ESG REPORT 2022

ANDFJORD SALMON

ANDFJORD™ SALMON

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Andfjord Salmon ESG Report 2022

ABOUT THIS REPORT

This is Andfjord Salmon's third sustainability report. It applies to the reporting period 1 January to 31 December 2022, and was published on 20 April 2023.

The report is prepared in accordance with the GRI Standards (2021) and the Euronext guidelines for sustainability reporting.

Andfjord Salmon prepares sustainability reports on an annual basis together with its financial reporting. No restatements of information have been made from previous reporting periods.

The information in this report has been reviewed and approved by Andfjord Salmon's Board of Directors but has not been audited by a third party.

For information about this report and its content, please contact Andfjord Salmon and CFO Bjarne Martinsen:
bjarne.martinsen@andfjord.no

Andfjord Salmon ESG Report 2022

CEO LETTER: REALISING SUSTAINABLE FISH FARMING

2022 marked the start of fish farming operations for Andfjord Salmon, after having spent the past couple of years developing our first land-based pool. This meant that we could finally start to properly document and prove why we have set an ambition of developing the most fish-friendly and sustainable salmon farming facility of its kind.

When Roy Pettersen founded Andfjord Salmon, it was based on an idea of capitalising on the natural advantages of being located at Andøya in Northern Norway, and utilising them to recreate the salmon's natural habitat on land.

With love and respect for the local environment we are part of, including the wild salmon that swim in the ocean and the rivers in our region, Pettersen and Andfjord Salmon wanted to develop a fish farming facility with the smallest possible environmental footprint and without a negative impact on the marine environment. Sustainability has therefore been fully integrated with Andfjord Salmon's business strategy from day one. And it still is today.

However, talking is one thing. Walking the talk is another. In 2022, we have finally been able to do the latter.

Please don't get me wrong. Everything we have done up until June 2022, has been executed as planned – with our sustainability ambition in mind. Such as the development of our flow-through fish farming concept, the verification of the laminar water flow and proving that all pool functions work as they should. Because we knew that they would be key to unlocking a number of sustainability and fish health benefits. In theory.

From theory to practice

The key to proving our theory worked in practice was to have fish in the pool. On 25 June 2022, we released close to 200,000 smolt in our first pool at Andøya. This has enabled us to actually prove that we can produce salmon with significantly low energy consumption.

It has allowed us to showcase that salmon thrive in our flow-through system, as proven by a higher-than-expected growth rate and highly impressive survival levels. It has given us the opportunity to show that our fish is healthy and tastes excellent. And we have achieved this without negatively affecting the marine environment.

As you probably understand, sustainability and corporate development and performance in Andfjord Salmon go hand-in-hand. Our annual sustainability report shows how we are realising our sustainable fish farming vision defined even before our founding. It also shows the many steps we take every day to make our operations even more sustainable and responsible.

We have identified five main sustainability topics that we believe are central to managing the most important social and environmental challenges that Andfjord Salmon faces: Environment and climate impact, occupational health and safety, supply chain transparency and control, local value creation, and working environment. You can read more about these topics in this report, which has been drawn up in accordance with the 2021 Global Reporting Initiative (GRI) Standard.

Although we have taken massive strides forward in 2022, we are still at the beginning of Andfjord Salmon's adventure. We look forward to continuing to document this journey. I hope you can take some time to dive into the details of our sustainability efforts in 2022 and will continue to follow us for more updates in the future.

Martin Rasmussen
CEO of Andfjord Salmon

SUSTAINABILITY HIGHLIGHTS 2022

Andfjord Salmon has continued to strengthen its ESG efforts in 2022. In addition to publishing our third sustainability report in accordance with the 2021 GRI Standards, our sustainability strategy has been improved and integrated as a recurring item on the agenda at management and board meetings. Other 2022 sustainability highlights include:

Environment and climate impact

- To better monitor environmental impacts, we have conducted a vast mapping of the marine biodiversity in Andfjorden together with Rådgivende Biologer AS, using ROV technology. The mapping will be made publicly available in 2023.

- We successfully released smolt in the first land-based pool in June. The fish has a good appetite and shows strong biological performance: Average weight reached 1 kg in November 2022, well ahead of the late December 2022 forecast, and the survival rate was an industry-leading 98.4%.

- We have continued our collaboration with Norconsult and DNV to meet the requirements for escape safety, and the latest report, gave Andfjord Salmon the highest score in terms of preventing fish escape.

- In February, we entered into a strategic feed supply agreement with Skretting, and together with whom we have developed “Calanus® Plus by Andfjord Salmon” – a feed that is specifically tailored to our flow-through technology to ensure optimal water quality, fish welfare and growth conditions.

- As predicted, our fish farming facility has low energy consumption and subsequently low emissions due to the flow-through technology. In 2022, Andfjord Salmon’s energy consumption was on average 80,000 kwh per month, which is very low.

- We started our fish sludge project in 2022 with preparations for and development of an Antec biogas reactor that will be used by researchers at NMBU and NIBIO to develop an optimal bacterial culture and bioreactor process to produce biogas.

- Andfjord Salmon has in 2022 taken part in RESIST, a five-year EU-funded project coordinated by SINTEF in collaboration with INOVA+, which supports four demonstrator regions and eight twin regions across the EU in their efforts to build resilience against the impacts of climate change.

Working environment, including occupational health and safety

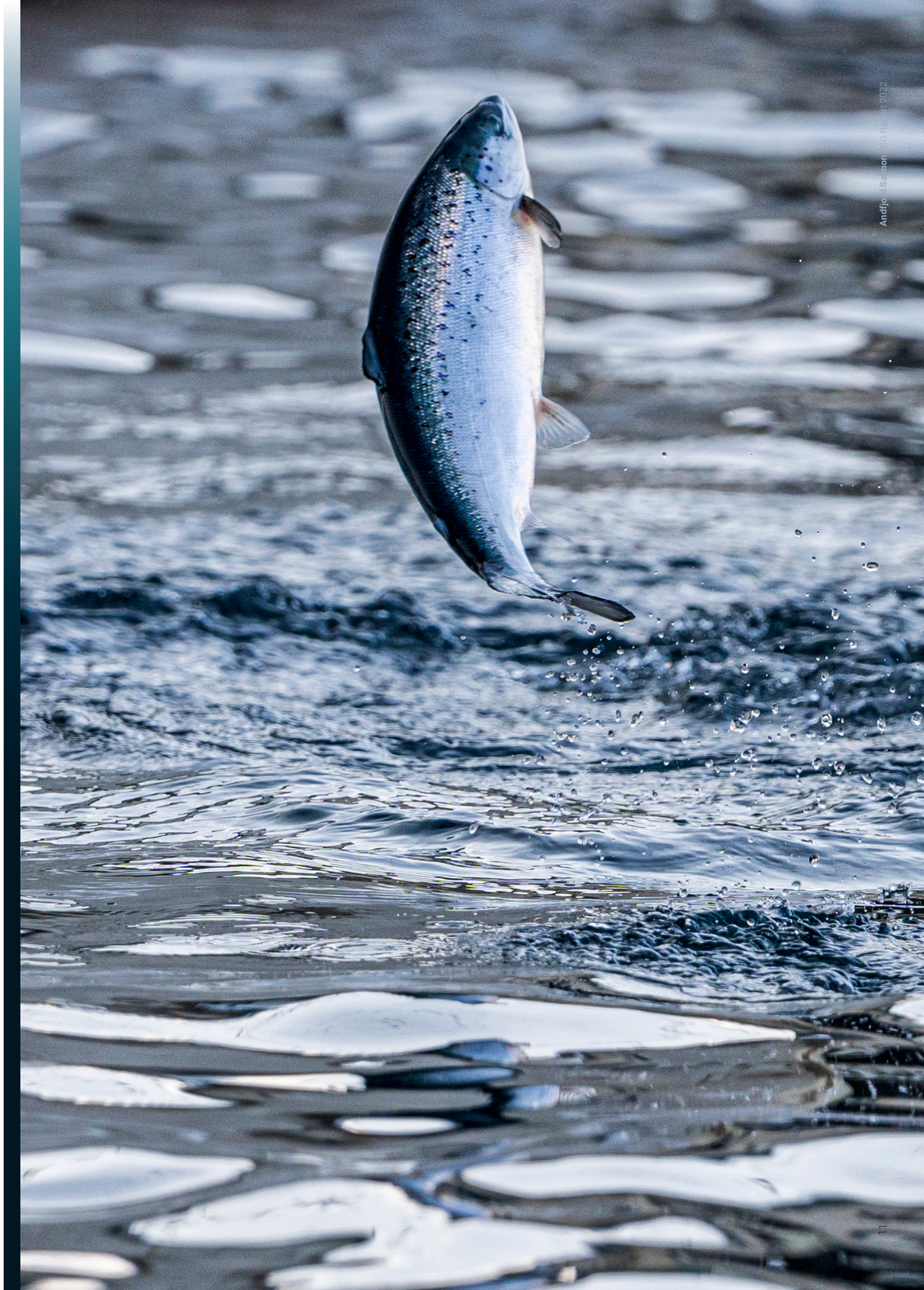
- An employee handbook was introduced in October and a new HR coordinator appointed at the end of the year.
- The annual employee survey was conducted in January, with a participation rate of 89 %. The average score on all questions was 4.08, of a maximum score of 5, where 5 indicates the highest level of employee satisfaction.
- We increased our share of female employees by 11.9 % in the reporting period, and the gender balance of the organisation is now 71 % men and 29 % women.

