video on social media outlining our business efforts and the significant challenges we anticipate due to the ground rent policy. The video resonated with many and received considerable local support and sharing, emphasizing the value of our ongoing engagement with the community.

Non-Governmental Organizations (NGOs)

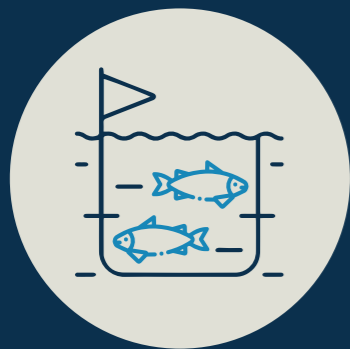
Our collaboration with Norwegian Salmon Rivers continues, as we advocate for closed systems and support their efforts to protect the Norwegian Wild Salmon. Furthermore, we have held meetings with the Rainforest Association, discussing their work and concerns regarding the link between deforestation and feed. Additionally, we presented our report to the employees of the Norwegian environmental organization, “Fremtiden I våre hender” (Future in Our Hands). They had raised concerns about ESG reporting being potentially used for greenwashing or simply showcasing positive aspects. We believe that improved information leads to better understanding, and transparency is crucial to ensure the right information is communicated.

Government

We presented our report to the Norwegian Seafood Council, where we expressed our concern about the environmental impact of airfreight emissions. We emphasized that Norway, as a nation, should allocate more funds to market frozen or refreshed products. This strategy would enable us to transport fish via sea freight, a method that is significantly more sustainable compared to airfreight.



MATERIALITY ASSESSMENT



RESPONSIBLE OPERATIONS



ENVIRONMENT AND CLIMATE FOOTPRINT



PEOPLE AND SOCIETY ENGAGEMENT

In accordance with the GRI standard we have now carried out our first materiality assessment:

MORE IMPORTANT
EXTERNAL
INTERNAL
IMPORTANT

- ✓ Site environment status
- ✓ Ocean Health
- ✓ Packaging
- ✓ Fish escape
- ✓ Food safety
- ✓ Transparency
- ✓ The next generation
- ✓ Fish Utilization

- ✓ Local job creation
- ✓ Local value creation
- ✓ Sustainable feed
- ✓ Salmon lice
- ✓ Safe and healthy food
- ✓ Fish welfare
- ✓ Air freight
- ✓ Climate Change & Energy
- ✓ Degree of secondary processing

- ✓ Diversity and equality
- ✓ Employee training and development
- ✓ Innovation & R&D
- ✓ Economy in sustainable closed systems
- ✓ Economy in sustainable distribution
- ✓ Economy in local processing
- ✓ Economy and sustainable energy

- ✓ Diversity and equality
- ✓ Employee training and development
- ✓ Innovation & R&D
- ✓ Economy in sustainable closed systems
- ✓ Economy in sustainable distribution
- ✓ Economy in local processing
- ✓ Economy and sustainable energy

INTERNAL MORE IMPORTANT

INTERNAL

ENVIRONMENT AND CLIMATE FOOTPRINT

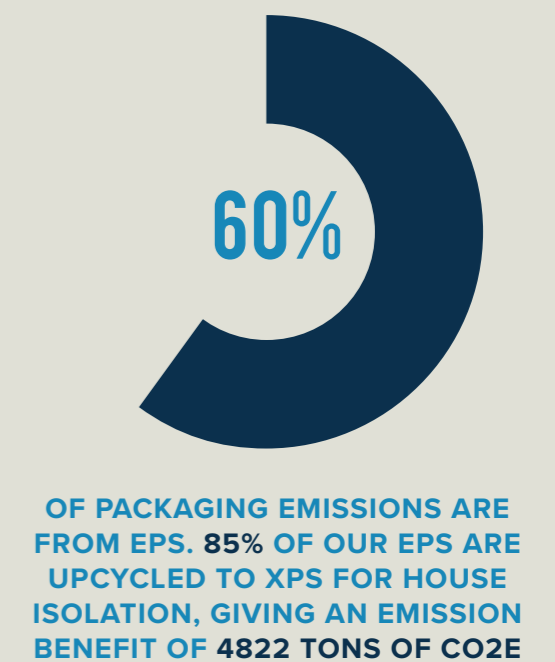
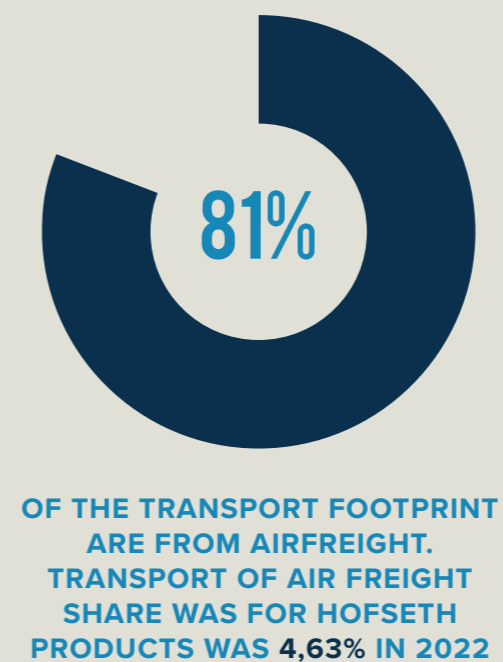
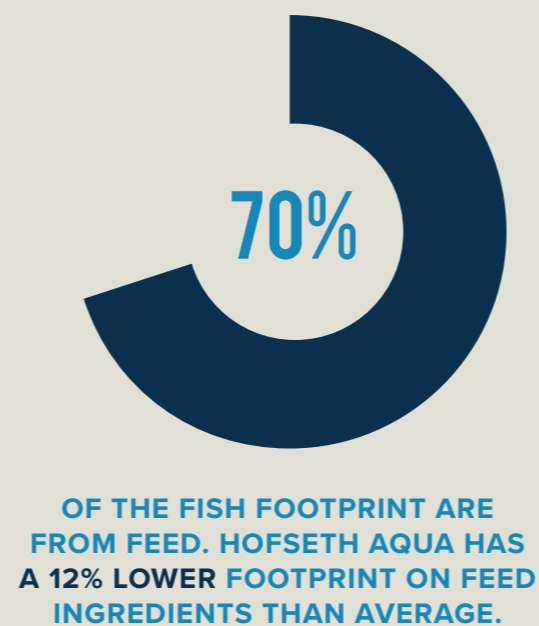
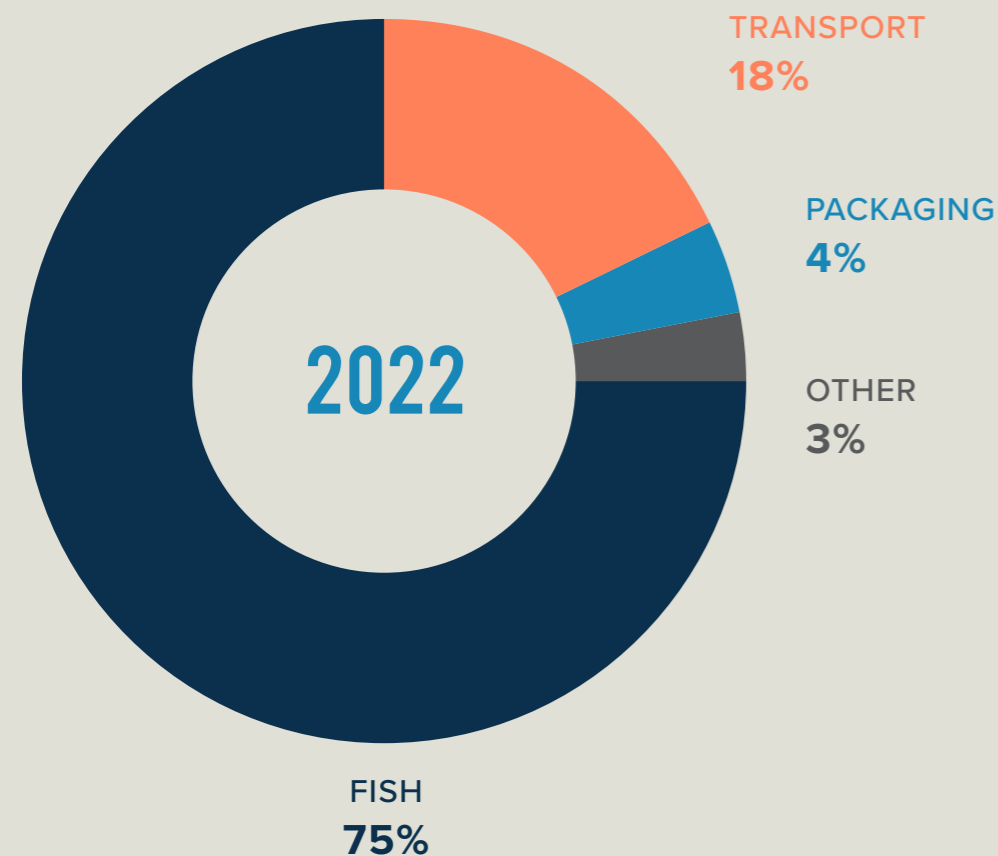


For Hofseth International, reducing our potential harm to the environment and mitigating carbon emissions are top priorities; we are constantly working to be part of the solution, not the problem. We have already built a solid foundation for this effort, and we are now tackling all stages of the value chain to reduce our footprint to as close to zero as possible.

TOTAL EMISSIONS HOFSETH GROUP

Starting from 2022, we have adopted a scientifically-driven benchmarking approach to assess our data and identify key emission factors, including those from external salmon and airfreight emissions. This method, in combination with broader Scope 3 data collection, has resulted in higher emission calculations compared to our previous report. Despite the increase, this approach offers a more accurate and truthful reflection of our environmental impact.

		2022	2021	2020
Scope1	Tons Co2e	1,431	1,992	2,259
Scope2	Tons Co2e	127.81	105.03	8,470.82
Scope3	Tons Co2e	259,548.62	272,580.91	269,064.88
Total emissions	Tons Co2e	261,107.43	274,677.95	279,794.71
Intensity pr kg. fish	Kg Co2e	4.97	5.16	5.10



EMISSIONS FARMING

- 1 Feed's carbon footprint is **12% below** average due to higher marine ingredients usage.
- 2 Farm-to-slaughterhouse distance is **25% shorter** than the Norwegian average.
- 3 Feed factory-to-farm distance is **50% less** than the Norwegian average.
- 4 Renewable energy powers **60%** of our farms.
- 5 Emissions from fish transport from farm to slaughter are **halved** using our processing vessel Taumar, compared to a traditional well-boat.

2022 marked the first year where two of our farms operated entirely on renewable energy for a full year. It's encouraging to see the benefits this change has brought, both to the environment and our economy.

Hofseth Group's Scope 2 emissions: 90.7 TJ of energy were generated through renewable sources. In contrast, Hofseth Group's Diesel emissions for Scope 1 and Scope 3 amounted to 51.2 TJ, predominantly originating from the use of vessels and barges in the fjord.

Farming	Unit	Volume	Emission tons CO2e	Cost NOK
Renewable energy used in farming sites 2022	kWh	513,780	2.5	133,582
Diesel mitigation	liter	128,445	341	2,568,900
Benefit	CO2e/NOK		338.5	2,435,317

BENCHMARK FARMING

	Total emissions tons of Co2e HOFSETH AQUA	Share HOFSETH AQUA	Share EXTERNAL FARMERS*	Intensity kg Co2e pr. Kg fish HOFSETH AQUA	Intensity kg Co2e pr. Kg fish EXTERNAL FARMERS*
Smolt (Include transport to farm)	113,2081052	0.22 %	3 %	0.0067	-
Feed barges (energy)	356,5671111	0.69 %	5 %	0.0211	0.19
Service vessels	904,486184	1.75 %	2 %	0.0535	0.09
Lice treatment vessels	1360,97169	2.63 %	6 %	0.0805	0.25
Transport fish (from farm to slaughtery)	1035,524168	2.00 %	-	0.0613	-
Feed	43935,18	84.80 %	74 %	2.5997	3.00
Packing	3010,115576	5.81 %	4 %	0.1781	0.16
Waste	35,28	0.07 %	-	0.0021	-
Slaughterhouse energy and forklifts	35,97710389	0.07 %	1 %	0.0021	0.04
Chemicals and equipment	1015,026657	1.96 %	5 %	0.0601	0.19
Total emissions farming	51802,33659			3.0652	3.92

* [Sintef Ocean reports](#)

LOCAL PROCESSING

In our farming operations, trout constitutes a significant 75% of the total produce. While trout is traditionally marketed as a whole fish, our consistent market engagement has successfully enhanced the secondary processing volume of trout. This figure has more than doubled, escalating from 3,500 tonnes to 7,200 tonnes. As a result, we're now able to conduct secondary processing on 76% of all the fish we farm. This not only reduces transport emissions and waste, but also significantly boosts overall value creation.

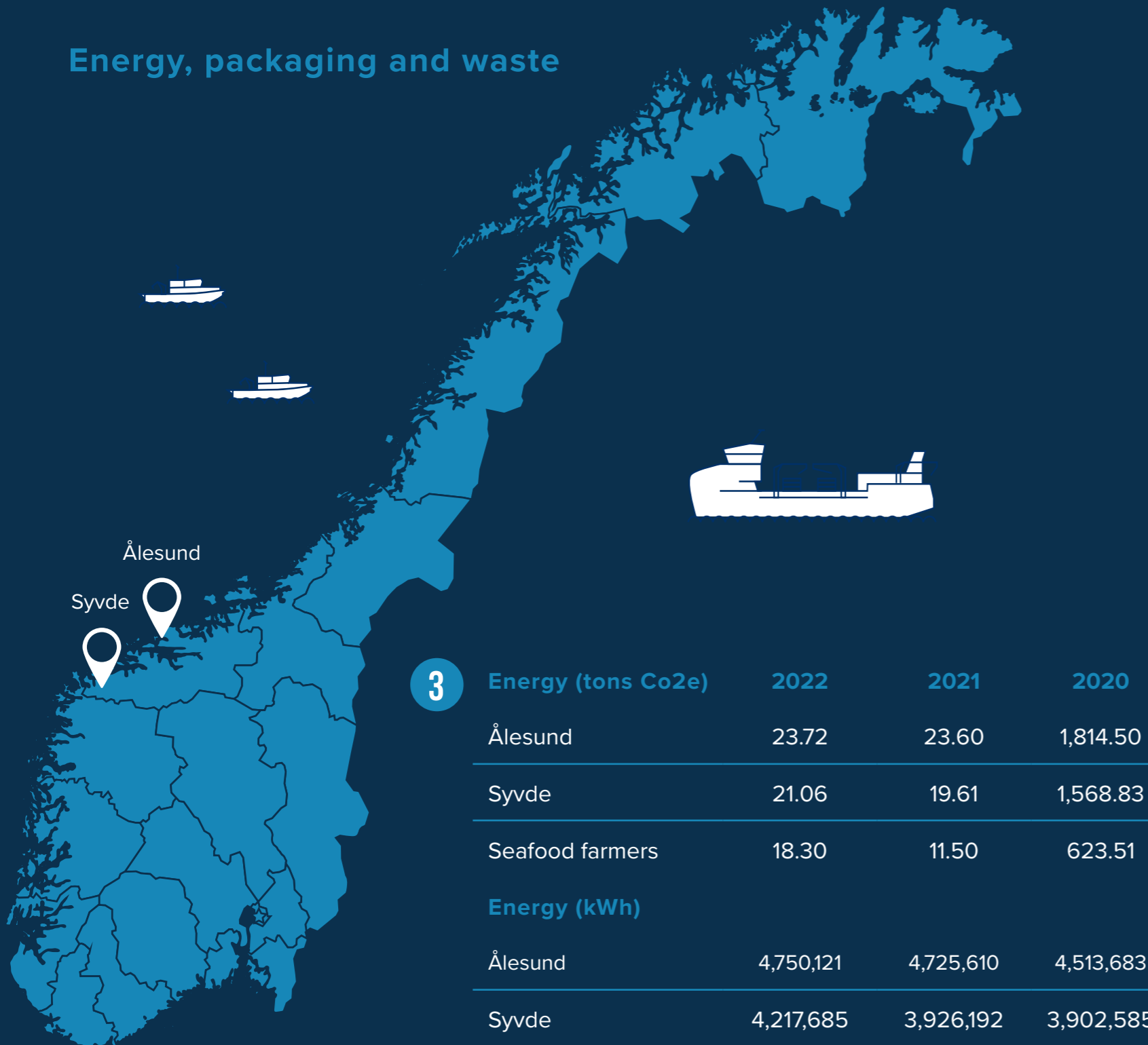
- > Utilization of 100% renewable energy
- > Comprehensive usage of the entire fish, with residues processed into high-quality supplements
- > Direct connectivity to sea freight routes
- > Greater use of fish from Hofseth Aqua leads to reduced total emissions