Business ethics

- Our new Code of Conduct was completed and approved by the Board of Directors in Q1 2022.
- All suppliers and business partners were screened for potential risks related to environmental, social and governance issues during 2022.

Local value creation

- Andfjord Salmon has continued to employ local talent in 2022. We now have 18 employees, representing different parts of the region.
- We have continued to support local suppliers through the purchase of goods and services, amounting to NOK 83 million during the reporting period.
- As part of our local community engagement, Andfjord Salmon supports two specific either initiatives or projects aimed at recruiting and retaining talent in the region including the “Jobb for to” initiative and the municipality’s "bo og bli-lyst" project.



THIS IS ANDFJORD SALMON: THE HOME OF ATLANTIC SALMON

Andfjord Salmon is a Norwegian company established in 2014 by founders with extensive salmon farming, financial and business development experience. The company is built on a foundation of innovation and a sustainable aquaculture concept for the land-based farming of Atlantic salmon.

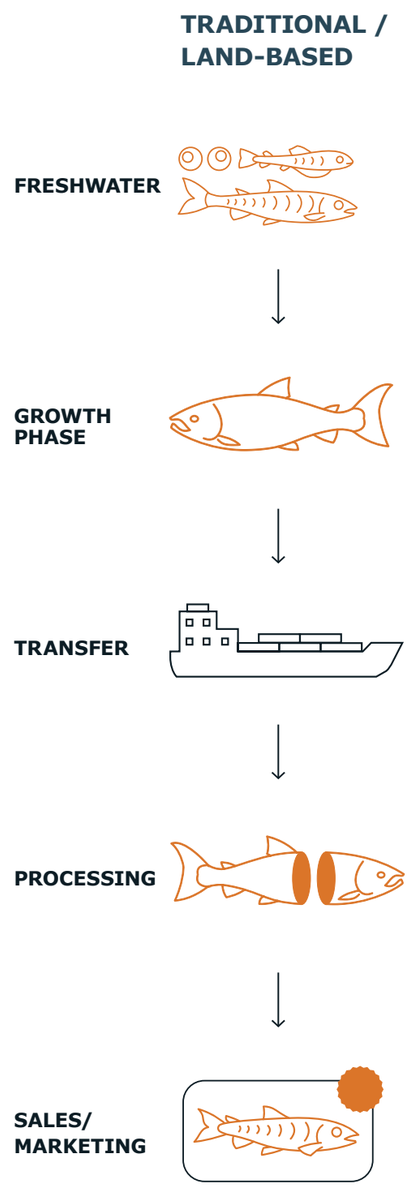
Andfjord Salmon's farming facility is patented, consumes a minimal amount of energy and carries low operating costs. The farming facility is designed to avoid problems with salmon lice and poisonous algae, with robust barriers to prevent escape and minimise pollution of the marine environment. The flow-through farming method is very similar to a flow-through net-pen in the ocean, which gives a healthy robust environment for the salmon.

Andfjord Salmon is headquartered at Kvalnes on the northern part of Andøya, in the Arctic Archipelago of Vesterålen. At the end of 2022, Andfjord Salmon had 8 employees, all of which were located at Andøya, in Norway. For more information about employees, please refer to the working environment chapter of this report.

The company is a member of The Norwegian Seafood Federation (Sjømat Norge), where we participate in meetings and pay an annual membership fee.

There have been no significant changes to the sector in which Andfjord Salmon is active, the company's value chain or other relevant business relationships compared to the previous reporting period.

Andfjord Salmon is a limited company listed on Euronext Growth (legal name: Andfjord Salmon, ticker ANDF).



CERTIFICATIONS

An important tool in the company's environmental efforts is to obtain in accordance with international standards. Andfjord Salmon will purposefully work with sustainability certification bodies in both Europe and the Americas, which certifies farmed salmon according to strict and clearly defined environmental criteria. Additionally, the company aims to be certified according to Global G.A.P, which sets out standards for food safety.

CERTIFICATION	DESCRIPTION	STATUS
Global G.A.P.	Global Good Agricultural Practices (G.A.P.) is a standard for both agriculture and aquaculture. The standard covers food safety, animal welfare, sustainability, employment, and traceability.	Andfjord Salmon shall comply with the requirements set out by Global G.A.P Aquaculture Standards. The company has started the Global G.A.P. certification process.

Andfjord Salmon ESG Report 2022

OUR VISION

BUILDING THE WORLD'S MOST FISH-FRIENDLY AND SUSTAINABLE SALMON FARMING FACILITY OF ITS KIND

OUR MISSION

FISH FARMING WITH A CLEAR CONSCIENCE

OUR APPROACH TO **SUSTAINABILITY**

CORPORATE **GOVERNANCE** AND **SUSTAINABILITY** APPROACH

At Andfjord Salmon, we set the highest standards of integrity for our operations, and continually strive to improve our corporate governance and culture.

Although the company is not subject to the Norwegian Code of Practice for Corporate Governance (NUES), it aims to comply with the principles of the recommendations. Andfjord Salmon has prepared a report on corporate governance that is included in the annual report and has also established its own Code of Conduct which includes the company's guidelines for responsible business conduct (ethical guidelines).

The annual general meeting ("AGM") is Andfjord Salmon's highest governing body, in which shareholders can influence the company's strategic development. Andfjord Salmon's Board of Directors (the Board) is responsible for ensuring satisfactory corporate governance and bears the ultimate responsibility for the company's sustainability approach.

Corporate Executive Management are responsible for Andfjord Salmon's strategy and operations as well as making sure that the company adheres to relevant laws, regulations, and industry specific standards. The CEO is responsible for the day-to-day business to be carried out in accordance with the Code of Conduct.

Governance structure and composition
The annual report (corporate governance statement), describes Andfjord Salmon's governance structure, including the composition of the highest governance body and its committees, as well as responsibilities regarding decision-making and on overseeing the management of the organisation's impacts on the economy, environment, and people.

The explanation of the nomination and selection processes of Board members and the committees, including criteria considering shareholder's views, diversity, independence, and relevant competencies, is mentioned in the Instruction for the Election Committee.

Role of the highest governance body
The Board has delegated responsibility for managing the organisation's impacts on the economy, environment, and people, to senior executives in Andfjord Salmon. Every year, the Board reviews and approves the sustainability report, including the selected material topics. The Board and senior executives have directly or indirectly approved the organisation's purpose, value and mission statements, strategies, policies, and goals related to sustainable development.

The Board evaluates its own performance and expertise on an annual basis, including their performance in relation to sustainability topics, and actions are taken in response to the evaluations.

In order to advance the collective knowledge, skills, and experience on sustainable development, the board discusses ESG matters at at least one meeting per year. As part of these discussions, the Board's performance in overseeing the management of the company's impact on the economy, environment, and people will be evaluated, and improvement points identified.

Remuneration policies
Andfjord Salmon's remuneration policies for members of the Board and senior executives are described in the corporate governance statement of the annual report. The policies set out how remuneration relates to the performance of senior executives and board members in managing the company's ESG impact and objectives.

The corporate governance statement also describes the process for drawing up the remuneration policies and for determining remuneration. The voting results of stakζolders (including sharζolders) on remuneration policies and proposals are reported in the Annual General Meeting notices, which are published on Andfjord Salmon's website.

Conflict of interest
Openness and transparency are crucial in dealing with any actual, potential, or perceived conflict of interest, and all three scenarios must be addressed. To ensure that conflicts of interest are prevented and mitigated, the Board does not include members of the executive management group, this also includes the Chair. This is in line with the recommendations set out in the Norwegian Code of Practice for Corporate Governance, and part of the rules and procedures of the Board. The processes for the Board to ensure that conflicts of interest are prevented and mitigated is a policy enshrined in the rules and procedures the Board of Directors.

UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

In Andfjord Salmon, the health and safety of our employees and suppliers is the highest priority everywhere and in all our activities. Our goal is to have zero work-related injuries. To achieve this, we work systematically to establish an open safety culture.

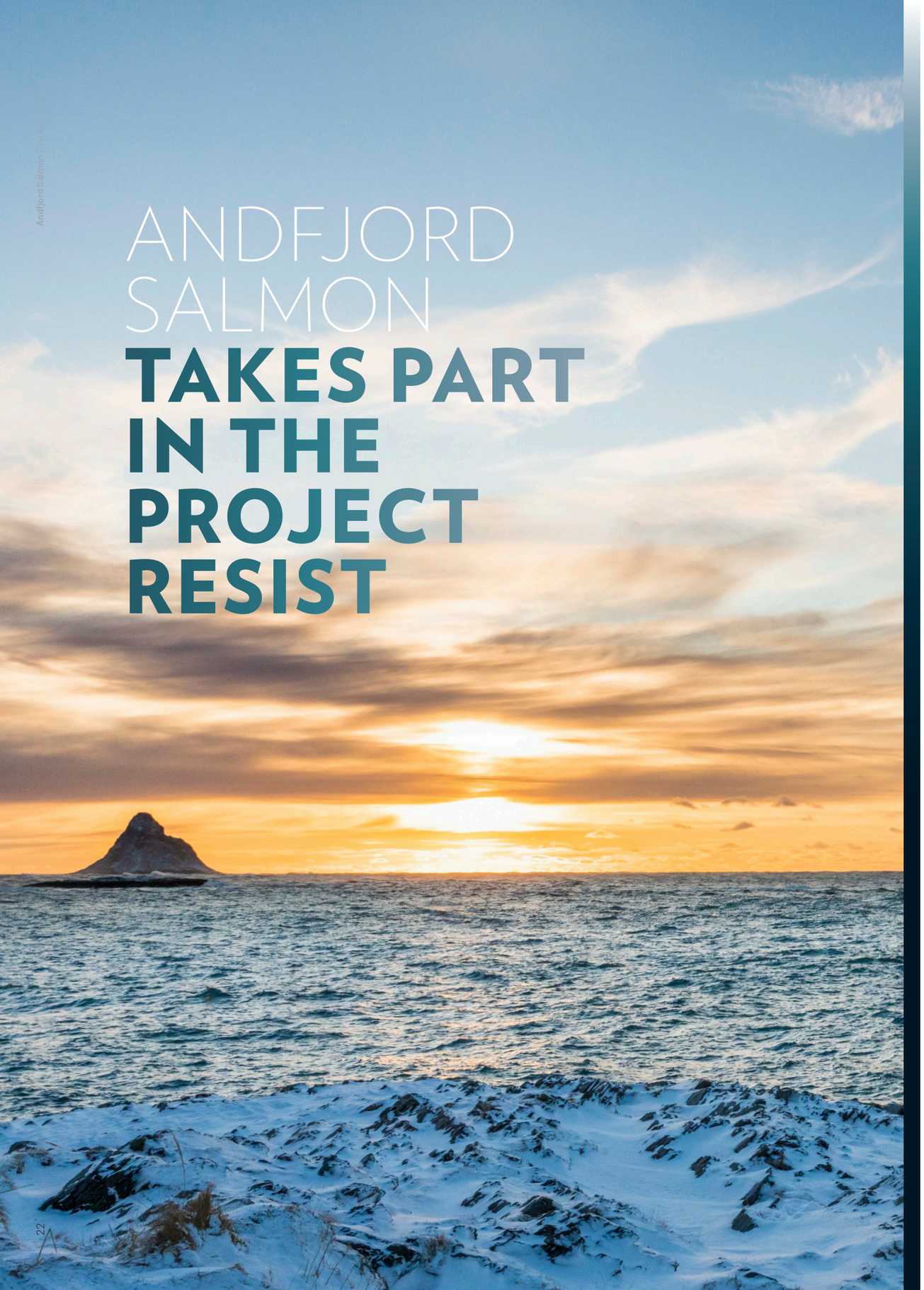
Andfjord Salmon aims to create great value for the region of which we are a part. We contribute strongly to innovation, research and competence enhancement in a broad perspective. Research and development are a key part of Andfjord Salmon's innovative power.

Our employees and business partners are required to conduct business in accordance with the company's ethical guidelines, and we have established professional systems of accountability, oversight and control within the company. Andfjord Salmon produces premium food and is committed to ensuring high quality in all parts of the company's production. The company therefore prefers to trade with suppliers that have established known quality management systems.

Andfjord Salmon aims to have the highest biosecurity to prevent contagious fish diseases and sea lice. The Andfjord Salmon farming process also prevents toxic algae. The flow-through technology and the and low density in the tanks provides the best possible fish welfare.

Andfjord provides the cleanest seawater in the Arctic. The water is kept crystal clear in the farming facility, due to our innovative flow-through farming solution. The farming facility is tightly secured, to prevent any harm to the local stocks of salmon in the rivers. There are several salmon rivers on Andøya, and our farming facility does not have any negative impact on the wild stocks.

Our goal is to write aquaculture history in the field of sustainable production, and our suppliers are required to document that they are actively working to reduce the impact of their operations on the natural environment.



ANDFJORD SALMON TAKES PART IN THE PROJECT RESIST

In 2022, Andfjord Salmon became part of the EU-funded project RESIST, which is among the largest ever research and innovation projects here.

The world is already experiencing the consequences of climate change. RESIST is a five-year EU-funded project coordinated by SINTEF in collaboration with INOVA+, which will support four demonstrator regions and eight twin regions across the EU in their efforts to build resilience against the impacts of climate change.

Know-how and solution pathways will be transferred from the four demonstrator regions to the eight twinned regions through mutual-learning activities and innovative immersive digital twins. This technology creates a virtual environment with real-time data which will facilitate informed decision-making by the regional authorities in Europe.
On top of this, the project will also seŋ to promote further transfer of knowledge and innovative solutions through a sustainable market-oriented approach, in order for them to be more widely utilised.

Vesterålen is one of the twelve regions. Together with Vesterålen regional council and Lofotr Næringsdrift AS/GaiaVesterålen, Andfjord Salmon AS has been asked to participate as the only private Norwegian company.

“We have been asked to join as a project partner as a result of our involvement in GaiaVesterålen, and because Andfjord Salmon’s vision reflects solutions to both existing problems in the farming industry and expected problems as a result of future climate change. Our goal is to build the world’s most sustainable farming facility, which takes into account both climate changes and the local environment in Vesterålen. We look forward to contributing to the RESIST project.”

Stig Pettersen.
Project coordinator in Andfjord Salmon.

The RESIST project started up 1 January 2023 and has a total budget of 26.6 million euro (approximately NOK 270 million). The funds stem from the Horizon Europe programme “EU Mission Adaptation to Climate Change”.

ANDFJORD SALMON'S STAKEHOLDERS

Employees
Andfjord Salmon has a direct impact on and is also directly impacted by its employees and access to skilled labour. .

SharζOlders And Board Of Directors
SharζOlders and Board members are two key stakζolder groups driving the company's priorities and strategy, including the company's ESG approach.

Civil Society
The company has both a social and environmental impact on the community it operates within, and on local value creation.

Governments
Government and local authorities have a direct impact on Andfjord Salmon through legislation and regulations.

Customers
Customers are driving the company's priorities and strategy, also when it comes to ESG topics. Andfjord Salmon can also indirectly impact customers through providing information about fish health and sustainable fish farming.

Suppliers
The company is dependent on its suppliers for distribution and can also directly and indirectly impact suppliers through transport requirements and Health, Safety and Environment recommendations.

Figure 2: Andfjord Salmon's stakζolders

STAKEHOLDER DIALOGUE

Having an ongoing dialogue with its most relevant stakeholders strengthens Andfjord Salmon's relationship with the society in which it operates, and allows the company to detect, investigate and manage potential risks arising in its immediate surroundings.

To ensure a strategic approach to sustainability reporting and the GRI Standards Management Approach specifically, Andfjord Salmon has conducted systematic stakζolder dialogue in November and December 2021, and an ongoing dialogue with all stakζolders on a regular basis. For instance, the company has held public meetings with key stakζolder groups during 2022 and conducted an annual employee survey in January.

In the 2021 stakζolder dialogue process, the company spoke to key stakζolder groups, including employees, sharζolders, the Board of Directors, members of civil society, and suppliers and business partners. All of these stakζolders were invited to

The interviews were conducted by phone and via Teams by an interdisciplinary working group, representing Finance, Sustainability, Sales and HR (the ESG task force group). Its main findings are shown

TABLE 1: STAKEHOLDER DIALOGUE

Stakeholder	Description	Status
Employees	• Sustainable food production • Fish health and welfare • Water use / emissions • Circular economy • Biodiversity • Equality and diversity • Working environment • Compensation • Recruitment • Work-life balance • Transparency and openness	• Meetings • Annual report • Website • Newsletter • Direct dialogue
SharζOlders / Board of Directors	• Climate • Biodiversity • Feed • Fish health and welfare • Mortality • Antibiotics • Water use / emissions • Waste • Equality and diversity • Compensation • Working environment • HSE • Recruitment • Transparency and openness • Human rights • Data security • Corruption	• Website • Company presentation • Quarterly presentations • Reporting • General meetings • Information meetings • Meetings • Public channels • Media • Annual report • Newsletters • Direct dialogue
Civil society	• Innovation • Emissions • Land use • Escape • Job creation • Human resources • Compensation • Equality and diversity • HSE • Quality documentation	• Internal meetings • Public channels • Media • Annual report • Newsletters • Direct dialogue • Public meetings
Government (or Authorities)	• Job creation • Fish health and welfare	

MATERIALITY ASSESSMENT

The findings from the stakζolder dialogue were gathered and structured for discussion by Andfjord Salmon's task force group for sustainability reporting. In a 2021 workshop, the company reviewed each topic and the importance to different stakζolder groups, as well as Andfjord Salmon's ability to impact the topic.