Footprint from the fish used for processing		2022	2021	2020
Fish external (External farmers)	Tons	38,214.66	41,690.59	44,031.95
Fish internal (Hofseth Aqua)	Tons	10,965.39	8,202.89	3,979.74
Total fish used	Tons	49,180.05	49,893.48	4,8011.69
Share internal fish	Percentage	22 %	16 %	8 %
Fish external footprint	Tons Co2e	153,240.79	167,179.25	176,568.12
Fish internal footprint	Tons Co2e	34,667.06	25,428.45	13,154.04
Total footprint	Tons Co2e	187,907.85	192,607.70	189,722.16
Intensity footprint pr. Kg fish	Kg Co2e	3.82	3.86	3.95



SECONDARY PROCESSING

Energy, packaging and waste

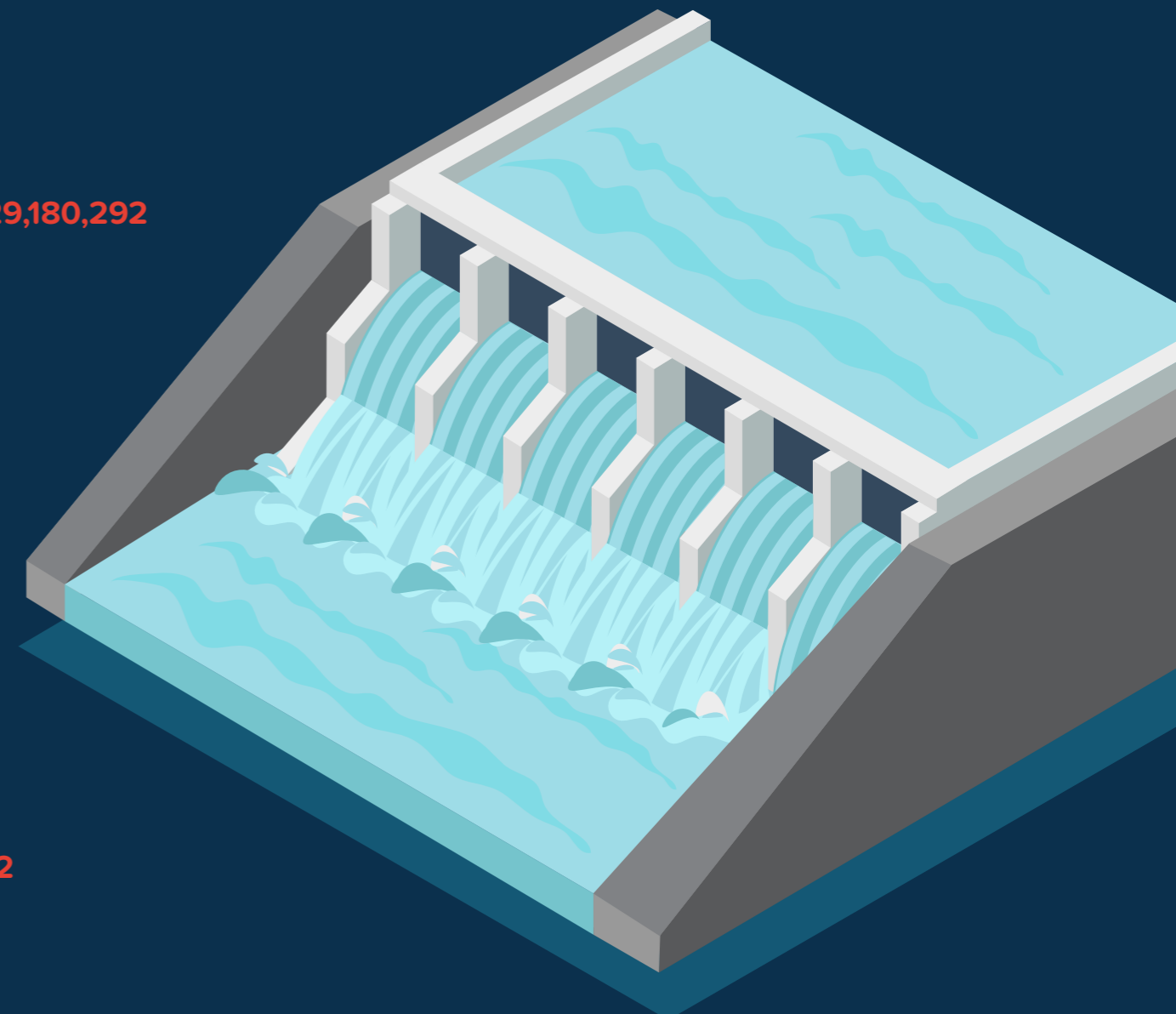
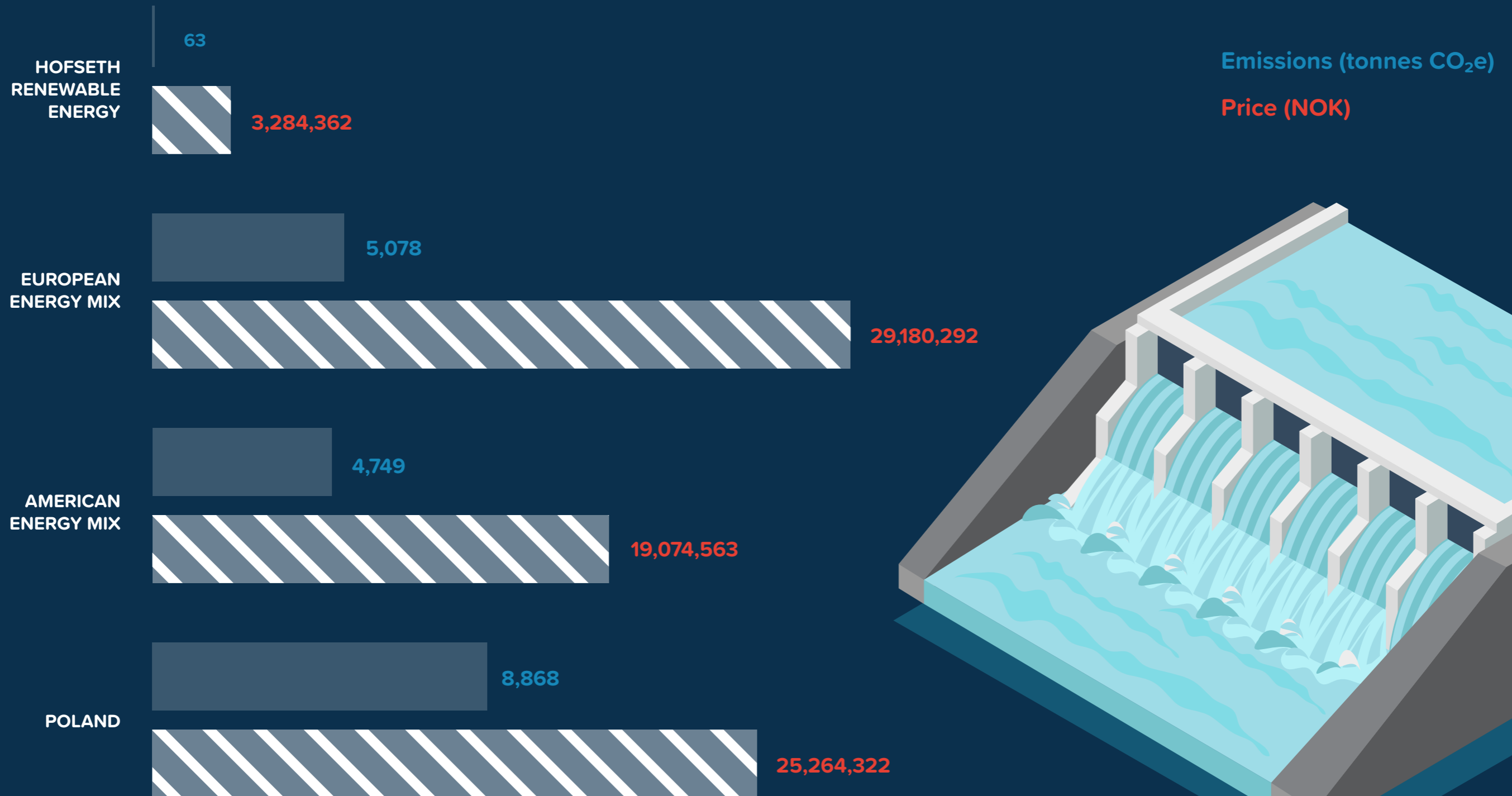


3	Energy (tons Co2e)	2022	2021	2020
Ålesund		23.72	23.60	1,814.50
Syvde		21.06	19.61	1,568.83
Seafood farmers		18.30	11.50	623.51
Energy (kWh)				
Ålesund		4,750,121	4,725,610	4,513,683
Syvde		4,217,685	3,926,192	3,902,585
Seafood farmers		3,664,355	2,302,840	1,551,027

1	Processing (2022)	Volume (kg)	Emissions tons Co2e
	EPS processing facilities	147821	768
	Pe-plastic	590714	2062
	Other plastic	20144	508
	Cardboard	989046	784
	Total emissions packaging		4123

2	Waste	1/1/22 - 31/12/22	tons CO ₂ equivalents
	Material Recycling	Emissions	1.07
		Benefit	18.94
	Energy Recovery	Emissions	244.37
		Benefit	138.89
	Landfill	Emissions	0.0075
	Total	Emissions	245.45
		Benefit	157.83
	Net Total		87.61
	Material Recycling	5,710	1 %
	Energy Recovery	556,122	99 %
	Landfill	0.880	0 %
	Total	562,712	100 %
	Sorted Volume (kg) eks.EPS	165,712	29 %

ENERGY FOR PROCESSING FISH



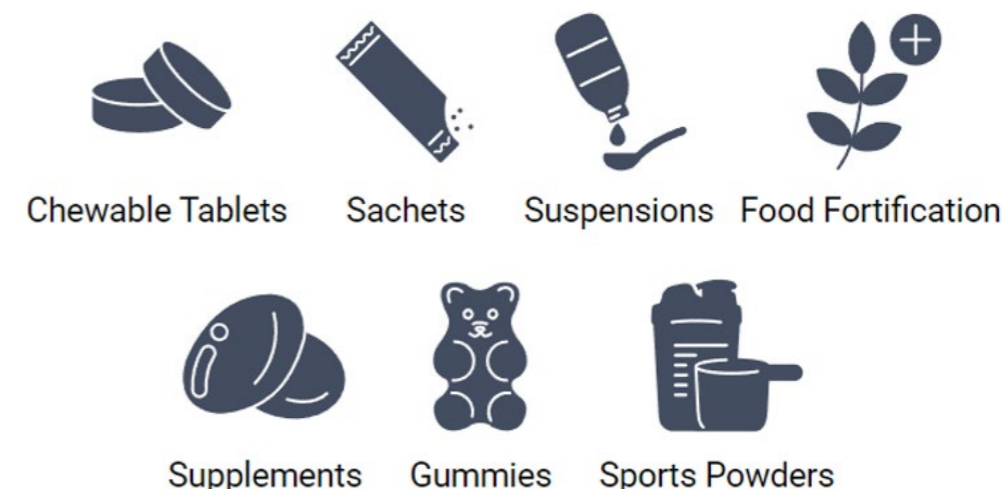
(Based on the volume kWh Hofseth used for processing fish)

ECONOMICAL ALLOCATION

To determine the environmental footprint of salmon fillet, two primary allocation methods are commonly used. The first approach is to proportionately distribute the total environmental footprint of the entire fish across the various product categories, based on their weight. The second method involves integrating the product’s market value into the equation, thereby basing the allocation on the product’s market worth. To support circular and upcycled economies, it’s crucial to maximize the value of traditionally less valuable or even discarded parts of the product. Our sister company, Hofseth Biocare, has exemplified this philosophy by investing over a billion NOK in innovation, research, and product development. Their efforts are geared towards deriving greater value from the residues left post-fillet production. As a result, we can use an economic allocation method to determine the emission footprint, thus highlighting the importance of maximizing the utility of all parts of the fish and incentivizing sustainable practices.