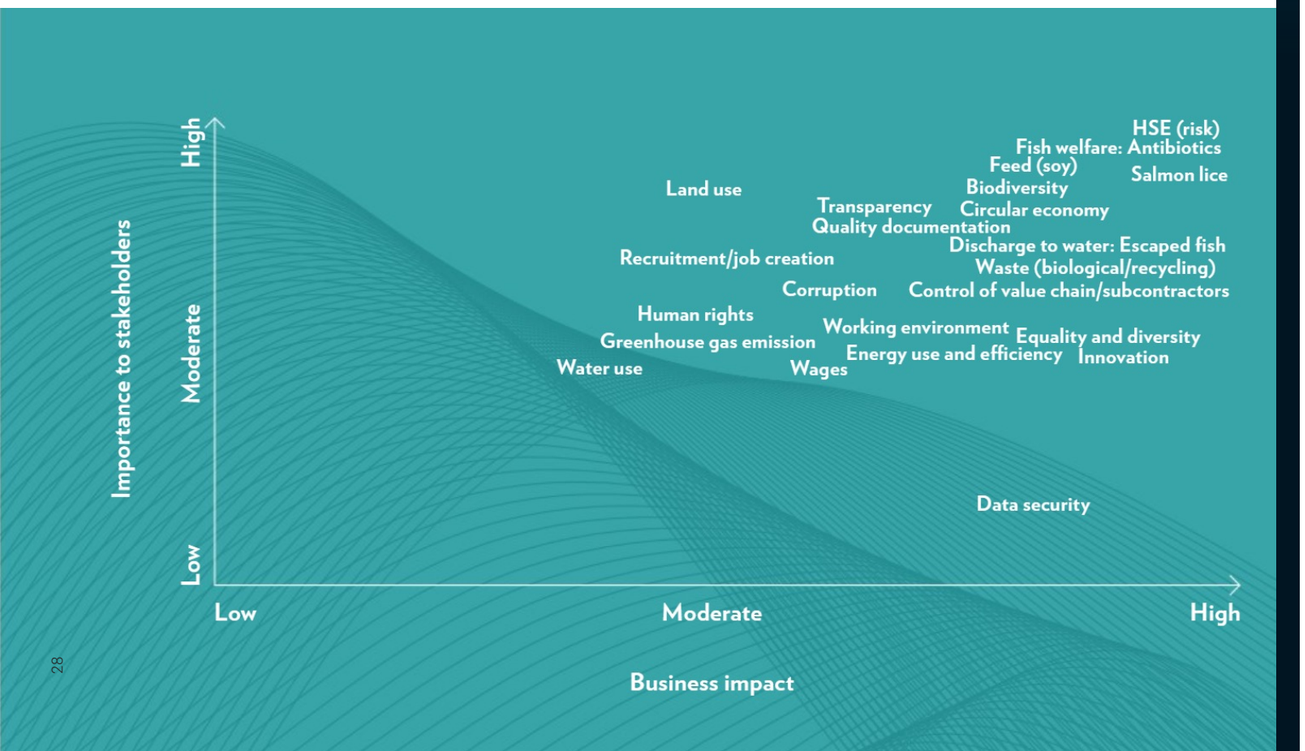
In this process, the company took a so-called double materiality approach, assessing both how the topic was likely to impact Andfjord Salmon (inward impact), and how Andfjord Salmon directly or indirectly impacts the same topic (outward impact).

The results from the materiality assessment are presented in the below materiality matrix below, with topics considered material in the upper right section.

Material topics for Andfjord Salmon include:

- Environment, including fish health and welfare, effluents and energy use
- Working environment, including gender equality and diversity
- Occupational health and safety
- Business ethics
- Local value creation

The materiality assessment will be updated on a regular basis and of the sustainability context in which we operate or our defined business area changes significantly. In 2022, the 'supply chain transparency' topic was renamed to 'business ethics'. There have been no significant changes to the list of material topics in 2022. Andfjord Salmon is continuously engaging with stakζolders regarding the actions taken relating to each of the material topics, and the outcome of such actions, for example through our annual sustainability reports.



Industry topics

Agriculture, aquaculture, and fishing industries share common impacts associated with the production of food as well as non-food products and are fundamental to the world's food systems and the making of a variety of materials. Due to the sector's widely documented impacts across economic, environmental, and social dimensions – including those on climate change and biodiversity, food security, farming and fishing practices, and community engagement, GRI has developed a sector standard for this industry.

GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022 provides information for organisations in the agriculture, aquaculture, and fishing sectors about their likely material topics, on the basis of the sector's most significant impacts on the economy, environment, and people, including on their human rights.

As a relatively small company located in Norway (where both national laws and industry regulations are in place to ensure responsible operations), not all the topics mentioned in the sector-specific standard are considered equally important to Andfjord Salmon. In an impact assessment workshop conducted in December 2022, the ESG task force assessed each of the sector-specific topics to Andfjord Salmon's

TABLE 2: THE IMPACT ASSESSMENT

High	Moderate	Low
• Emissions • Climate adaptation and resilience • Biodiversity • Natural ecosystem conversion • Waste • Food security • Food safety • Animal health and welfare • Local communities • Occupational health and safety • Supply chain traceability • Anti-competitive bζavior • Anti-corruption	• Non-discrimination and equal opportunity • Employment practices • Land and resource rights • Forced or compulsory labour • Child labour • Freedom of association and collective bargaining • Living income and living wage • Public policy	• Soil health • Pesticide use • Economic inclusion • Water and effluents • Rights of indigenous peoples

The topics ranked as high are related to climate and environment, fishing practices, food and health, ethics, and good governance, and coincide with the material topics established by Andfjord Salmon in the 2021 materiality assessment.

The company will discuss the relevance of these topics on an annual basis in connection with the preparation of its sustainability reports.

ENVIRONMENT AND **CLIMATE IMPACT**

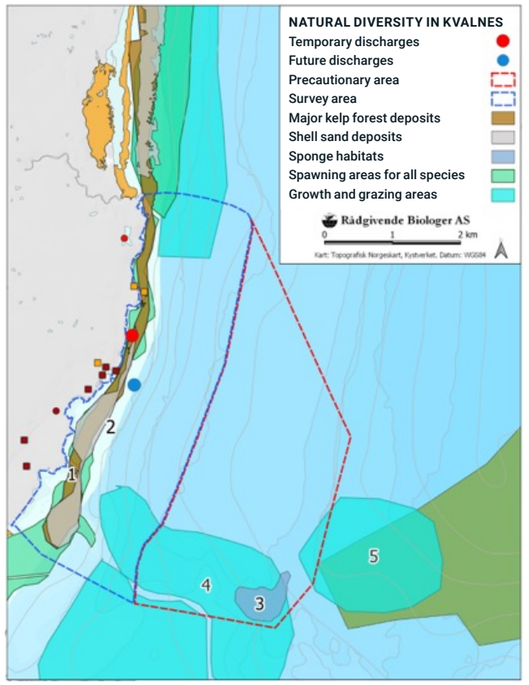
Marine biodiversity is critical to the health of people and the planet and careful management of the oceans is a key feature of a sustainable future. As a seafood company dependent on a healthy environment for its business operation, it is important for Andfjord Salmon to minimise its environmental footprint.

Andfjord Salmon's business operations can have an actual or potential negative impact on the environment through emissions to air and sea, through waste or sludge generation stemming from production, as well as energy use from farming facilities and office buildings. If not managed correctly, the company's business activities can potentially impact wildlife, specifically birds and fish species, the seabed, flora and fauna.

Andfjord Salmon aims to have a positive impact on the environment, and is continuously working to mitigate and minimise risks. The company has established environmental guidelines, monitors its activities carefully, conducts tests and reports on its progress.

Andfjord Salmon should at all times abide by relevant laws and regulations in the areas in which it operates, including:

- The Regulation on the Establishment and Expansion of Aquaculture Facilities
- The Aquaculture Operations Regulations
- The Aquaculture Act
- The Nature Diversity Act
- The Water Regulation Act
- The Pollution Control Act
- Internal Control Regulations
- Municipal zoning plans
- The aquaculture legislation (IKAkva) for environmental sustainability and animal health and welfare



Source: Rådgivende Biologer AS

Biodiversity

Andfjord Salmon is committed to both ethical and statutory obligations governed by Norwegian legislation. All fish farming facilities operating in Norway have effluent permits distributed by the Norwegian environmental authorities, which control the amount of nutrients and organic materials that can be discharged from facilities. This also applies to Andfjord Salmon.

Samples from the seabed are taken regularly below and near the farms in order to monitor the environmental conditions, in accordance with the Norwegian standard for environmental monitoring of benthic impact from marine fish farms (NS 9410). Environmental surveys carried out by the Norwegian Directorate of Fisheries show that effluents of nutrients and organic materials from aquaculture are minor environmental problems in Norway.

Andfjord Salmon started the processes of carrying out an Environmental Risk Assessments (ERA) and an Environmental Impact Assessments (EIA) in 2020 and 2021, as required by Norwegian law and in compliance with the requirement set out by Global G.A.P Aquaculture Standards. The EIA provides the basis for further risk assessments on the various environmental impacts of the company's future business operations.

One of our goals for 2022 was to develop a biodiversity plan as a summary document of Andfjord Salmon's positive and negative impact on the natural environment. As part of the work on the biodiversity plan, Andfjord Salmon has together with Åkerblå AS conducted a modelling of the spread of discharge in Andfjorden, specifically relating to dilution and dispersion of discharge water in full-scale production at three different discharge points outside Kvalnes ("North", "Mid" and "South").

As the spread of discharge water varies during the day and is affected both by the tide and the wind, the average concentration during the year and over the entire modelling area was calculated. The modelling shows that the highest concentrations of discharge water are located around the discharge points. Concentrations will be below 1% on average in surface layers, except for a small area close to land in the case of discharge from the discharge point "South". At the bottom layers, the area of influence with an average concentration above 1% extends about 2000 m southwest (all discharge points) and about 1400 m towards north of all discharge points. For both nitrogen and total phosphorus, it has been simulated that the discharges of nutrient salt will not deteriorate the water quality in Andfjorden outside Kvalnes, which remains in "good ecological condition".