Example economical allocation method residue use	Waste	Feed production	High Quality Supplements
Value (NOK)	0	30	300
Emission CO2e footprint allocated to fillet	8.00	7.00	5.56
Reduction in fillet footprint	0 %	9 %	26 %

Innovate with CalGo®



Innovate with OmeGo®

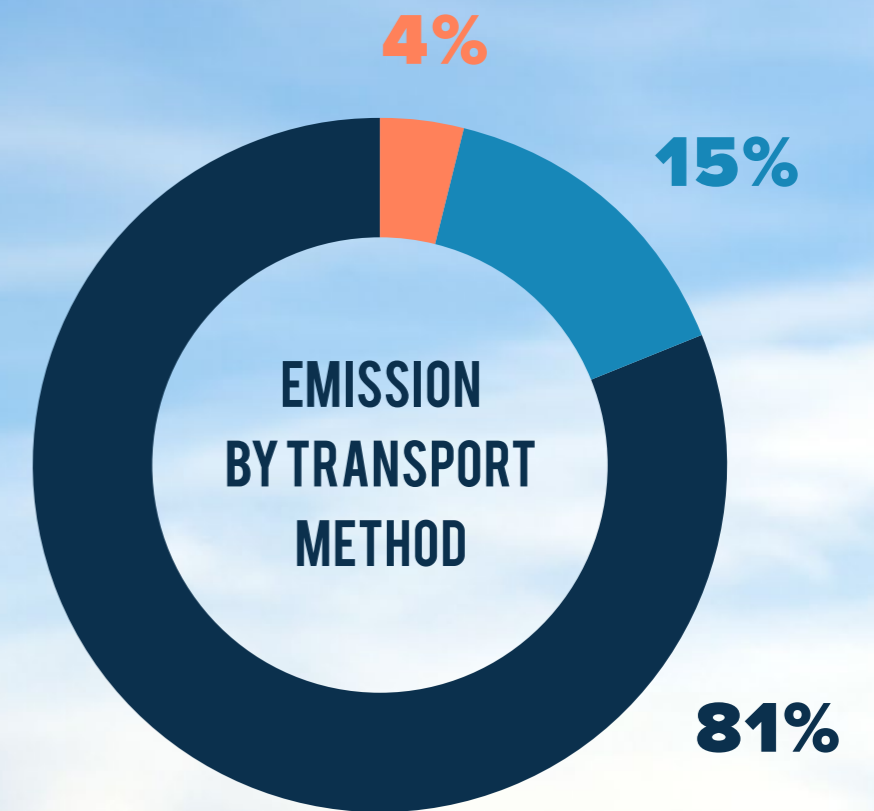


Innovate with ProGo®



DOWNSTREAM TRANSPORTATION

- Emission Airfreight
- Emission Trucks
- Emission Seafreight



	Kg Co2e pr. Tonne-KM	Volume tonnes fish	Total emissions tonnes Co2e	Average distance km
Airfreight filet from Europe to USA	2	2479	32355	6,524
Airfreight filet Europe to Asia	1.38	65	757	8,393
Seafreight from Europe to USA	0.034	12842	2812	6,441
Seafreight from Europe to Asia	0.017	7736	2325	17,678
Seafreight from Norway to Europe	0.0417	20579	1095	1,276
Truckfreigh Norway and Europe	0.101	27272	1416	514

The chart above vividly illustrates the disproportionate impact of airfreight on our transport emissions. Despite accounting for only 4.63% of our transported volume, airfreight contributes to a staggering 81% of our transport-related emissions. This stark contrast underscores the critical need for optimizing and exploring alternative modes of transport to achieve our sustainability goals.



AIRFREIGHT DISTRIBUTION

In our latest sustainability report, it has been noted that airfreight significantly contributes to the most emissions for the distribution of our fish products overseas. We are deeply committed to mitigating this issue and have been industriously working on deploying our innovative ICEfresh technology. The ultimate goal of this initiative is not only to diminish our dependency on airfreight but also to curb the global industry’s total salmon airfreight emissions.

Our understanding of the airfreight emissions has been significantly improved through benchmarking our data with the findings from the Sintef Ocean report. Our initial analysis revealed that these emissions are markedly higher than our estimations in the preceding year’s report. We recognize that these emissions are influenced by two major factors: the distance between the takeoff and landing points, and the efficiency of load capacity optimization.

Despite the Sintef Ocean report’s initial lack of clarity on specific airfreight emissions, numerous follow-up meetings offered further insight. We have now acquired more detailed information on emission factors associated with the transport of our fish products. For instance, the carbon footprint for shipping fillets is 12kg CO2e per kg of fish to New York, while for head-on gutted (HOG) fish, it’s 15kg CO2e per kg of fish.

An important observation we’ve made in our analysis is the impact of different freight methods on the emissions. Our fish shipped to the USA often travels as belly freight - shared with passenger luggage in the cargo hold of passenger flights. Despite the shorter distance, this method presents lower load efficiency, resulting in a substantial carbon footprint. Conversely, shipments to Japan cover a longer distance but enjoy better load capacity optimization, leaving a carbon footprint that is roughly equivalent to the shipments to the USA.



**Example fish from Oslo to New York
by ship or plane:**

**The footprint from
airfreight is 46 times higher.**

Airplane 1 kg. filet:
12kg Co2e

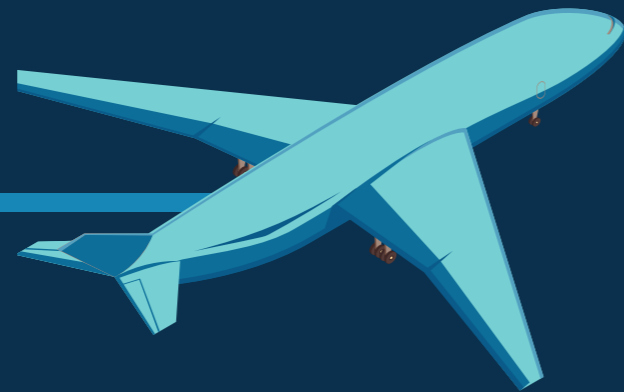
Target:
Airfreight: **<3%**

Status:
2020: **4.35%**
2021: **4.95%**
2022: **4.63%**

Seafreight 1 kg. filet:
0.25kg Co2e

AIRFREIGHT BENCHMARKING

SHARE OF AIRFREIGHT



Share of Airfreight to USA, Hofseth



Share of Airfreight to USA, Norwegian fish exs. Hofseth



EMISSIONS DOWNSTREAM DISTRIBUTION TO USA KG.CO2E PR KG. FISH

Hofseth

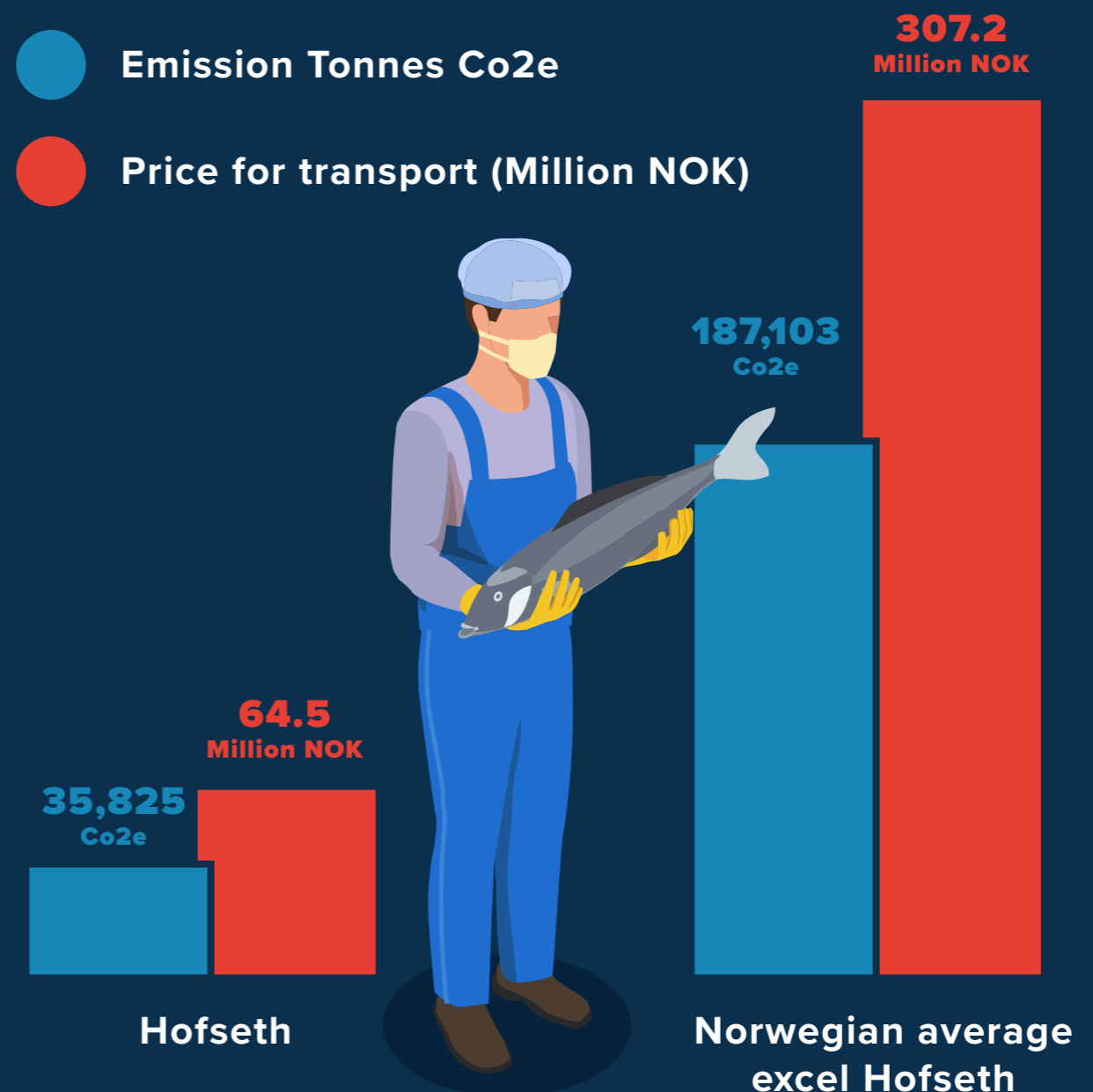


Other exporters to US



HOFSETHUS VOLUME 15,322 TONNES OF FISH

- Emission Tonnes Co2e
- Price for transport (Million NOK)



COLLABORATION WITH OUR FISH FEED PROVIDER

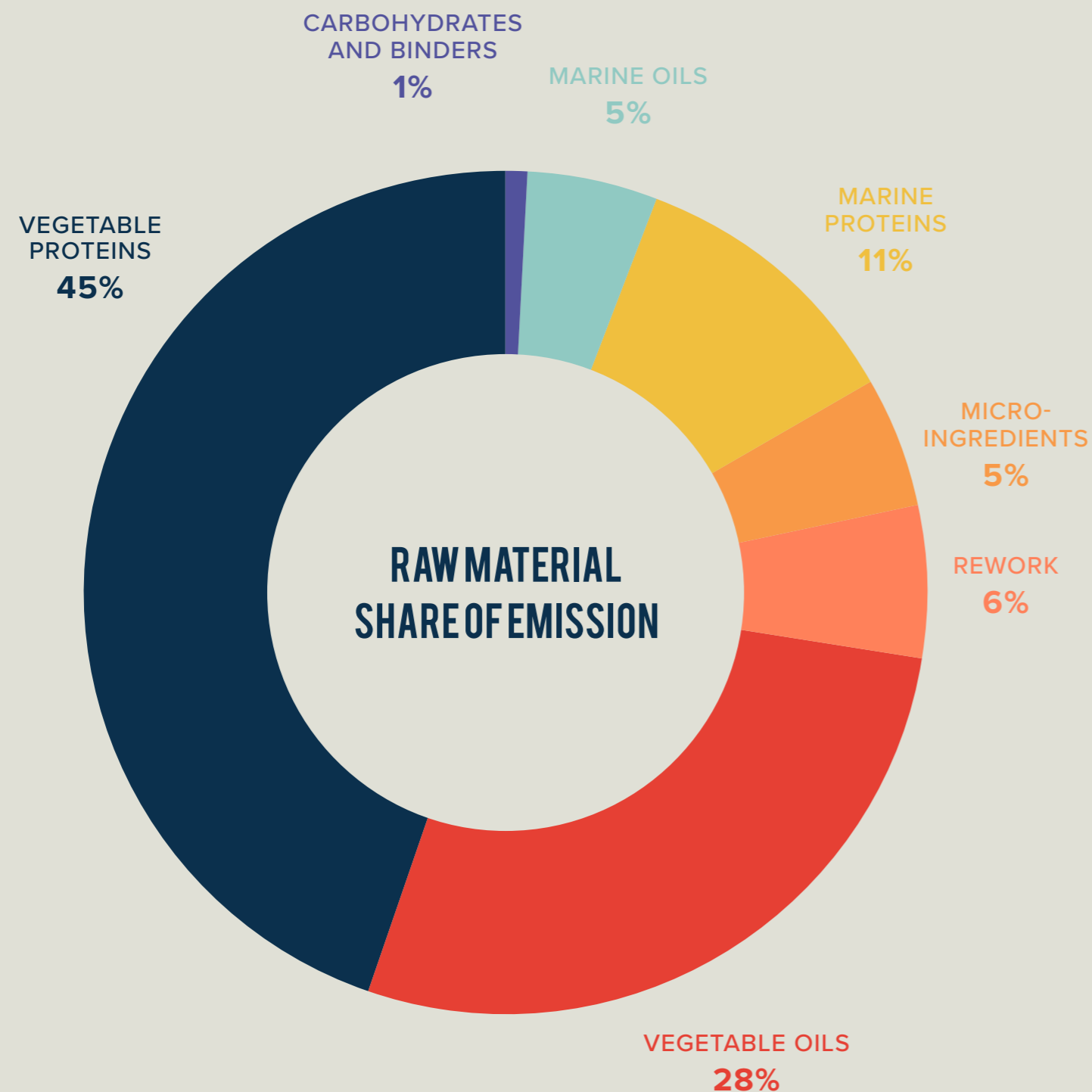
We have made considerable strides in improving the environmental footprint of feed production through our close partnership with Cargill. The product we use aligns with the ProTerra standard, ensuring it does not contribute to deforestation. Additionally, we are increasing the use of marine residues in its composition, which further diminishes its environmental impact and greenhouse gas emissions.

We also have an extensive R&D project underway with Cargill. Our objective is to formulate a sustainable feed that minimizes environmental impact, enhances fish health, and improves survival rates. Refer to this [link](#) for more information.

Cargill is a stakeholder with whom we frequently engage. In our dialogues this year, they introduced us to the concept of regenerative farming for agri ingredients. This practice can improve the overall environmental footprint of agri ingredients and enhance the health of farming soil. We aspire to encourage not only the farmers from whom we source fish but also our own farming division to consider this solution. Our business developers are also examining solutions with our customers to find a balance between cost and environmental footprint.



UNDERSTANDING THE FEED EMISSIONS



	2022	2021	2020
Feed Volume Purchased (kg)	22647000	20553000	17181200
GWP E LUC: kg CO2-ekv / kg feed	1,45	1,33	1,36
GWP I LUC: kg CO2-ekv / kg feed	1,94	1,87	1,87
Total Emission Exclusive LUC	32838150	27335490	23366432
Total Emission Inclusive LUC	43935180	38434110	32128844
Economic Feed Conversion Ratio (eFCR)	1,41	1,46	1,4
Emissions Feed pr kg. fish	2,7354	2,7302	2,618

LOCAL LOGISTICS BY HOFSETH TRUCKS

Future solution for net zero, based on our investment in Norwegian Hydrogen

SCOPE1 EMISSIONS FROM OUR TRUCKS IN 2022

Model truck	km	Diesel (liter)	co2(t)	NOx(kg)
volvo Trucks Euro 6 87	41,766	25,549	62	22.99
volvo Trucks Euro 6 B7	46,153	29,415	72	26.47
volvo Trucks Euro 6 B7	66,711	37,236	91	33.51
Scania	64,833	32,567	88	27
Total		99,219	311	



NORWEGIAN HYDROGEN

Hofseth International has invested in Norwegian Hydrogen, a company that will use local renewable energy to produce hydrogen fuel cells. This will give us access to renewable, emission-free fuel. Hofseth has already designed a new multi-purposed vessel that will run on hydrogen and is hoping to sign contracts for its construction within the next few years.

<http://nh2.no/>



RENEWABLE ENERGY

Hofseth partnered with Inseanergy in 2020 to develop a circular solution that uses fish-cage float rings to generate zero-emission energy. This project aligns with several of our core values, including local value creation, sustainable food production, circular economy, and renewable energy.

After two years of testing and development, the system was validated by Sintef and DNV and was ready to be commercialized in 2022. This innovative solution will also be installed for several other seafood farmers. To learn more about this project, visit <https://inseanergy.no/en/>.



TURNING WASTE INTO RESOURCES



In 2021 we started building our new smolt and post-smolt facility in Tafjord, 9 km from the hydro-electric plant that produces all our renewable energy. Here we are installing a fish sludge management system delivered by our partner Hyperthermics, which allows fish sludge to be recycled into biogas energy and fertilizer production.

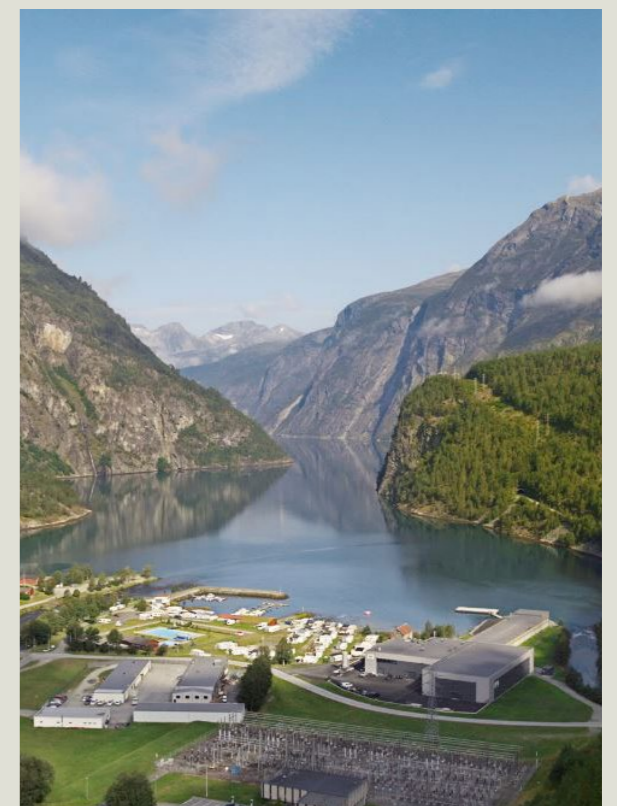
<https://www.hyperthermics.com/solutions>



HOFSETH BIOCARE'S TRANSFORMATIVE PROCESS:

In stark contrast to many ultra-processed products in the market, the supplements produced by Hofseth BioCare from our fish residues undergo minimal processing to maintain their nutritional integrity. In 2022, Hofseth supplied Hofseth BioCare with **13,446 tonnes of residue** from our fish processing operations. This residue is a valuable resource that is transformed into **4,550 tonnes of high-quality, minimally processed nutritional supplements**. This contributes to a circular economy within the seafood industry, ensuring that no part of the fish goes to waste, while providing consumers with a more sustainable, nutritionally rich product.

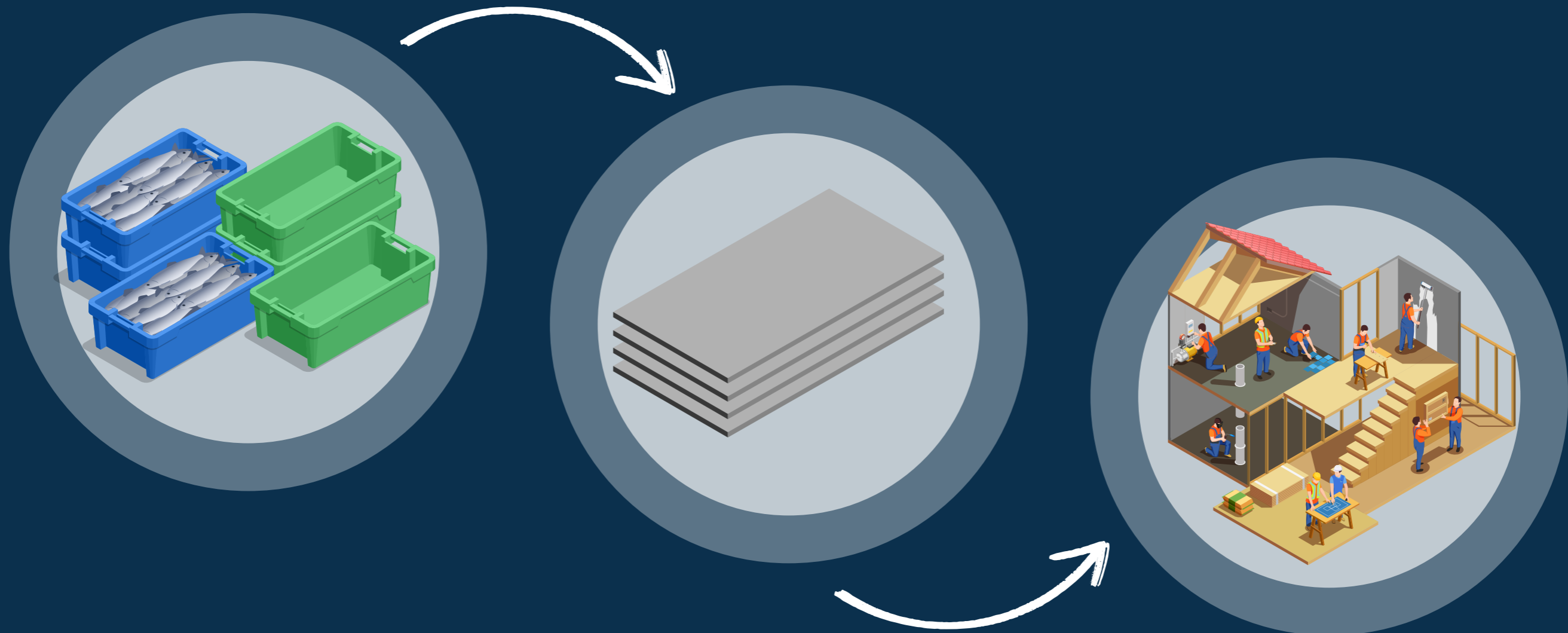
www.hofsethbiocare.com



EPS

Our farmed fish are packed in EPS (Expanded Polystyrene) boxes for delivery to external customers either fresh or to be processed at our secondary facilities. All fish arriving at our filetprocessing facilities have their EPS upcycled into XPS (Extruded Polystyrene) which is used for housing insulation, improving energy efficiency. This process of upcycling the EPS reduces its carbon footprint from 5.2 to 2.15 CO₂e per kg of EPS used - a reduction of 3.05 CO₂e per kg. The upcycling economy is viable due to the fact that EPS is compensated for, with Hofseth receiving approximately NOK 10.70 per kg in 2022.

However, EPS is also a costly material, with fish delivered by truck in boxes costing around NOK 50 per kg of EPS. As our volume grows, we believe we will be able to find a solution to eliminate the use of EPS in the fish processed at our facilities. Airfreight significantly adds to the EPS footprint. As fish sent by airfreight often lands in distribution centers with smaller volumes, there are no systems in place to upcycle or recirculate the EPS, resulting in a total footprint of 5.2 CO₂e per kg of EPS. Additionally, the boxes for airfreight are more expensive, with prices reaching up to NOK 67 per kg of EPS.



ELIMINATING OR RECYCLING PLASTIC

Using recyclable mono plastic film: We see it as important to create a value chain that continues to be sustainable after the product is delivered to consumers. The challenge with plastic packaging is that many types are difficult to recycle, so we are testing the use of mono plastic film for our products. This is made with only one type of plastic, so it is easy to recycle and contributes to a circular economy.

By switching our bird net rope to velcro, we are **eliminating a yearly consumption of 16,500 meters of plastic rope.**



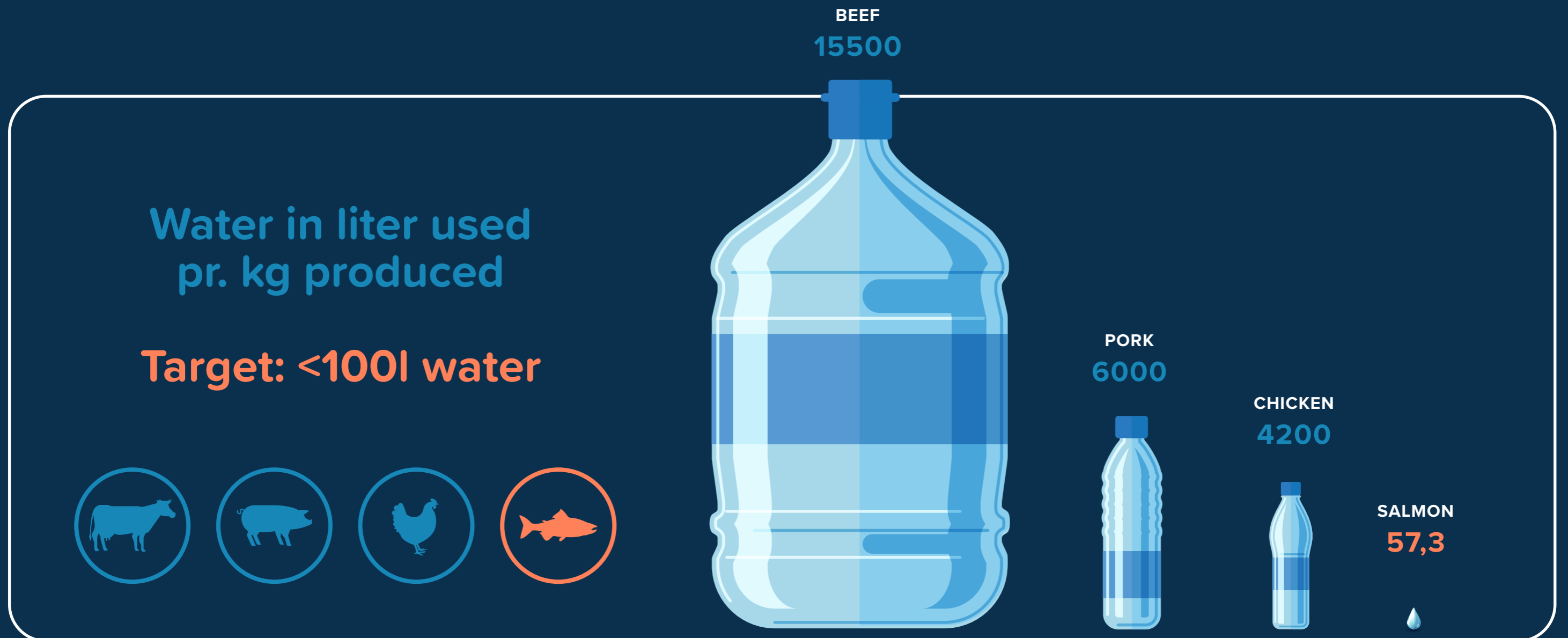
We annually collaborate with the local high schools to organize clean-up drives aimed at removing debris and waste that accumulate in the fjord. This not only helps preserve the natural beauty of our fjords, but also fosters environmental stewardship among younger generations.



WATER

Our region is richly endowed with water resources, thanks to the marine climate along the Norwegian coast; annual precipitation is about 1796mm to 2073 mm. Rain and snow naturally fill up lakes and hydro-electric storage dams, so the region has plentiful renewable energy and high-quality drinking water. Our smolt production uses the same water that has generated energy in the upstream hydro-electric plant as it flows downhill and eventually into the sea.

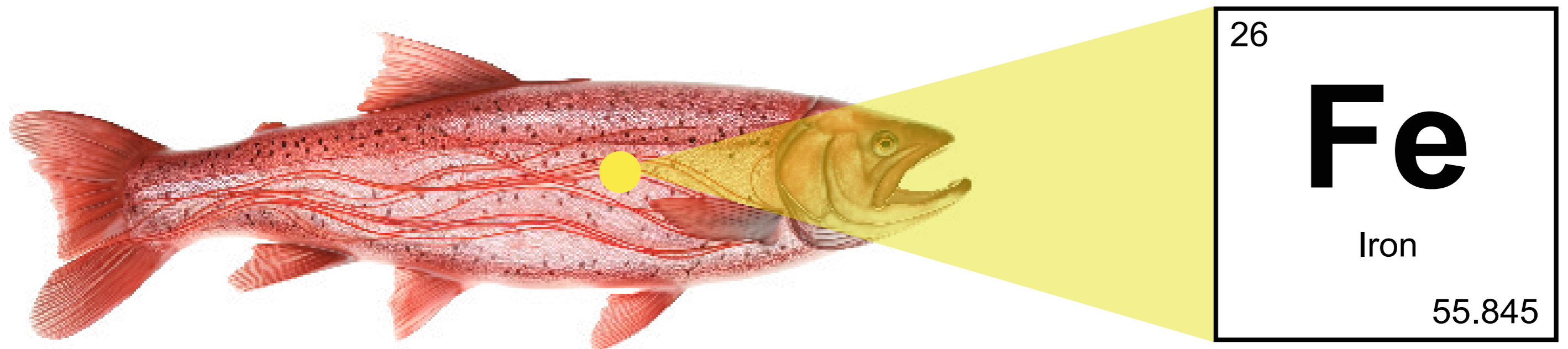
Notwithstanding our water wealth, we are careful not to waste any and have installed water meters in all our processing facilities. Our water consumption for processing vessel and the slaughterhouse stage of our operation is about 4.8l/kg of fish, and for the filet & portions processing stage it is about 7l/kg fish. Our fish feed water footprint is about 50l pr. kg fish produced.