Based on the modelled discharge, Andfjord Salmon, together with Rådgivende Biologer AS, conducted a mapping of the marine biodiversity in Andfjorden using ROV technology. The survey showed that the modelled influence impact area consists of kelp forest and shell sand, and important breeding areas for several fish species. Andfjord has also mapped the deep-water areas outside Kvalnes as a precautionary measure, in which the marine habitat "sponge community" were registered.

Fish escape

Andfjord Salmon's technology provides robust barriers to limit escape. The company started working with Norconsult and DNV in 2021 to meet the requirements for escape safety in NS 9416 Landbased aquaculture farms for fish. The latest status report gave Andfjord Salmon the highest score in terms of the prevention of fish escape.

Fish health and welfare

Ensuring good health and welfare is both an ethical responsibility and the most important factor in achieving good growth, higher quality, and lower costs.

Fish health and welfare, such as protecting the fish from unnecessary stress and impact, are at the core of Andfjord Salmon's innovation. Continuous water flow from deep waters ensures that our salmon live in an environment where the presence of salmon lice and poisonous algae is close to non-existent. In 2022, Andfjord Salmon has continued to carry out extensive planning and testing to ensure optimal fish health and welfare. The company's fish welfare measures are comprζensive and focus on all aspects of the farming value chain, including feed and nutrition, respiration, thermal regulation, water quality, hygiene, disease management, bζaviour control and social contact and rest, and the company's overall goal is to mimic the salmon's living conditions in the sea as much as possible.

On 25 June 2022, Andfjord Salmon released approximately 200,000 smolt at an average weight of 120 grams in the company's first land-based pool at Kvalnes, Andøya. Due to strong biological performance, the average weight of the salmon reached 1 kilogram in November 2022 – well ahead of the late December 2022 forecast. The survival rate stands an industry leading 98.9 per cent, four months after the smolt was released.

Water quality and thermal regulation

An optimised living environment with the best water quality is a key basis for good fish health and a high survival rate. In 2021, Andfjord Salmon verified the laminar water flow technology at the first pool at Kvalnes, which confirmed that the company was able to recreate wild salmon's natural habit on land and offer the salmon the best possible living environment. Now that the company is in production and is striving to ensure continuous and optimal fish welfare, Andfjord Salmon regularly examines the water quality, including monitoring the presence of pathogens.

The company is also in the process of setting up a complete sensor system based on fish welfare indicators made by Fishwell to monitor, control, and optimise the water quality and living environment of the fish in the pool. The patented Andfjord Salmon flow-through pool system supplies a continuous flow of 100% seawater. As water is pumped from a depth of 40 meters, water temperature is considerably more stable than what would be expected at corresponding depths in net pens and is follows seasonal patterns in ambient water temperature.

During the first six months (approximately) of production, over 60% of daily temperature readings were in the range 10–16°C, which is considered optimal for sea farmed salmon.

Health checks, hygiene and disease management

Andfjord Salmon is by law required to carry out sampling and screening for a range of fish pathogens six times a year but does so every month to ensure the best possible living conditions for the salmon. An external supplier conducts monthly sampling and screening for a range of fish pathogens. If the company and if the company experiences increased mortality or suspects disease, additional health check-ups, autopsies and analysis are carried out. The company has entered into contracts with analysis laboratories for fish pathogen screening.

Feed and nutrition

Our ambition is to develop the world's most fish-friendly and sustainable aquaculture facility of its kind. Therefore, having our own specially developed feed, with unique ingredients from a local supplier, is an important building block to be able to to achieving this goal, and to adopting a feeding strategy that avoids strong competitive bζaviour, ensuring low stress and homogeneous growth.

In February 2022, Andfjord Salmon entered into a strategic feed supply agreement with Skretting, which is the aquaculture business line of global leader in animal nutrition and aquafeed, Nutreco. Under this agreement, Skretting has developed a feed that is specifically tailored to Andfjord Salmon's flow-through technology to ensure optimal water quality, fish welfare and growth conditions in the land-based pool.

The feed has been named "Calanus® Plus by Andfjord Salmon" and consists of feed ingredients that have a proven track record from land-based salmon farming, including the zooplankton Calanus finmarchicus (Calanus). Andfjord Salmon is the first salmon farmer in the world that utilises a commercially developed feed that contains Calanus, and the feed composition is specifically tailored to Andfjord Salmon's flow-through system and location at Andøya. This feed will ensure the production of permium quality salmon. Most importantly: The fish LIKES the feed very much!

EU GREEN DEAL: FROM FARM TO FORK

Andfjord Salmon's technology provides robust barriers to limit escape. The company started working with Norconsult and DNV in 2021 to meet the requirements for escape safety in NS 9416 Landbased aquaculture farms for fish. The latest status report gave Andfjord Salmon the highest score in terms of the prevention of fish escape.

Andfjord Salmon closely monitors the developments in the Farm to Fork strategy and aims to contribute to the strategy through reporting on climate action, fish welfare and food safety requirements. As an example, farmed fish has a lower carbon footprint than land-based animal husbandry, and Andfjord Salmon actively works to improve fish health and welfare, such as protecting the fish from unnecessary stress.

- have a neutral or positive environmental impact
- help to mitigate climate change and adapt to its impacts
- reverse the loss of biodiversity
- ensure food security, nutrition and public health, making sure that everyone has access to sufficient, safe, nutritious, sustainable food
- preserve affordability of food while generating fairer economic returns, fostering competitiveness of the EU supply sector and promoting fair trade

THE EU TAXONOMY

Andfjord Salmon is continuously following the development of the EU Taxonomy and the technical screening criteria (TSC) for the fisheries and aquaculture sector. So far, the industry has not received any TSC, hence, the significant economic activities for Andfjord Salmon are per 31 December 2022

EMISSIONS

Carbon accounting is a fundamental tool in identifying tangible measures to reduce GHG emissions and is an integrated part of Andfjord Salmon's climate strategy. The company's carbon accounting provides an overview of greenhouse gas (GHG) emissions, and the annual carbon accounting report enables Andfjord Salmon to benchmark its performance indicators and evaluate progress over time.

Although the company was not yet in production, Andfjord Salmon started carbon accounting in 2021 and has updated the report in 2022. The carbon accounting from previous years reflect that the company was in a construction phase, which means that these numbers are not likely to serve as a benchmark for the future.

The carbon accounting covers Andfjord Salmon AS' operations and production at the Kvalnes site as well as office operations, using an operational control approach. The input data is based on consumption data from internal and external sources, which are converted into tonnes CO2-equivalents (tCO2e), using CEMAsys' software. The reporting considers the following greenhouse gases, all converted into CO2-equivalents: CO2, CH4 (methane), N2O (laughing gas), SF6, HFCs, PFCs and NF3.

The carbon footprint analysis is based on the international standard; A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol), which is the most widely used and recognised international standard for measuring GHG emissions and is the basis for the ISO standard 14064-I.

The company reports on

- Scope 1: direct energy use (transportation)
- Scope 2: electricity purchased (Nordic mix), and a limited
- Scope 3: which includes business travel, purchased goods and services, waste, and fuel and energy related activities. The company's main sources of carbon emissions in 2022 stems from purchased goods and services.

The base year for all calculations is 2021, as this was the first year the company started carbon accounting.

Gross direct (Scope 1) GHG emissions in the reporting period was 9.6 tonnes of CO2e. The main Scope 1 emission source is diesel use for company-owned cars. Andfjord Salmon did not have any biogenic CO2 emissions in Scope 1 in 2022. Total emissions in the base year were 44.0 tonnes of CO2e, equivalent to a 78.2% decrease. The main reason for the big decrease in Scope 1 emissions from 2021 to 2022 is a change in the accounting method.

Gross market-based energy indirect (Scope 2) GHG emissions in the reporting period was 276.7 tonnes of CO2e. The gross location-based Scope 2 emissions in the reporting period was 27.0 CO2e, down from 45.4 tonnes of CO2e in 2021 (minus 40.4%). The main reason for the decrease was a change in the accounting method. The electricity emission factors used are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat).

Gross other indirect (Scope 3) GHG emissions in the reporting period was 1,061.6 tonnes of CO2e in the reporting period, up from 111.0 in 2021. The big increase in Scope 3 emissions is due to an improved data gathering process in 2022. The company does not have any biogenic CO2. Efficient energy use is a top priority for Andfjord Salmon and is an important step in terms of lowering the company's environmental footprint. Energy consumption occurs throughout the value chain and is primarily linked to the provision of energy to the fish pools and use of office buildings. For its offices, Andfjord Salmon relies on a waterborne heating system and a heat exchanger.

ENERGY USE

Many of the current land-based facilities for fish farming rely on water recycling as the standard technology (Recirculating Aquaculture Systems – RAS). Such systems require significant amounts of energy in order to remove ammonia, particulate matter and CO2. Andfjord Salmon's technology is based on flow-through technology which does not require energy to lift, clean, cool or heat up the water, meaning that there is no need for an energy intensive water treatment plant.