UTILIZING THE LAST **2%** OF THE FISH



Utilizing the last 2% of the fish, currently the only resource not being utilized, could provide significant benefits. With partners H.L. Skjong and Sintef, we are facilitating both research and innovation to find a way to utilize fish blood. This resource could be an important source of nutrition for individuals suffering from anemia. In addition, the technology being developed will help to reduce emissions to water. To learn more about the work, please see the report on water treatment in salmon processing plants, available at fhf.no: Rensing av prosessvann i lakseslakterier (fhf.no)

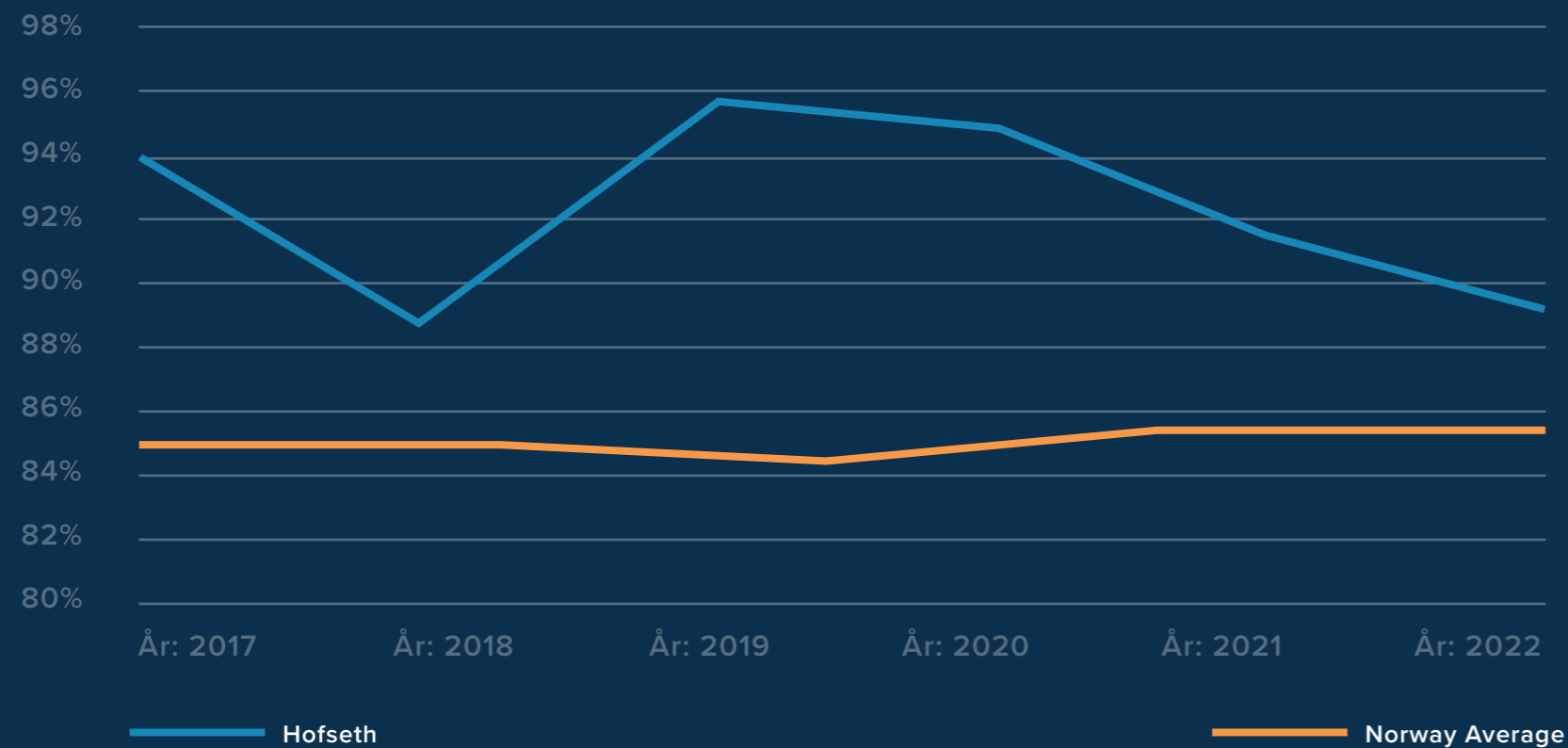


RESPONSIBLE OPERATIONS

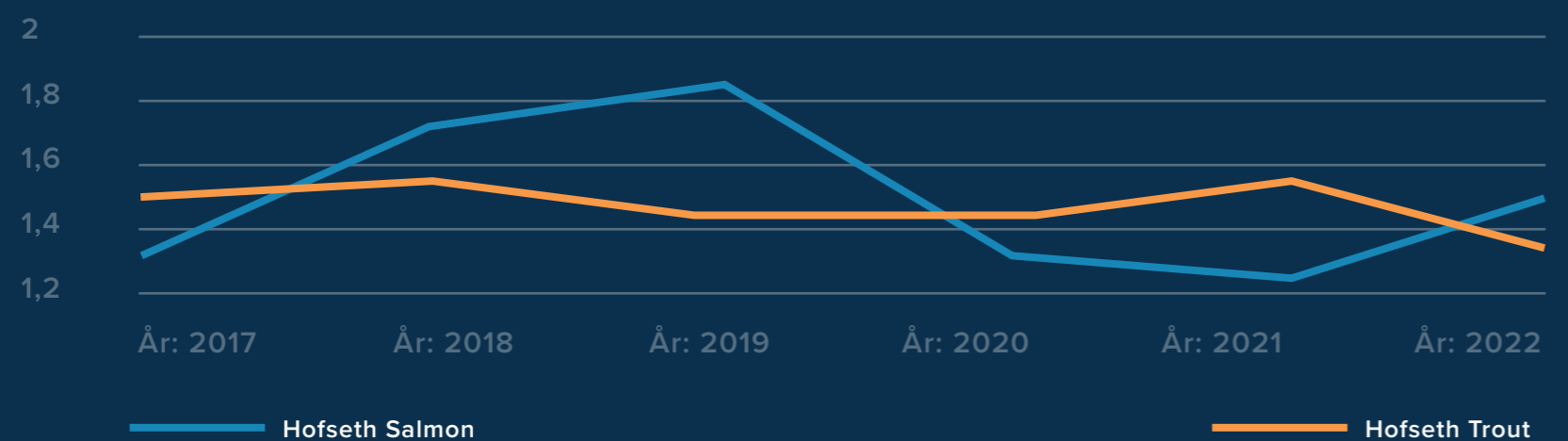


FARMING

Survival Rate



Economical Feed Ratio



Farming	Target	2022	2021	2020
Antibiotics	0	0	0	0
Lice	<0.2	0.18	0.28	0.22
Escapes	0	1	4	0
Number of fish escaped	0	1	137	0
Certified locations (ASC)	100%	100%	100%	100%
Feed Certifications Soya	100%	100%	100%	100%
Fish Feed Certifications marine	100%	100%	100%	100%
Fish feed FFDR (fish oil)	<2.52	1.66	1.66	2.4
Fish feed FFDR (fish meal)	<1.2	0.29	0.29	0.29
Economical Feed Conversion Ratio	<1.3	1.41	1.46	1.4
Yearly survival rate	>97%	89.28%	91.87%	94.99%

FFDR (The forage fish dependency ratio) sustainable use of feed ingredients.

SMOLTIFICATION AND POST-SMOLT

Our smolt facility operates on a flow-through system, utilizing natural freshwater from the river that also powers the hydro plant to generate renewable energy. This flow-through process mirrors a natural biological system as closely as possible, ensuring optimal taste and quality of the fish. We have invested over 600 million NOK in our post-smolt facility, incorporating state-of-the-art technology to minimize its environmental footprint. By allowing the fish to spend more time in land-based tanks before their release into the sea, we reduce their potential exposure to diseases and sea lice. Our stable sea temperature and access to renewable energy provide an excellent foundation for success.

BT1 Fresh water : 18,000 l/min
BT1 Sea water: 22,500 l/min
BT2 Sea water: 108,000 l/min

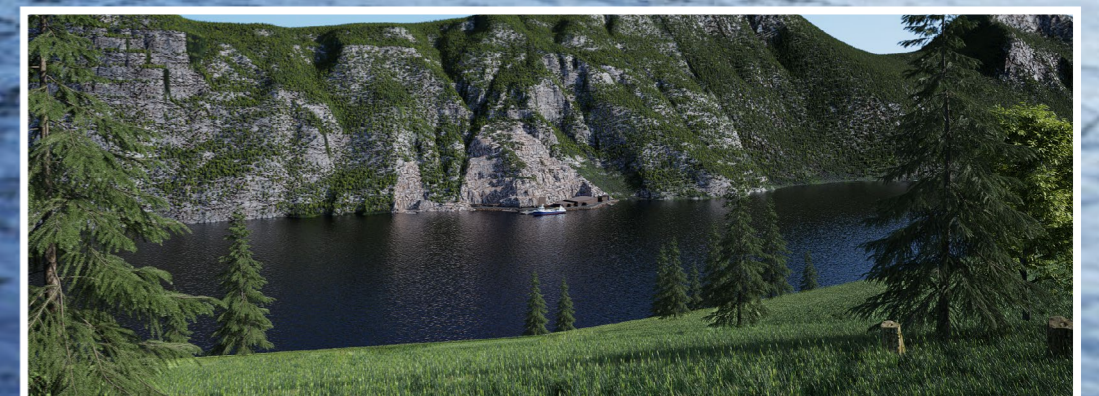
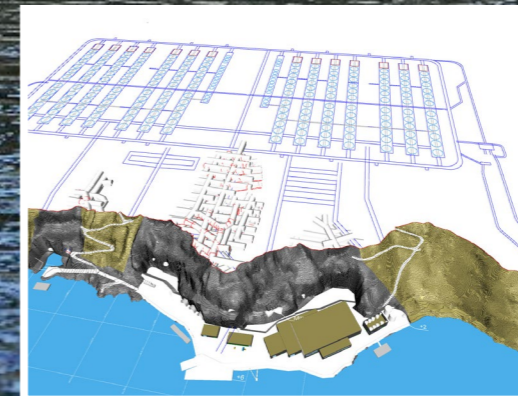


GROWTH

After the smoltification and post smolt period the fish are moved to pens in the fjord. At this moment they weigh about 100-800g, and then grow to between 4-5kg. Conditions in the fjord are optimal for the health and welfare of the fish, because fresh, cold, clean meltwater from the snow and ice in the mountains flows into it, mingling with the sea water. These conditions also reduce the incidence of sea lice from May to August. We are investing 300-million NOK to convert the barges in our feed fleet to renewable energy, space our farms further apart, install new fish pens and implement a data-driven surveillance and feeding system. This will cut fish feed and fuel costs, reduce our environmental and climate footprint and enhance the welfare of the fish.

CLOSED SYSTEMS

To ensure our fish production is sustainable, we need to mitigate its impact on climate change and the environment generally; a key aspect of this is to maintain closed systems both on land and at sea. We plan to locate a new land-based farm inside a former olivine mine, which will allow us to minimize our impact on land surface, vegetation, natural habitats and biodiversity. The mineral mass excavated from the mine to make room for our facility might also have applications in carbon storage.



CLOSED SYSTEMS

The future of seafood farming

E20000

44m height

20.000m³

1 million smolt (100t)

31m diameter

450 tonnes



Hofseth has committed to invest in 5 full scale Ovum 20000 units. The small-scale test system started operating on the 9th of October and the initial data is promising. The technology has proven more efficient than expected, showing a lower feed conversion ratio, faster growth, and an almost zero mortality rate.

One of the key problems this technology addresses is lice infestation. Currently, lice infestation costs us approximately 21.10 NOK per kg of Head on Gutted (HOG) produced due to increased feed consumption and lice treatment operations. With the implementation of the Ovum units, we are seeing an improvement in fish welfare, no sea lice infestation, and hence, a reduction in both feed usage and sea lice treatment operations.

With its technology, Hofseth is well-prepared to expand using the environmental licenses anticipated to be issued.

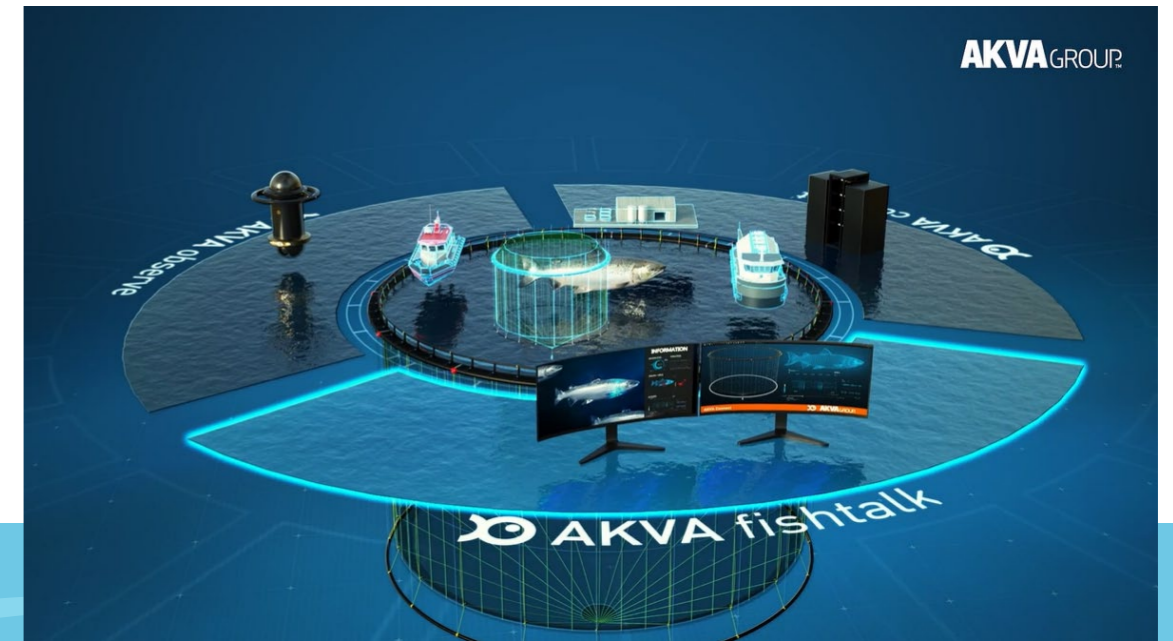
In essence, our investment in the Ovum units is enhancing our operational efficiency, while significantly reducing our environmental footprint and improving fish welfare.

DATA-DRIVEN FARMING

In Stranda municipality we have a central surveillance and feeding system that will improve our feed conversion ratio and efficiently monitor fish health. With the help of underwater cameras and sensors, we can see when the fish stop eating, and we can detect disease as soon as it appears. The system includes sensors for measuring temperature, current, oxygen and salinity.

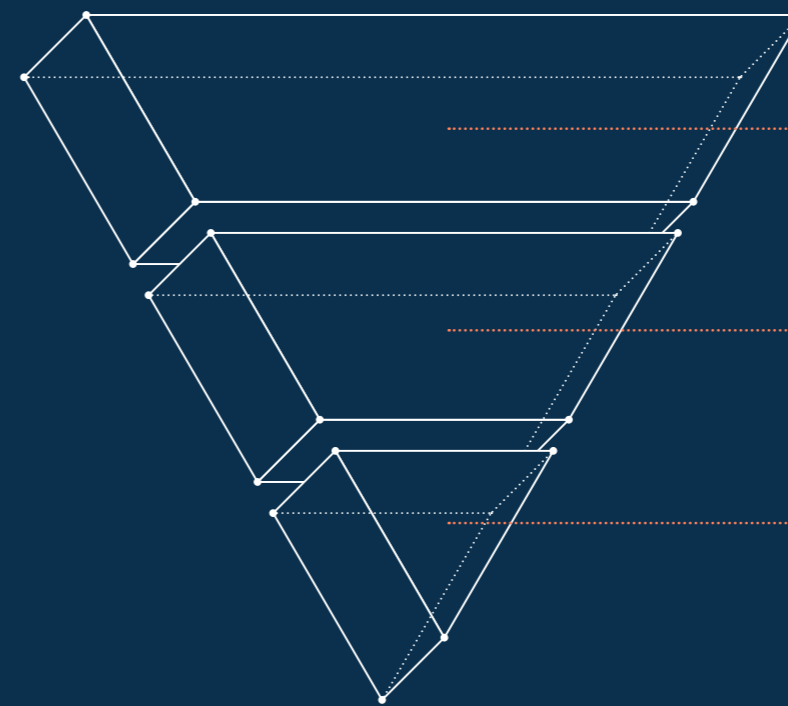


As a salmon farming and processing organization, we rely on data-driven solutions to optimize our operations. By leveraging data analytics and business intelligence tools, we can make informed decisions that help us reduce waste, improve efficiency, and minimize our environmental impact. Our commitment to utilizing cutting-edge technology ensures that we continue to operate in a sustainable and responsible manner, while delivering the highest-quality products to our customers.



SALMON LICE

Salmon lice, the most common parasite affecting trout and salmon, occurs naturally in all oceans in the northern hemisphere. The lice does not thrive in fresh water or low temperatures, so our fjord environment — which receives copious flows of cold, fresh ice and snow melt — provides natural protection against it. However, this is not sufficient by itself, and we have introduced a number of additional measures. Our strategy to increase the lice operation in autumn to keep the lice levels down has proven successful, as overall lice operations in 2022 went down. For more information about this topic, please see the attached figure.

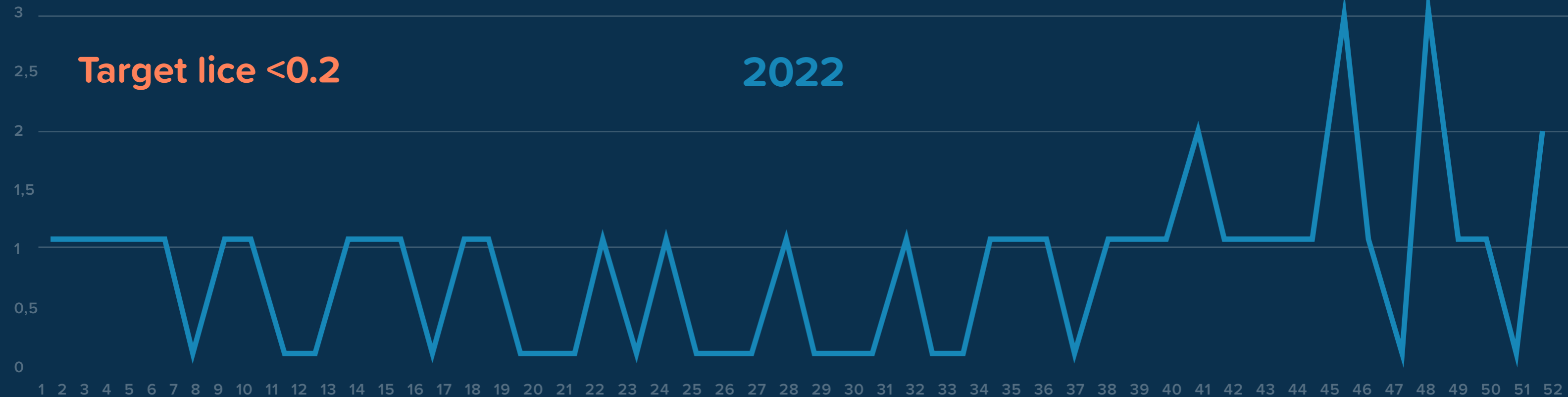


- PREVENTIVE MEASURES**
Locations with plenty of fresh cold water, lice skirt, distancing locations, post smolt, fallowing zones
- OPERATIONAL EFFICIENCY**
Data driven surveillance, lice laser, closed systems
- TREATMENTS**
No antibiotics and improved mechanical removal.

Lice Exceedances	Vindsnes	Overáneset	Urdaneset	Skjortneset	Skotungneset/Bugane	Total
2022	1	1	0	0	0	2
2021	1	1	2	0	1	5

Target lice <0.2

2022



BIODIVERSITY AND THE SURROUNDING ENVIRONMENT

As responsible fish farmers, it is our responsibility to maintain biodiversity and protect wild salmon. We take proactive measures at our farms to prevent escapes, and if these do occur, we disclose them on BarentsWatch. We also support the NORCE research institute in a project to map the rivers in our region – this will help in tracking, and trying to remove, farmed fish that get into these waterways.

Number of fish escaped:			
2022:	1	2019:	0
2021:	137	2018:	49
2020:	0	2017:	40



Encounters with Marine Mammals and Wildlife in 2022

In 2022, we maintained our commitment to conducting our operations in a way that minimizes disturbances to marine mammals and local wildlife. Regular monitoring is carried out, and any encounters are documented and managed with the utmost care to ensure minimal disruption to the natural behavior of these creatures. Our operational protocols are designed to prevent negative interactions and we always aim to operate in harmony with the local ecosystem.



ENVIRONMENTAL TESTS AROUND THE FARMS

Environmental bottom surveys of the habitat underneath and around fish farms are carried out by visual and olfactory means and pH and Eh readings are recorded to assess water quality. Biological and geological samples are also taken. The surveys, certificated by NS9410:2016, MOM B, rate conditions on a scale from 1 to 4, where 1 is very good and 4 is very bad. MOM C surveys are more comprehensive and include sediment tests further from the fish pens. In addition, all our farming sites are certified and approved by the Aquaculture Stewardship Council.

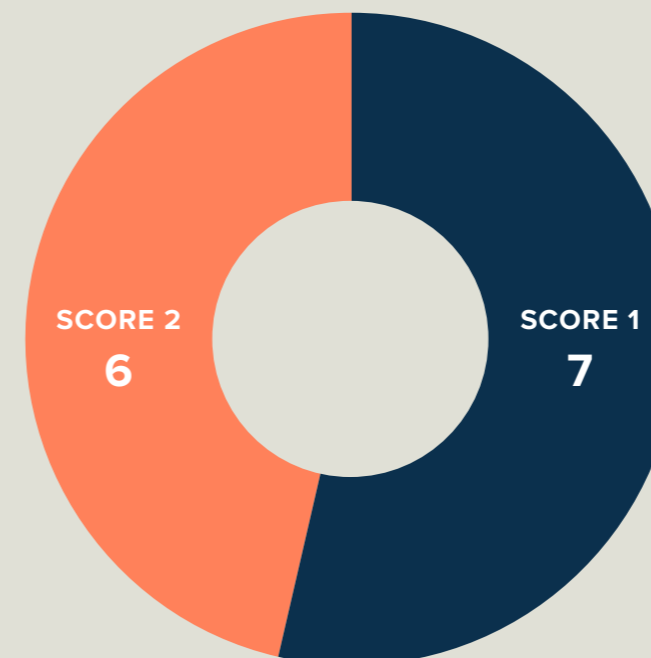
Wildlife Interaction reporting 2022:
 19.07.22: 1 incidence
 Lesser black-backed gull
 08.12.2022: 1 incident

MOM-C OVERÅNESET 2022

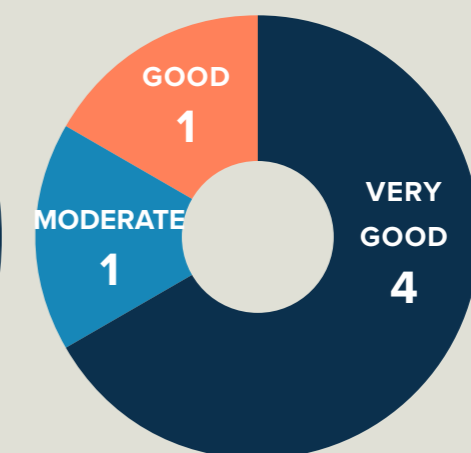
E _h		Fauna u-AZE	
mV	TK	Verdi	TK
415	A	4,310	A
341	A	3,606	A
149	A	4,552	A
351	A	4,107	A

2017-2021 ALL LOCATIONS

MOM-B



MOM-C



TAUMAR

Our on-site processing vessel, the Taumar, has revolutionized the way we harvest fully grown fish from the pens and transport them to land. With well-boats, the fish are kept alive during this stage, but with the Taumar the fish are killed as they are taken from the pens. This new method has several benefits: for the fish, stress is reduced to a minimum because each one of them gets anesthesia before being killed, and the stress of live transport is eliminated. Transferring the fish after they have been killed also decreases the risk that they will spread contamination or be affected by it; contamination and stress often lead to disease and fish mortalities. In terms of environmental impact, the Taumar allows us to cut fuel consumption significantly. The vessel is only 28.5 meters long and 10.2 meters wide, so it is three-fifths the size of a well-boat. Despite this, it can still carry the same weight of round fish, about 160 tons.

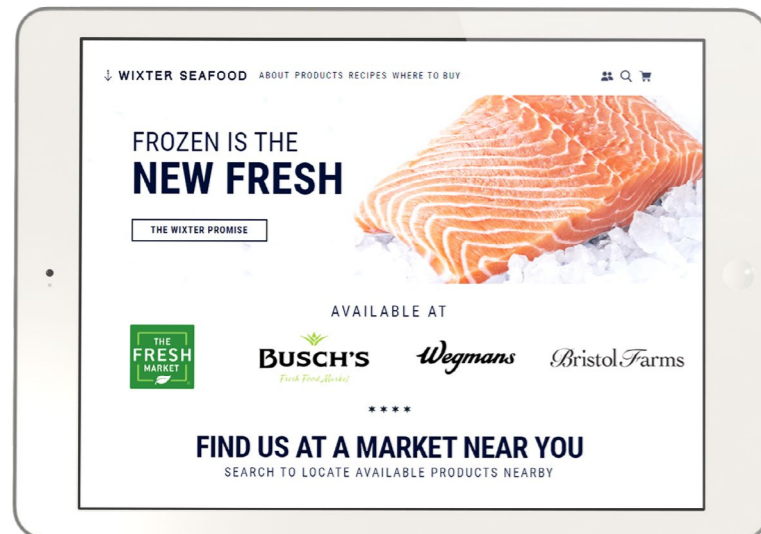
Targets:

- > No fish disease or death in transport between farm and slaughterhouse.
- > Less fuel
- > Increased fish welfare

Emissions diesel 2022: **1035 tonnes Co2e**
Liter diesel used 2022: **389294,8**
Urea used to reduce Nox 2022: **10200 liter**
(Urea reduces Nox emissions with around 50%)



SALES AND DISTRIBUTION



Our sales and distribution department plays an important role in achieving sustainability in our operations. Hofseth International distributes fish all around the world and is committed to doing so in the most sustainable way possible. Part of this

strategy involves moving our production to mainly frozen fish, because this maintains the quality of the fish for longer and allows us to use sea freight, rather than air freight, for distribution. But there is still a false perception that fresh fish packed in ice is better than frozen, so our sales and marketing departments are educating consumers about how our value chain preserves the quality and stability of our products and reduces food waste. As part of our goal to boost consumption of sustainable farmed salmon, we are investing 80-million NOK to develop our own frozen sashimi along with other new, convenient products.



ICEFRESH Defrosting Tech

ICEFRESH focus on the benefit from our innovative defrosting technology. With our defrosting technology, we can defrost seafood quickly and accurately. The seafood will have less water losses, higher food safety standard and freshness is sustained after defrosting.

The defrosting programme is unique for every type of product (product format, type of protein etc.). Specific programmes can be developed for poultry, beef etc.

Quality

Time

Freezing

Defrosting

Traditional delivery model

ICEFRESH

ICEFRESH TECHNOLOGY

Hofseth Icefresh

ICE FRESH

Click to watch the video

Sample - Salmon 8P
Hofseth
Superior
2:14 / 2:42

The video player displays a white Hofseth Icefresh salmon box filled with salmon fillets. A central circular overlay contains the text 'Click to watch the video'. The video player interface includes a red progress bar, play/pause, volume, and full screen controls. The background of the player shows a scenic landscape with mountains and a river.

SAFE FOOD

During the fish-processing stage, we place a significant focus on food safety and minimizing environmental impact. All our processing and farming sites are certified by the Aquaculture Stewardship Council (ASC). This is a major organization in the industry that sets the highest standards for responsible aquaculture. The ASC’s certification process emphasizes the preservation of the natural environment, reduction of water pollution, and the promotion of a socially responsible industry. This certification is a testament to our commitment to sustainability and responsible farming practices, which are integral to our ESG objectives.

Our operations are also subject to scrutiny by the local food authority. We employ automation and state-of-the-art equipment provided by industry leaders Marel and Baader to ensure efficient processing and minimal waste of resources. It’s also worth noting that farmed salmon contains fewer pollutants than fatty wild fish. For more information on this topic, you can refer to the resource Salmon Facts.

For more information about our ASC certification and sustainability efforts, please visit the Hofseth ASC Reporting page.

The Federation of Synagogues

KF Kosher

KF Kosher is an international organisation providing the highest standards of kosher food certification.

Visit federation.org.uk/kf-kosher for more information



The Global Partnership for Safe & Sustainable Agriculture

GLOBALG.A.P (GGN)

G.A.P. stands for Good Agricultural Practices and GLOBALG.A.P. is the worldwide standard that assures them.

Hofseth Aalesund AS – GGN 4056186949738

Seafood Farmers of Norway AS – GGN 4052852884631

Hofseth Syvde AS – GGN 4052852893534

Visit globalgap.org for more information



GLOBALG.A.P.

The Aquaculture Stewardship Council

ASC

ASC runs an ambitious programme to transform the world’s seafood markets and promote the best environmental and social aquaculture performance.

Hofseth Aalesund AS – ASC-C-01125

Seafood Farmers of Norway AS – ASC-C-00639

Hofseth AS – ASC-C-00635

Hofseth Aqua AS – ASC-C-01510

Visit asc-aqua.org for more information



The Marine Stewardship Council

MSC

The Marine Stewardship Council is an international non-profit organisation. MSC recognise and reward efforts to protect oceans and safeguard seafood supplies for the future.

Hofseth Aqua AS – MSC-C-55984

Seafood Farmers of Norway AS – MSC-C-54391

Hofseth AS – MSC-C-53111

Visit msc-aqua.org for more information



HEALTHY FOOD

Eating fish such as salmon that are rich in omega-3 fatty acids has been shown to help prevent cardiovascular disease. Salmon and trout are important elements of a healthy, balanced diet and are recommended by the WHO as forms of safe and sustainable nutrition. The figure on the right indicates the amount of omega-3 in our products.



g/100g

PEOPLE AND SOCIETY ENGAGEMENT



EMPHASIZING EMPLOYEE WELLBEING AND SAFETY: HOFSETH'S GUIDING PRINCIPLES

- 1 **Safety Above All:** At Hofseth, we prioritize employee safety above all else. Regularly reviewing and updating our safety procedures and guidelines is an integral part of our operations.
- 2 **Continuous Training:** We believe in the continual growth and development of our people. Regular safety training is one of the many ways we invest in our workforce.
- 3 **Open Dialogue:** We encourage open and honest communication throughout our organization. This is particularly important when it comes to safety concerns and issues, enabling us to proactively manage potential risks.
- 4 **Wellbeing Initiatives:** We understand the importance of overall wellbeing — physical, mental, and emotional. Our wellbeing programs are designed to support our employees in all aspects of their health.
- 5 **Recognition Culture:** We believe in recognizing and rewarding behaviors that contribute to a safer and more efficient workplace.
- 6 **Flexible Work Models:** Wherever possible, we offer flexible work arrangements to help our employees balance their work and personal life effectively.
- 7 **Inclusive Decision Making:** At Hofseth, we believe in involving our employees in decision-making processes, especially those that directly impact their work and safety. This inclusion not only values their inputs but often results in better, more practical decisions.
- 8 **Zero Tolerance for Discrimination:** We are committed to fostering a diverse and inclusive workplace. Discrimination of any kind is not tolerated at Hofseth. Every employee has the right to work in a respectful environment free from discrimination, harassment, and retaliation.
- 9 **Equal pay for equal work and qualifications.** We are committed to ensuring that all employees are fairly compensated for their roles and responsibilities. We believe in transparency, equality, and fairness in our compensation strategies, reflecting our broader commitment to diversity and inclusion.