As a result, the fish farming facility has low energy consumption and subsequently low emissions. In 2022, Andfjord Salmon's energy consumption was on average 80,000 kwh per month, which means that for every 1kg produced salmon, the company is using approximately 1kWh of energy.
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Category	Unit	2020	2021*	2022
Electricity Total (Scope 2) with Market- tCO2e based calculations	tCO2e	-	341.1	276.7
Scope 2 Total with Market-based electricity calculations	tCO2e	-	341.1	276.7
Scope 1+2+3 Total with Market-based electricity calculations	tCO2e	-	496.0	1,347.9
Percentage change		-	100%	171

Electricity total 2022		
Electricity Nordic mix	Energy consumption Kvalnes	1,027,651.0 kWh
Electricity Nordic mix	Energy consumption Office	12,633.4 kWh

** The company changed its accounting approach in 2022, which means that some of the 2021 numbers have been adjusted.*

FISH SLUDGE

Andfjord Salmon takes several actions, including circularity measures, to prevent waste generation in the organisation's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated.

Every year, the aquaculture industry produces large quantities of fish sludge, both on land and at sea. Since 2021, Andfjord Salmon has, together with the Norwegian Institute of Bioeconomic Research (NIBIO), assessed possibilities for utilising fish sludge from the company's future production as a component in sustainable and high-quality products (including plant growth media, soil improvers and fertilisers) for use in agriculture, gardening, and other related applications. The idea is to use the fish sludge to produce energy that land-based fish farmers can utilise themselves, reduce the volumes that will be returned for agricultural purposes, and recycle the nutrients.

The goal of the project is to be able to run fish sludge through a biogas plant without having to use manure or other substrates. In addition to the production of renewable energy, biogas production from fish sludge will also result in lower sludge volumes. This will both reduce the amount of energy used for drying and reduce logistics costs.

The participants in the project are leading resources from the Norwegian University of Life Sciences (mellomrom), the Norwegian Institute of Bioeconomy Research (NIBIO), as well as Holmøy Maritime, which is engaged in ocean-based fish farming, and feed producer Skretting. The company Antec Biogas AS is the project owner, while Andfjord Salmon is taking part as a project participant. The Research Council of Norway is participating in the project with a grant of NOK 7.45 million.

The project started in 2022 with preparations for and development of an Antec biogas reactor that will be used by researchers at NMBU and NIBIO to develop an optimal bacterial culture and bioreactor process to optimally produce biogas. Antec Biogas has a distinctive reactor technology, which uses a "plug and flow" system and biofilm and this provides a faster biogas process, which is particularly useful in this context.

WORKING ENVIRONMENT

Andfjord Salmon ESG Report 2022

Andfjord Salmon's employees are at the core of our value creation and essential to the company's operations and business success. The ability to attract and retain skilled workers as well as maintaining a safe and healthy working environment is critical to both the company and its stakζolders.

Andfjord Salmon can have an actual and potential positive impact on the working environment. By ensuring worker's rights, setting clear expectations for the working environment, and ensuring a company culture which celebrates diversity and avoids discrimination, Andfjord Salmon can positively impact this topic. The company has not identified any negative impact that it has on the working environment. Our goal is to create a company where every single employee thrives and succeeds.

Based in Norway, the company operates in accordance with the Norwegian Working Environment Act and related regulations. The company has in 2022 established a separate Employee Handbook through Simployer, which has been implemented. Guidelines for employees are also set out in the company's Code of Conduct, which was approved in Q1 2022. In 2022, the company appointed a new HR coordinator, who joined Andfjord Salmon in Q1 of 2023. The HR coordinator is responsible for overseeing recruitment processes, including on- and offboarding, and together with the management team, be responsible for the overall working environment.

At the end of 2022, Andfjord Salmon had 22 employees at Andøya in Norway. 19 are permanent employees, while the remaining 2 are part time employees. Part time employees receive the same benefits as full time employees. There have been no significant fluctuations in the number of employees during the reporting period and between reporting periods.

In 2022, Andfjord Salmon had one worker that was not an employee. This person was part of the leadership team and responsible for project management. There have been no significant fluctuations in the number of workers who are not employees in the reporting period or between reporting periods.

Due to the company's size and number of employees, Andfjord Salmon has not yet established a Working Environment Committee (WEC) but has appointed a safety representative who safeguards the interests of employees in matters relating to the working environment, together with HR. Employees are also involved in the design and development of their own working environment and regularly participate in conversations with the Management Group.

Andfjord Salmon recognises and respects the right to freedom of association and the right to collective bargaining. If operating in countries where this right is limited through local legislation, we will seŋ to take mitigating action in accordance with local conditions.

A majority[2] of Andfjord Salmon's employees are members of trade unions and covered by collective bargaining agreements. For employees not covered by collective bargaining agreements, Andfjord Salmon determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees.

[2] In Norway, working hours of 37 hours and more are defined as full-time employment, as well as working hours of 32-36 hours where this constitutes full-time in the profession. NOU 2021: 2 - regjeringen.no

EMPLOYEE **WELLBEING**

To better understand the employees' perception of their working environment, Andfjord Salmon annually conducts an employee survey measuring the level of individual satisfaction in the workplace.

The results help Andfjord Salmon to identify the main areas for improvement.

The last survey was conducted in January 2022, with a participation rate of 89%, covering all levels of the organisation including top, middle, and lower management levels, and employees.

In the survey, respondents were asked to rank a number of statements on a scale from 1 to 5 belonging in the following categories: Management and communication, information exchange, social support, employee investments, task motivation, job autonomy, extra role performance (the actions of employees beyond what is stated in their job descriptions), turnover intention, role clarity and involvement.

The average score on all questions was 4.08, of a maximum score of 5. This is the same as last year and considered to be a very good score reflecting a healthy working environment. In general, there is little variation in the answers between organisational levels. The category with the lowest score (3.17) on average was information exchange, indicating that this is something Andfjord Salmon should aim to improve.

Today, the company is communicating with employees using Teams, Sharepoint and email. Social support and job autonomy (meaning the degree to which employees feel that they have the opportunity to make decisions or take personal initiative) are the highest ranked categories (average score 4.44), although there were some variations between the groups.

Overall, the working environment in Andfjord Salmon is considered to be good, as demonstrated by the findings in the 2022 employee survey. The next employee survey will be conducted in 2023.

Synnøve Killie Dinessen. One of several young talents in Andfjord Salmon.

ANDFJORD SALMON ATTRACTS YOUNG TALENT

Synneva Berge Giæver (27) and Elias Søreng (19) are equal members of the Andfjord Salmon team, working at the company's facilities at Andøya as a trainee and an apprentice respectively. Both talents bring highly relevant education to Andfjord Salmon.

Synneva Berge Giæver completed a master's degree in fisheries and aquaculture science at The Norwegian College of Fishery Science at University of Tromsø's (UiT) last spring. For almost one year Synneva will be working as a project coordinator trainee at Andfjord Salmon. The traineeship is part of the trainee program "Look North", which aims to attract people and expertise to Lofoten and Vesterålen.

"It feels very good to be in a traineeship and get some practical experience. It is a unique opportunity to be hands-on and figure out what you really want to do, which can be quite difficult to know as a fresh graduate. At Andfjord Salmon, I've been given the opportunity to try out different tasks. Among other things, I have assisted in establishing certification schemes for salmon, in addition to implementing systems for waste management. Another major task concerned the pilot pool, and enhancing the current design for the next phase," Synneva says.

As of today, Andfjord Salmon is a relatively newly started and small Norwegian company. This means that even young people with little to no professional experience are given a lot of responsibility – and thus, many opportunities. Being a start-up made Andfjord Salmon especially attractive for Elias Søreng: "In a larger company, you may not get as much responsibility. At Andfjord Salmon everyone gets to take part in everything and have a hand in the game. That's quite unique, and also the best way to learn and really get to know the industry. Here, I earn and learn at the same time," says Elias.

Before starting his apprenticeship at Andfjord Salmon, Elias completed a two-year course in aquaculture at Sortland Upper Secondary. The course is planned in close collaboration with the fish farming with practical teaching taking place in commercial facilities. The course was what paved his way for a two-year apprenticeship at Andfjord Salmon.

EQUALITY AND **DIVERSITY**

Diversity and equal employment opportunities are topics for which there are increasing expectations for corporate action and transparency. Andfjord Salmon has a direct ability and responsibility to ensure that the company has a diverse workforce and that equal opportunities are offered to all employees, regardless of their background.

As stated in the Code of Conduct, Andfjord Salmon is committed to providing an equal opportunity workplace, where hiring and development are based the skills, experience, achievements and potential of each individual. We take the different starting points into account to ensure a fair outcome for all.

Furthermore, we are committed to paying employees fairly for the work they perform, regardless of personal beliefs or any individual characteristics. Individual compensation for an employee, consultant or contractor, only varies based on position, performance and competence. All compensation shall meet the requirements of the national minimum wage. Andfjord Salmon upholds the national laws on working hours and rest periods.

Women's amount of men's pay was 75.3% in 2022. The difference in salary between men and women is due to a higher percentage of men in leading positions. The difference between the remuneration for highest paid individual (CEO) and the median for all employees (not including bonuses) was NOK 580,000 in 2022, translating to a ratio of 55.38% (up from 54.62% in 2021).

In addition to complying with the Norwegian Working Environment Act, Andfjord Salmon also operates in accordance with the Equality and Anti-Discrimination Act, which aims to protect against discrimination based on gender and discrimination.