EMPLOYEES FARMING

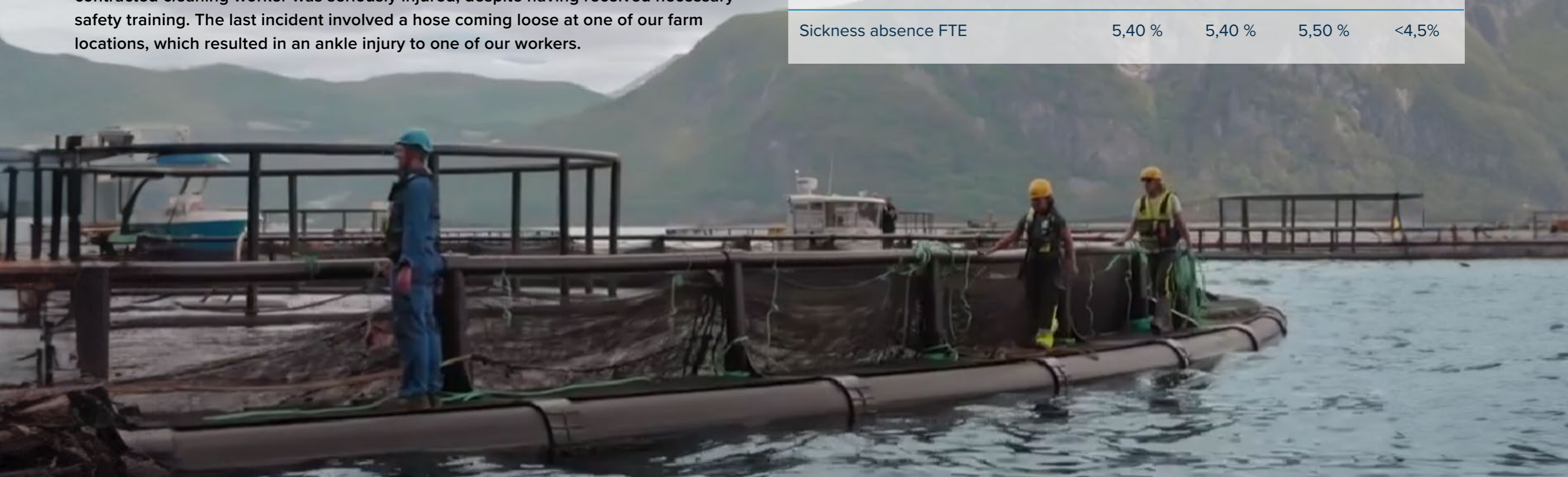
Working in the aquaculture sector, especially on sea farms, is a challenging and demanding job. This field of work, second only to the fishing industry in Norway in terms of risk, requires an utmost attention to safety protocols. However, our sea farms located within the protective environment of the Storfjord present a safer workspace compared to more exposed, open ocean sites.

As technology continues to advance, a significant portion of aquaculture farming has transitioned to being data-driven, allowing for more remote operations. This has greatly increased the safety of our operations by reducing the need for hands-on intervention, especially in more hazardous scenarios. However, it's worth noting that certain maintenance tasks and specific operations still require a direct, hands-on approach.

In 2022, despite our best efforts to maintain a safe work environment, we unfortunately experienced three incidents. One of our employees slipped and sprained his wrist but was able to return to work shortly after the incident. In another incident, a contracted cleaning worker was seriously injured, despite having received necessary safety training. The last incident involved a hose coming loose at one of our farm locations, which resulted in an ankle injury to one of our workers.

Safety remains our top priority and these incidents have reminded us of the constant need to review and update safety measures. Our team, with their dedication and hard work, are the backbone of our mission to provide the world with sustainable and nutritious food. We express our gratitude for their commitment and promise to continuously strive to provide a safe and healthy work environment for them.

Farming (Hofseth Aqua)	2022	2021	2020	Target
FTE	122	176	146	
Share of female FTE	23.34%	23.30%	19.18%	
Number of contract workers	18	n/a	n/a	
Share of female contract workers	70 %	n/a	n/a	
Fatal accidents	0	0	0	
Number of LTI	1	5	4	
Number of high consequence LTI	2	0	0	
Rate of LTI pr. 200000 worked hours	2,76	4,45	3,56	
Sickness absence FTE	5,40 %	5,40 %	5,50 %	<4,5%



HOFSETH SECONDARY PROCESSING WORK STAFF

In our processing divisions, we had one accident which led to an absence for a month. Besides this, there are recurring incidents such as minor cuts and falls, but most incidents do not lead to absence from work. We are committed to implementing measures to ensure that no injuries occur, and we encourage our employees to report all incidents. We extend the same safety training to all contract workers as our full-time employees, reinforcing our commitment to ensuring a safe and secure work environment for all staff members

Processing (Hofseth Ålesund)	2022	2021	2020	target
FTE	20	17	14	
Share of female FTE	26,34 %	29,40 %	28,50 %	
Number of contract workers	143	n/a	n/a	
Share of female contract workers	57 %	n/a	n/a	
Fatal accidents	0	0	0	
Number of LTI	4	6	4	
Number of high consequence LTI	0	0	0	
Rate of LTI pr. 200000 worked hours	3,22	5	3,46	
Sickness absence FTE	1,08 %	8,72	11,15 %	<4,5%

Processing (Seafood farmers)	2022	2021	2020	target
FTE	47	45	35	
Share of female FTE	57,38 %	57,78 %	48,57 %	
Number of contract workers	69	n/a	n/a	
Share of female contract workers	56 %	n/a	n/a	
Fatal accidents	0	0	0	
Number of LTI	0	1	3	
Number of high consequence LTI	0	0	0	
Rate of LTI pr. 200000 worked hours	0	1,64	3,68	
Sickness absence FTE	3,60 %	8,72 %	11,15 %	<4,5%

Processing (Hofseth Syvde)	2022	2021	2020	target
FTE	17,5	21	22	
Share of female FTE	71,42 %	76,20 %	77,30 %	
Number of contract workers	122	n/a	n/a	
Share of female contract workers	66 %	n/a	n/a	
Fatal accidents	0	0	0	
Number of LTI	4	4	5	
Number of high consequence LTI	0	0	0	
Rate of LTI pr. 200000 worked hours	3,58239	3,562070	4,376865	
Sickness absence	13,62 %	2,70 %	2,37 %	<4,5%

ADMINISTRATION, LOGISTICS AND SALES

Hofseth Logistics	2022	2021	2020	target
FTE	7,1	7,5	9	
Share of female FTE	0	0	0	
Number of contract workers	0	0	0	
Share of female contract workers	0	0		
Fatal accidents	0	0		
Number of LTI	0	0	0	
Number of high consequence LTI	0	0	0	
Rate of LTI pr. 200000 worked hours	0	0	0	
Sickness absence	0,54 %	0,17 %	5,47 %	<4,5%

Hofseth International (admin and sales)				
FTE	28,8	31	22	
Share of female FTE	36,11 %	32,25 %	27,27 %	
Number of contract workers	0	0	0	
Share of female contract workers	0	n/a	n/a	
Fatal accidents	0	0	0	
Number of LTI	0	0	0	
Number of high consequence LTI	0	0	0	
Rate of LTI pr. 200000 worked hours	0	0	0	
Sickness absence	4,72 %	3 %	4,90 %	<4,5%

Hofseth Group

	Men	Women	Total
Average days parantel leave FTI Hofseth FTE	55,16	154,33	88,22
Number of parantel leaves	6	3	9

THE NEXT GENERATION

Hofseth has been accepting apprentices for a number of years but is now going to the next level by partnering with the local high school in Stranda municipality. We established a programme whereby youngsters can combine practical and theoretical study ahead of a guaranteed apprenticeship and a future job. In addition, we support local cultural, educational and sports projects focusing on youth and kids.



TRANSPARENCY

We take a lot of pride in what we do and the way we do it, so it was a highlight for us to open our new viewing centre on a feeding barge, the Ivar Heggen, in Storfjord. Equipped with underwater cameras and with staff on hand to answer questions, the viewing centre allows the public — children, tourists and anyone else who is interested — to get a close-up look at our operations in the fjord and learn how we farm salmon and trout. The aim is to demonstrate how sustainable the industry is, and the opportunity it holds for the future. As part of this education project, we have partnered with the city aquarium in Ålesund to develop an interactive experience for visitors.



NORWEGIAN TRANSPARENCY ACT

In response to the newly implemented transparency act in Norway, Hofseth has initiated a comprehensive due diligence assessment as part of our ongoing dialogues with suppliers. Collaborating with over 1100 suppliers, we have begun this process primarily with our larger partners.

Our approach to meet the act's requirements is multifaceted:

- 1 Suppliers providing services or products valued over 50 million NOK must sign a due diligence agreement.
- 2 These significant suppliers are also included in our annual stakeholder dialogues, where they are required to demonstrate their adherence to the agreement's conditions.
- 3 We are actively exploring potential software solutions capable of screening our entire supplier list, with the caveat that privacy protection must be guaranteed.

Furthermore, based on our initial assessments, we have identified three crucial areas within the supply chain where enhanced attention is needed: contract labor, agricultural ingredient providers for feed, and transportation suppliers. These sectors will be monitored closely, and where necessary, audits will be carried out to ensure compliance with our policies.

Through this strategic approach, Hofseth aims to uphold our commitment to transparency, responsible sourcing, and ethical business practices while complying with the transparency act.



ESG CORPORATE GOVERNANCE FRAMEWORK

Board of directors and corporate management have developed the framework in collaboration.

Understanding and consent to guidelines, values, objectives and measures are ensured by yearly review by all members of the corporate management.

The Company abides by the Norwegian Code of Practice for Corporate Governance as recommended by the Norwegian Corporate Governance Board (NUES) on 17 October 2018.

We split our corporate governance into two main areas:

ESG - MATERIAL PILLARS



CODE OF CONDUCT

<https://www.hofseth.no/about/code-of-conduct/>

RESPONSIBILITY

NO FORCED LABOR, HUMAN TRAFFICKING, OR SLAVERY

NO CHILD LABOR

FREEDOM OF ASSOCIATION

NO DISCRIMINATION

NO HARASSMENT OR ABUSE

WORKING CONDITIONS

FAIR WAGES AND WORKING HOURS

PRODUCT RESPONSIBILITY

BUSINESS INTEGRITY

SHAREHOLDERS

Shareholders in Hofseth International AS per 31.12.2021 (ordinary shares):

Hofseth has 2 classes of shares: A and B

B shares come with no voting rights but have preferential rights over the class A shares. Stocks in the same class have equal rights.

Owner	Number of stocks	Share of ownership
RH Industri AS	294 174 680	42.83%
RH Investments AS	108 184 536	15.75%
Yokorei Co. Ltd.	96 375 602	14.03%
Asinvest AS	41 771 095	6.08%
Håberg AS	28 780 121	4.19%
Mixer Holding AS	27 480 000	4.00%
Blackrock Resources and Commodities Strategy Trust	18 993 283	2.77%
Key P1 AS	17 050 030	2.48%
Hofseth International AS	15 530 998	2.26%
Fima AS	6 015 000	0.88%

Board of directors:

The chairman of the Board: Morten Vike 

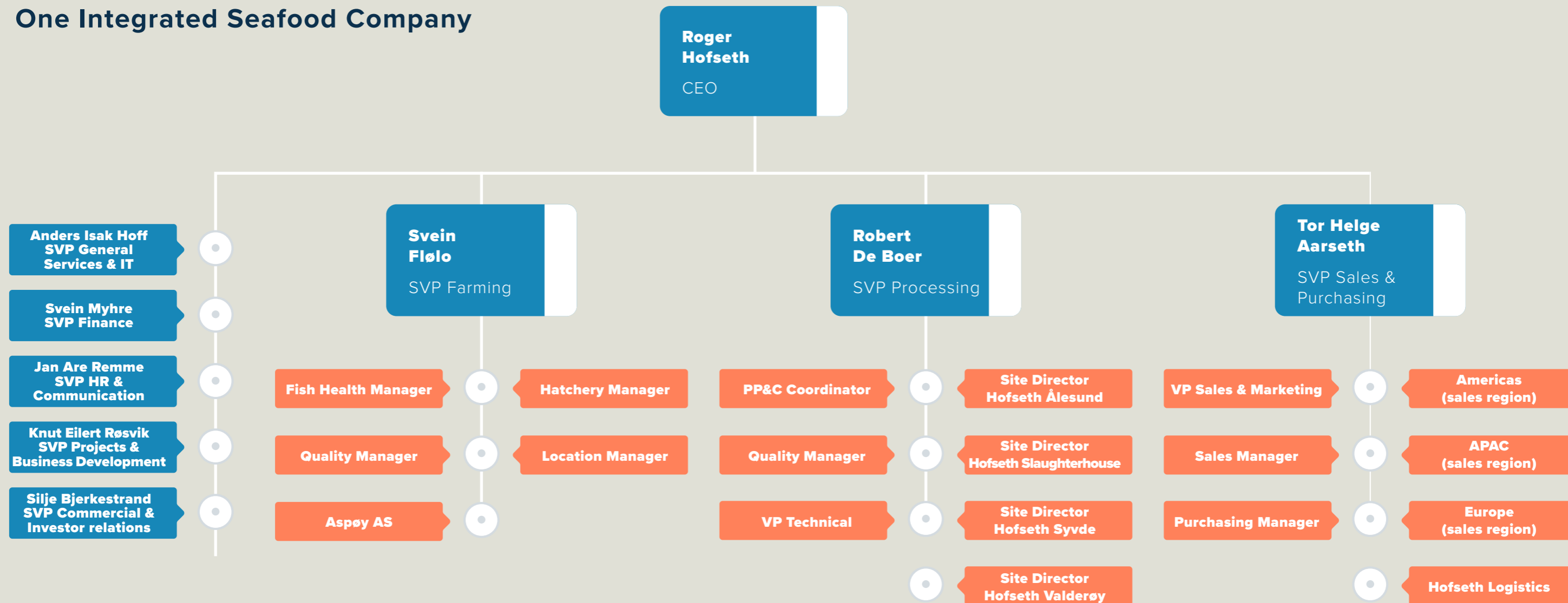
Board member: Roger Hofseth 

Board member: Hiroshi Okada

Owner	Number of stocks	Share of ownership
GAGA Trading AS	6 015 000	0.88%
Gøy Invest AS	6 015 000	0.88%
Zenseware AS	6 015 000	0.88%
Aarseth AS	6 015 000	0.88%
Jens-Peter Stein	4 610 020	0.67%
Hofseth AS	1 893 611	0.28%
David Lipner	829 803	0.12%
Tarek Shoeb	645 402	0.09%
Neal Trivedi	276 601	0.04%
Paul Baron	230 501	0.03%

HOFSETH ORGANIZATIONAL STRUCTURE

One Integrated Seafood Company



Company/Shareholder	Associated Person (Role)	Number of Shares
RH Industri AS and RH investments AS	Roger Hofseth (CEO and member of the board)	402,359,216 (55.58%)
Håberg AS	Geir Even Håberg (Site Director Hofseth Ålesund)	28,780,121 (4.19%)
Key P1 AS	Number of employees	17,050,030 (2.48%)
Gaga Trading	Svein Flølo (SVP Farming)	6,015,000 (0.88%)
Aarseth AS	Tor Helge Aarseth (SVP Sales & Purchasing)	6,015,000 (0.88%)
Fima AS	Finn Olaf Stokkereit(VP technical)	6,015,000 (0.88%)
Zenseware AS	Anders Isak Hoff (SVP General Services & IT)	6,015,000 (0.88%)
Gøy Invest	Øystein Giske (Site Director Slaughterhouse)	6,015,000 (0.88%)