The company prohibits discrimination in any form, whether it is based on political views, membership in workers' organisations, sexual orientation, gender, disability and/or age. Neither do we tolerate any form of violence or harassment, and the company is committed to providing a safe and diverse workplace for all employees. There were no incidents of discrimination during the reporting period.

Today, the company's workforce comprises 15 (71%) men and 6 (29%) women. Thus, the women's share has increased by 10.6% since the previous reporting period. Andfjord Salmon continuosly strives to achieve a better gender balance, and women are encouraged to apply for all open positions. Andfjord Salmon is not part of any external initiatives regarding equality and diversity as of today but will review such initiatives in 2023.

Being open and transparent regarding gender differences in the company is the first step to ensuring equality and inclusion. Although Andfjord Salmon today has less than 50 employees, the company is reporting the following employee data[3]:

[3] All numbers are from the end of the reporting period (31 December 2022). The numbers are provided in head count and the region is Norway.

TABLE 3: PERMANENT EMPLOYEES BY GENDER AND PAYROLL

GENDER	2020 NO. OF EMPLOYEES	2020 PAYROLL (MNOK)	2021 NO. OF EMPLOYEES	2021 PAYROLL (MNOK)	2022 NO. OF EMPLOYEES	2022 PAYROLL (MNOK)
Norway	15	7,81 MNOK	18	12,97 MNOK	21	18,66 MNOK
Men	12 (80%)	-	15 (83,3%)	-	15 (71,43%)	
Women	3 (20%)	-	3 (16.7%)	-	6 (28.3%)	

TABLE 4: OTHER EMPLOYEE DATA

	2020			2021			2022		
ORG.	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Full-time employees[5]	12 (80%)	3 (20%)	15 (100%)	15 (94%)	1 (6%)	16(100%)	15 (75%)	5 (25%)	20 (100%)
Part time employees[6]	0 (0%)	2 (100%)	2 (100%)	0 (0%)	2 (100%)	2 (100%)	0 (0%)	1 (100%)	1 (100%)
Temporarily hired[7]	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0(0%)	1 (50%)	1 (50%)	2 (100%)
Newly hired employees[8]	6 (67%)	3 (33%)	9 (100%)	5 (100%)	0 (0%)	5 (100%)	2 (40%)	3 (60%)	6 (100%)
Employee turnover	0 (0%)	0 (0%)	0 (0%)	2 (100%)	0 (0%)	2 (100%)	1 (100%)	0 (0%)	1 (100%)
Parental leave	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)

[4] Permanent employees are defined as employees with a contract for an indeterminate period (i.e., indefinite contract) for full-time or part- time work.

[5] Full time employees are defined as employees whose working hours per wen, month, or year are defined according to national law or practice regarding working time.

[6] Part time employees are defined as employees whose working hours per wen, month, or year are less than the number of working hours for full-time employees.

[7] The company did not have any involuntary part-time employees in 2022.

[8] Temporarily hired employees are defined as employees with a contract for a limited period (i.e., fixed term contract) that ends when the specific time period expires, or when the specific task or event that has an attached time estimate is completed, NB: calculation method for 2021 adjusted.

TABLE 5: BREAKDOWN OF EMPLOYEES AND BOARD MEMBERS BY GENDER AS OF 31 DECEMBER 2022

	2020			2021			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Organisation Total[6]	17 (81%)	4 (19%)	21 (100%)	20 (80%)	5 (20%)	25 (100%)	21 (72%)	8 (28%)	29 (100%)
Board of Directors	5 (83%)	1 (17%)	6 (100%)	5 (71%)	2 (29%)	7 (100%)	6 (75%)	2 (25%)	8 (100%)
Executive level management[7]	2 (100%)	0 (0%)	2 (100%)	3 (100%)	0 (0%)	3 (100%)	2 (100%)	0 (0%)	2 (100%)
Non-executive level management	10 (77%)	3 (23%)	13(100%)	12 (80%)	3 (20%)	15 (100%)			

TABLE 6: BREAKDOWN OF EMPLOYEES AND BOARD MEMBERS BY AGE AS OF 31 DECEMBER 2022

	2020			2021			2022		
	>30	30-49	50+	>30	30-49	50+	>30	30-49	50+
Organisation Total[8]	1 (5 %)	13 (62%)	7 (33%)	2 (8%)	11 (44%)	12 (48%)	4 (14%)	14 (48%)	11 (38%)
Board of Directors	0 (0%)	2 (33%)	4 (67%)	0 (0%)	2 (29%)	5 (71%)	0 (0%)	2 (25%)	6 (75%)
Executive level management[9]	0 (0%)	1 (50%)	1 (50%)	0 (0%)	2 (67%)	1 (33%)	0 (0%)	2 (100%)	0 (0%)
Non-executive level management	1 (8%)	7 (54%)	5 (38%)	2 (13%)	7 (47%)	6 (40%)			

[9] Calculation method for 2021 has been adjusted.
[10] Calculation method for 2021 has been adjusted.

[11] Calculation method for 2021 has been adjusted.
[12] Calculation method for 2021 has been adjusted.

OCCUPATIONAL HEALTH AND SAFETY

Decent Decent and safe working conditions is a key priority area for Andfjord Salmon and its stakζolders. Andfjord Salmon aims to have a positive impact on occupational health and safety through its health and safety policies, by actively communicating with employees and providing health and safety training, and by conducting risk assessments and by establish reporting routines for incidents or injuries.

If not managed adequately, the company can have an actual or potential negative impact on this topic. Andfjord Salmon's CEO and Operations Manager bear the ultimate responsibility for health and safety. The company has implemented a web-based quality system for internal control regarding health and safety (health and safety management system), which has been developed by Extend and which covers all workers (100%). Andfjord Salmon is currently in the process of establishing relevant health and safety documents, including safety brochures, and expects to finalise the guidelines within 2023.

Information and training

Employees' health and safety is the company's highest priority in all its activities. Andfjord Salmon's goal is to have zero work-related injuries, and to achieve this, the company works systematically to promote an open safety culture and inform employees of possible risks relating to their tasks.

All company procedures regarding HSE are available in the EQS. The software has a 'read and understood' function for any procedures and instructions, and if necessary, control questions can be asked before the Operations Manager approves the training for the operators. ´Principles and guidelines for safety management are available at all production departments and shall be followed by all employees and service suppliers working on bζalf of the company or in the company's premises.

The Operations Manager is responsible for assessing competence, training in the facility's operating routines and ensuring that internal communications regarding health and safety is functioning well. The safety representative and union representative takes part in the consultation and communication on occupational health and safety.

Andfjord Salmon has established training procedures for all employees, which aim to ensure the safety of employees and that all employees have the necessary up-to-date knowledge of the tasks that they will perform. The trainings cover a wide range of topics in line with the requirements set out in the Norwegian Working Environment Act, regulations and requirements from the Norwegian Food Safety Authority and requirements in the Global G.A.P standard.

Safety trainings is carried out with the assistance of external course providers and internal courses and gatherings. Suppliers and subcontractors carrying out work at Andfjord Salmon's premises must complete completed the necessary safety training before they can perform the work agreed upon. Both internal and external training is documented in the quality system and any course certificates are also uploaded there. Safety training will be arranged for all employees as soon as the HSE guidelines have been finalised in 2023.

Risk assessments

As for any production environment, working at Andfjord Salmon could involve health and safety risks to employees, primarily related to the production facilities. Andfjord Salmon has previously carried out risk assessment to determine possible hazards related to the company's business operations, and risk assessments are documented through the EQS. Main risks include fall injuries, falling into pools or moats, drowning, and pinch points hazards.

To mitigate such risks, the company has established preventive HSE measures, such as walkways around the entire pool and solid fencing of embankments.

Personal protective equipment, safety equipment and rescue equipment are in place. Andfjord Salmon has also established strict working procedures together with the operators, which are described in the EQS.

In 2021, the company has reviewed all HSE risk assessments, conducted safety inspections and identified needs for updating procedures, instructions and plans to ensure a safe workplace. The review was completed and updated routines launched in Q2 2022. Together with management, the safety representative is responsible for conducting safety inspections, which are arranged annually.

A good working environment is often recognised by a low absence rate. Andfjord Salmon's ambition is to keep absence due to illness below the Norwegian industry average, which was 4.4 % in the reporting period.

Reporting

To ensure a healthy and safe working environment, it is important to have a full overview of any work-related incident or injuries that may arise. Andfjord Salmon has developed a system for employees to report incidents, which has been implemented in 2022. Reporting can be done through the EQS system, or to the employee's nearest line manager.

It is equally important to make sure that the health and safety of Andfjord Salmon's suppliers is considered when working on assignments for the company. Andfjord Salmon has an indirect opportunity to affect suppliers' working environment through our working descriptions and requirements outlined in our contracts with business partners. Suppliers that have been involved in construction at the Kvalnes site have implemented a system for reporting incidents to Andfjord Salmon, and undergoes health and safety trainings.

No work-related incidents or injuries were reported among Andfjord Salmon's employees or suppliers in 2022. If work-related incidents were to happen, the company will investigate these and determine corrective actions and improvements needed.

BUSINESS ETHICS

How we act affects the trust in the company, and it is thus important that all stakζolders affiliated with Andfjord Salmon have high personal and professional integrity.

How we act affects the trust in the company, and it is thus important that all stakζolders affiliated with Andfjord Salmon have high personal and professional integrity.