GRI INDEX

Details	Information
Reporting Period	01.01.2022 to 12.31.2022
GRI Standards Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022
Name of organizations	Hofseth International AS
Activities and products	Salmon and trout farming and processing
Location of Head Quarter	Kippervikgata 13 6003 Ålesund
Locations of operations	Hofseth has 5 farm locations in Storfjord, smolt facility in Tafjord, and process facilities in Syvde, Valderøy, and Ålesund. In addition, Hofseth has logistic and sales company in Ålesund

Disclosure	Response	Location	GRI Sector Standard Ref. No+.	Omission	External Assurance
2-1 Organizational details		NO	A		
2-2 Entities included in the organization's sustainability reporting	Our greenhouse gas emissions are reported in accordance with the Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative, using the operational approach.	Page 64 General Info		NO	
2-3 Reporting period, frequency and contact point	In our integrated sustainability, we report annually according to the GRI Standards. Contact points: ESG-reporter: John-Andre Bolseth, john@verdee.no Hofseth Communication Manager: Jannicke Farstad, jafa@hofseth.no	Our annual ESG report covers the period from January 1, 2022, to December 31, 2022, and are updated yearly.		NO	
2-4 Restatements of information	Our climate accounting has been updated back to baseline year 2020, based on better data and understanding of emissions.	Page 15		NO	
2-5 External assurance	The ESG reporter seeks external assurance of sustainability reporting according to GRI Standards, climate accounting and sustainability KPIs. Our sustainability reporting will be assured by our independent auditor RSM Norway within September 2023.	Will be attaching on last page after GRI index		NO	
2-6 Activities, value chain and other business relationships	Our core business involves purchasing fish from other farmers, processing it into portions and fillets, with the primary cost being the fish itself. Within our farming division, the most substantial expense comes from feed. For further information on our other business relations and investors, refer to the stakeholder section on pages.	Page 9-12 and page 62		NO	

Disclosure	Response	Location	GRI Sector Standard Ref. No+.	Omission	External Assurance
2-7 Employees	We do not have any non-guaranteed hours employees.			NO	
2-8 Workers who are not employees	We define workers who are not employees as contract workers. Data reported on contractors are compiled in headcount, similarly to our employees. Our LTI includes contract workers.	See page 54-56		NO	
2-9 Governance structure and composition	-	ESG-governance page 61-63	A	NO	YES
2-10 Nomination and selection of the highest governance body	-	Page 61-63	A	NO	YES
2-11 Chair of the highest governance body	-	Page 61-63	A	NO	YES
2-12 Role of the highest governance body in overseeing the management of impacts	-	Page 61-63	A	NO	YES
2-13 Delegation of responsibility for managing impacts	-	Page 61-63	A	NO	YES
2-14 Role of the highest governance body in sustainability reporting	Approval of the ESG report, in alignment with the corporate ESG strategy.		A	NO	YES
2-15 Conflicts of interest	-	Page 63	A	NO	YES
2-16 Communication of critical concerns		Page 60	A	NO	YES
2-17 Collective knowledge of the highest governance body	Our CEO possesses extensive and in-depth experience, serving as the visionary behind our sustainable strategy	6 , 61-63	A	NO	YES
2-18 Evaluation of the performance of the highest governance body	The performance of our highest governance body is evaluated against our main KPIs: emissions from air freight, feed utilization, economic feed ratio, and the implementation of climate opportunities.	4 , 16 , 22 , 24 , 41	A		YES

Disclosure	Response	Location	GRI Sector Standard Ref. No+.	Omission	External Assurance
2-19 Remuneration policies	We have several employees that have stocks in the company	Page 63	A	NO	YES
2-20 Process to determine remuneration	Hofseth is not a public company, and do not report on remuneration yet.			YES	
2-21 Annual total compensation ratio	Hofseth is not a public company, and do not report on remuneration yet.			YES	
2-22 Statement on sustainable development strategy	-	Page 6, 15		NO	
2-23 Policy commitments	-	Page 60, 61, 6		NO	
2-24 Embedding policy commitments	-	Page 60, 61		NO	
2-25 Processes to remediate negative impacts	-	This subject is relevant through the whole report		NO	
2-26 Mechanisms for seeking advice and raising concerns	Our stakeholder dialogue and third party certifiers like ASC and MSC.	Page 9, 10, 11, 12, 50		NO	
2-27 Compliance with laws and regulations		Page 75		NO	
2-28 Membership associations	Membership of associations GATH, Sjømatbedriftene, Norwegian Seafood Council			NO	
Stakeholder Engagement					
2-29 Approach to stakeholder engagement		Page 9-12		NO	A
2-30 Collective bargaining agreements	Collective bargaining agreements: 18%			NO	A
Material Topics					
3-1 Process to determine material topics		Page 13		NO	A

Disclosure	Response	Location	GRI Sector Standard Ref. No+.	Omission	External Assurance
3-2 List of material topics		Page 13		NO	A
Animal Health And Welfare					
3-3 Management of material topics		Page 13, 37	13.11.1	NO	A
Additional sector disclosures					
Percentage of production volume certified to third-party animal health and welfare standards	All are farming sites and processing sites have certifications, this can be found on our web page and in this report.	Page 37, 50	13.11.2	NO	A, B
Survival rate at sea		Page 37	13.11.3	NO	A, B
Main causes for reduced survival in seawater	List of the main causes of reduced survival, with loss stated in number and tonnes of fish.	Page 37		NO	A, B
Other certifications and environmental alignments	Certifications and farming KPles	Page 37, 50		NO	A, B
Biodiversity					
3-3 Management of material topics		Page 13, 45	13.3.1	NO	A
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Page 45, 46	13.3.2	NO	A, B
304-2 Significant impacts of activities, products and services on biodiversity		Page 45	13.3.3	NO	A
304-3 Habitats protected or restored	All our farming sites have following periods to break disease cycles and allow the environment to recover. Parasites, bacteria, and other disease-causing agents often build up in the water and on the sea floor beneath the farm during production cycles. When the fish are harvested and the site is left fallow, these agents often die off due to lack of hosts.		13.3.4	NO	A

Disclosure	Response	Location	GRI Sector Standard Ref. No+.	Omission	External Assurance
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		Page 45, 46	13.3.5	NO	A, B
Hofseth indicator 01 Economical feed ratio		Page 36, 37	13.3.6	NO	A, B
Hofseth indicator 02 Fish utilization		Page 4		NO	A, B
Hofseth indicator 03 Share of airfreight		Page 23, 24			
Hofseth indicator 04 Information on products in feed		Page 37, 26			
Hofseth indicator 05 Number of escape incidents and fish escaped		Page 37, 46			
Hofseth indicator 06 Sea lice levels		Page 44			
Hofseth indicator 07 Environmental status of our sites		Page 46			
Hofseth indicator 05	Active substances used for lice treatments are salmosan and ectosan			NO	
Hofseth indicator 08	Number of dead birds and marine mammals	Page 45, 46		NO	
Food Safety		Page 50, 51	13.10.1	NO	
416-1 Assessment of the health and safety impacts of product and service categories	Since all our products are intended for human consumption, their health and safety impacts are continually assessed as part of our certification processes.	Page 50	13.10.2	NO	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents		13.10.3	NO	
Additional sector disclosures: Percentage of production volume from sites certified to internationally recognized food safety standards	All our sites are certified	Page 50	13.10.4	NO	

Disclosure	Response	Location	GRI Sector Standard Ref. No+.	Omission	External Assurance
Number of recalls issued for food safety reasons and the total volume of products recalled	zero		13.10.5	NO	
Emissions		Page 15-35	13.1.1	NO	
305-1 Direct (Scope 1) GHG emissions		Page 15, 16, 27	13.1.2	NO	
305-2 Energy indirect (Scope 2) GHG emissions	The group's market-based Scope 2 GHG emissions amount to 11 613 tCO2e.	Page 15, 16, 20	13.1.3	NO	
305-3 Other indirect (Scope 3) GHG emissions	Biogenic CO2 emissions (tCO2e) is not relevant for our operations.	Page 15-33	13.1.4	NO	
3-3 Management of material topics		Stakeholder Dialogue Page 9-14	13.2.1	NO	
201-2 Financial implications and other risks and opportunities due to climate change	We see opportunities in climate change for new technology, for example our investment in renewable energy, Ovum and ICEfresh	Page 16, 40 and 49	13.2.2	NO	
3-3 Management of material topics related to food security	We provide the world with healthy, safe, and sustainable food. We do this without compromising our planet or people	Page 3, 10, 50, 51	13.9.1	NO	
3-3 Management of material topics related to natural ecosystem conversion	We had several dialogues with our feed provider about the topic-	Page 10, 25	13.4.1	NO	
3-3 Management of material topics related to supply chain traceability		Page 12, 60	13.23.1	NO	
Level of traceability		Page 60	12.23.2	NO	
Improvements projects related to certification	We are in process of various certifications regarding our sustainability efforts.		13.23.4	NO	
3-3 Management of material topics related to anti-corruption		ESG-framework Page 61	13.26.1	NO	

Disclosure	Response	Location	GRI Sector Standard Ref. No+.	Omission	External Assurance
205-1 Operations assessed for risks related to corruption		Page 60	13.26.2	NO	
205-2 Communication and training about anti-corruption policies and procedures	Our Code of Conduct program includes anti-corruption guidelines and procedures. The disclosure requirements are largely met with one minor exception. A significant portion of our suppliers, in terms of purchase value, have signed our Supplier Code of Conduct. However, we are currently unable to provide precise figures or regional breakdowns. We are committed to improving our systems to track this data more accurately in the future. Management are trained in anti corruption policies.	Page 60	13.26.3	YES, POINT C.	
205-3 Confirmed incidents of corruption and actions taken	No incidents		13.26.4	NO	
3-3 Management of material topics related to employee health and safety		Page 53-56	13.19.1	NO	
403-1 Occupational health and safety management system	-: Occupational health and safety management system: EQS Health and safety system implemented		13.19.2	NO	
403-2 Hazard identification, risk assessment, and incident investigation	-: Hazard identification, risk assessment, and incident investigation: Risk assessment in all new equipment and processes, registration of deviations and implementation of measure	Page 53-56	13.19.3	NO	
403-3 Occupational health services	-Occupational health services: Health check by a doctor every other year. Work-related injuries or health problems are followed up by, for example, a physiotherapist.		13.19.4	NO	
403-4 Worker participation, consultation, and communication on occupational health and safety	-Worker participation, consultation, and communication on occupational health and safety: The Working Environment Committee meets every quarter. Grievance implementation and anonymous or open letter box at all factories to report any unfortunate circumstances or suggestions for improvement.		13.19.5	NO	
403-5 Worker training on occupational health and safety	-Worker training on occupational health and safety: All new employees go through training with an HSE representative or safety representative. If accidents occur, all employees in the relevant job position go through measures to avoid the accident happening again.		13.19.6	NO	
403-6 Promotion of worker health	Hofseth Academy		13.19.7	NO	

Disclosure	Response	Location	GRI Sector Standard Ref. No+.	Omission	External Assurance
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			13.19.8	NO	
403-8 Workers covered by an occupational health and safety management system	Workers covered by an occupational health and safety management system: 100%		13.19.9	NO	
403-9 Work-related injuries		Page 53-56	13.19.10	YES, POINT B.	
403-10 Work-related ill health	We have no incidents of work-related ill health		13.19.11	NO	
3-3 Management of material topics related to forced or compulsory labor	-	Page 59	13.16.1	NO	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	Page 59	13.16.2	NO	
3-3 Management of material topics related to child labor	-	Page 59, 61	13.17.1	NO	
408-1 Operations and suppliers at significant risk for incidents of child labor		Page 59	13.17.2	NO	
3-3 Management of material topics related to rights of indigenous people	-	Page 59	13.14.1	NO	
411-1 Incidents of violations involving rights of indigenous peoples	No incidents-		13.14.2	NO	
Additional sector disclosure - Location of operations	-	Page 64	13.14.3	NO	

Disclosure	Response	Location	GRI Sector Standard Ref. No+.	Omission	External Assurance
3-3 Management of material topics related to local communities		Page 9-13	13.12.1	NO	
413-1 Operations with local community engagement, impact assessments, and development programs	This subject is the core of the report	Page 5, 6, 9, 11, 18, 29, 40, 41, 45, 58, 59	13.12.2	NO	
413-2 Operations with significant actual and potential negative impacts on local communities	We don't see any potential negative impact at our communities		13.12.3	NO	
3-3 Management of material topics	-	Page 9-13	13.22.1	NO	
201-1 Direct economic value generated and distributed	-	Page 4, 57	13.22.2	NO	
203-1 Infrastructure investments and services supported		Page 40, 58, 59	13.22.3	NO	
203-2 Significant indirect economic impacts		Page 21, 40, 57	13.22.4	NO	

In compliance with all applicable laws, regulations, and standards, our operations have been executed without any penalties or sanctions levied by governmental authorities. Our proactive approach to regulatory compliance and a strong culture of corporate responsibility have enabled us to uphold the highest standards of business conduct, avoiding any infringements that could lead to official disciplinary action. This commitment to legality and integrity ensures that our practices align with societal expectations and regulatory requirements, contributing to sustainable and ethical operations.

- 1 The Norwegian Directorate of Fisheries (Fiskeridirektoratet): This entity is responsible for management and control tasks related to fisheries and aquaculture, including the issuing of farming licenses. Our operations must adhere to the guidelines set by this authority to ensure sustainable and regulated fishing practices.
- 2 The Norwegian Food Safety Authority (Mattilsynet): This agency oversees animal health and welfare, including fish, and ensures that food and water are safe. It sets the standard for our fish health and welfare practices and guarantees that our products are safe for consumption.
- 3 The Ministry of Trade, Industry and Fisheries (Nærings- og fiskeridepartementet): This government department formulates and implements policies and laws related to fisheries and aquaculture. As such, our operations are directly influenced by the rules and regulations set forth by this body.
- 4 The Norwegian Environment Agency (Miljødirektoratet): This authority is responsible for the protection of the environment and biodiversity, including the marine environment, and for preventing pollution. We strive to uphold the environmental standards this agency sets to ensure our operations are sustainable and eco-friendly.
- 5 The Norwegian Coastal Administration (Kystverket): This body manages the use of Norway's coastal and sea areas, including aquaculture sites. It is our responsibility to adhere to the guidelines set by this administration to ensure our operations do not adversely affect the coastal regions.

- 6 The County Governor (Fylkesmannen): As a representative of the central government at a local level, the County Governor supervises local municipalities, including environmental protection duties. Our operations are held accountable by this authority to ensure we are compliant with local laws and regulations.
- 7 The Norwegian Labour Inspection Authority (Arbeidstilsynet): This authority ensures that companies comply with health, environment and safety laws in the workplace, and that employees' rights are protected. Our labor practices are governed by this authority, ensuring a safe and respectful work environment for all of our employees.

HOFSETH