Andfjord Salmon aims to conduct its business in an ethical and respectful manner. We apply the precautionary principle and commit to respecting human rights.

- Set the highest standards of integrity for its operations, and to communicate these to its employees .
- Provide all employees with the training and tools necessary to address ethics or compliance issues they may face in their work.
- Ensure any reports of violations are treated confidentially and responsibly, and that the reviews of any reports are impartial and diligent.
- Ensure zero tolerance towards retaliation for reports made in good faith.
- Create a safe and diverse workplace for all employees.
- Continually strive to improve our corporate governance and culture.

Our policy commitments for responsible business conduct are embedded throughout our activities and business relationships. The CEO holds the overall responsibility for the day-to-day business being conducted in an ethical manner.
All employees must ensure that and all employees have to make sure that they comply with Andfjord Salmon's policies and procedures, as well as local laws and regulations. Managers have additional responsibilities that go beyond the basic requirements of all employees.

Andfjord Salmon can have both an actual and potential positive and negative impact on business ethics. So far, our internal risk assessment has not revealed any negative impact that the company has on this topic today, and Andfjord Salmon aims to reduce or minimise risks by establishing clear ethical guidelines for employees as well as business partners, conduct due diligence and through proactive communication and training.

Ethical guidelines
As a company headquartered and operating in Norway only, Andfjord Salmon adheres to Norwegian legislation, in addition to relevant international rules and regulations.

In 2021 the company drafted a new Code of Conduct which was presented to and approved by the Board of Directors in Q1 2022. The Code of Conduct is Andfjord Salmon's most important framework for ethics and describes common principles, expectations, obligations and requirements for how we should act, including the company's policies on corruption. Andfjord Salmon's Code of Conduct reflects our values and forms the foundation of our culture. It applies to employees and contracted labour, at production, administration and management level in Andfjord Salmon, and has been communicated to all employees and the company's Board of Directors.

A breach of the ethical guidelines will result in consequences for the employee. Relevant sanctions may be verbal or written warnings and curtailment of prevailing authorisations, and serious breaches of the regulations may result in discharge or dismissal.

Andfjord Salmon is committed to provide for or cooperate in the remediation of negative impacts that it identifies it has caused or contributed to and will track the effectiveness of the grievance mechanism should any concerns be reported.

Furthermore, the company is committed to support and protect individuals who, in good faith, report concerns or violations. Retaliation against the reporter is both illegal and punishable. There have been no significant instances of non-compliance with laws and regulations in the reporting period and no fines or non-monetary sanctions incurred. No critical concerns were communicated to the Board during the reporting period, and there were no confirmed incidents of corruption.

Suppliers and business partners

Salmon relies on third-party suppliers for production and distribution, the company is directly and indirectly exposed to risks and opportunities in its supply chain. Delays, interruptions, quality issues, improper transport, handling and/or delivery, in addition to corruption or other unethical business conduct may have serious implications on the quality and perception of Andfjord Salmon and the company's products. Andfjord Salmon's suppliers and business partners receive information on the company's policies and guidelines related to environmental, social and governance issues. Suppliers are also required to document that they are actively working to reduce the effects of their own operations on the natural environment.

Screening of suppliers / due diligence

Although Norway is usually perceived as a low-risk country regarding corruption or other similar ethical breaches, it is vital for Andfjord Salmon to have an overview of any potential risk that may arise in its supply chain. The company conducts annual risk assessments and all suppliers and business partners of Andfjord Salmon were screened for potential risks related to environmental, social and governance issues in 2022.

In line with the OECD guidelines for multinational enterprises, Andfjord Salmon also carries out thorough risk assessments when choosing new suppliers and business partners following its own procedures, which again draws upon the Norwegian Standard NS 5814 – Requirements for Risk Assessment, the NS 9416 – Requirements for Land Based Facilities, Global G.A.P and Aquaculture Stewardship Council (ASC).

No supplier contracts have been terminated or discontinued in the reporting period due to ethical breaches.

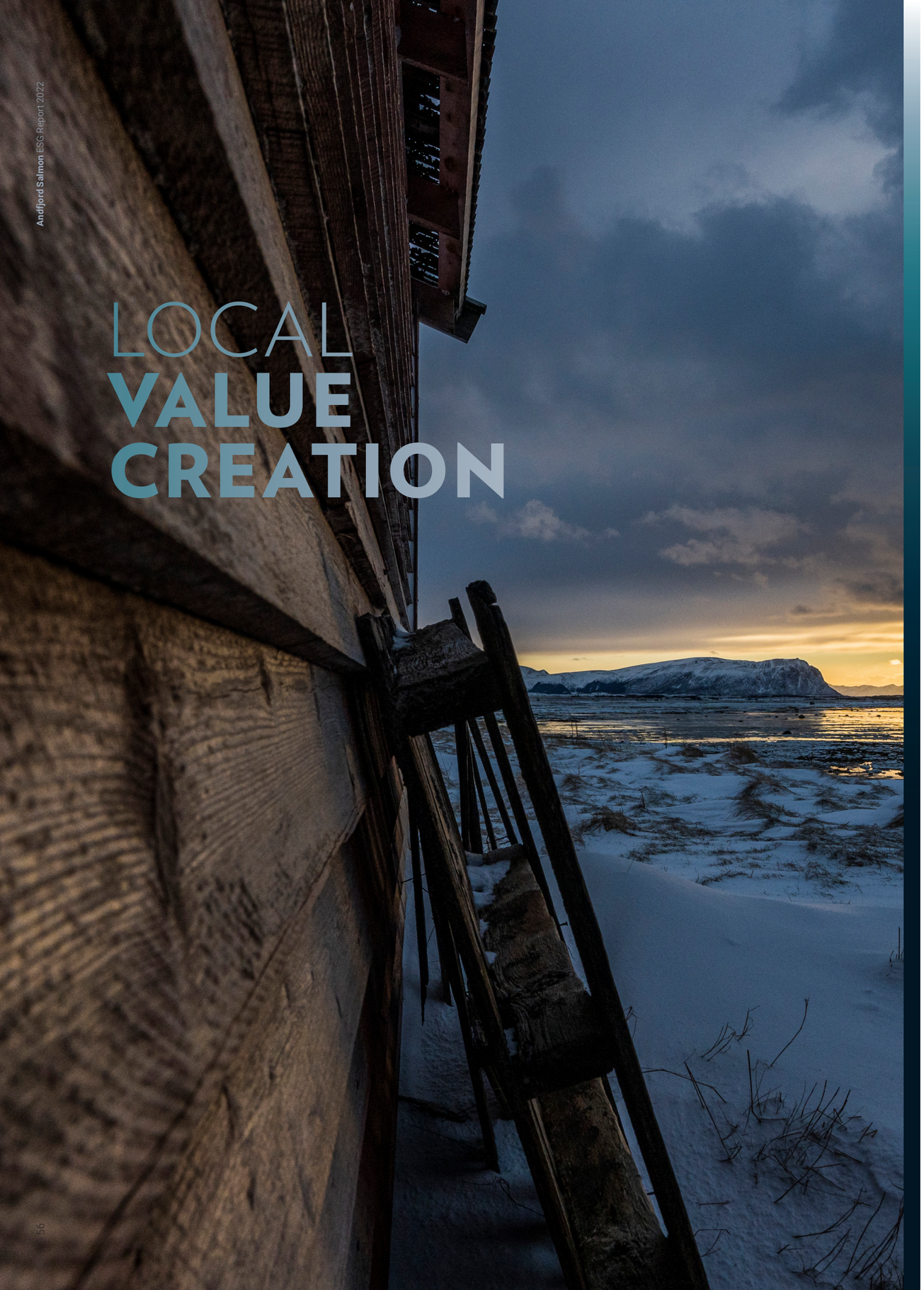
Human Rights

In July 2022, The Norwegian Transparency Act entered into force. Its purpose is to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services and ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions.

Although the Act applies to larger Norwegian enterprises (meaning organisations with more than 100 employees) and therefore not Andfjord Salmon, the company has a clear policy to respect human rights and decent working conditions.

Andfjord Salmon supports the Universal Declaration of Human Rights and the OECD guidelines for multinational enterprises, and regularly review its operations, including human rights and impact assessments. The company plans to develop its own Human Rights Policy which will be publicly communicated to the company's stakζolders and aims to provide employee and Board of Directors training in human rights.

Any suspicion about human rights abuses or potential human rights abuses, either in Andfjord Salmon or at its business suppliers or partners should be immediately reported to the company's management or Bord of Directors through the company's external whistle blowing channel. There were no reported incidents of discrimination in 2022.



LOCAL VALUE CREATION

Andfjord Salmon's objective is to have a positive impact on the environment in which the company operates. We seŋ to employ local labour when possible, and otherwise contribute to local value creation.

Andfjord Salmon has an actual and potential positive impact on local value creation through local employment, through the payment of taxes to local authorities and through buying local goods and services. The company has not identified any negative impacts (either actual or potential) relating to this topic.

Local employment

Most of Andfjord Salmon's employees are recruited locally. The company is aiming to find local candidates who are qualified for the tasks at hand, and since the industry is very large in the region, Andfjord Salmon has good access to expertise related to our operational activities.

The company also takes part in different initiatives to attract the right workforce to the region, moving to Northern Norway with a family, might be a life-changing decision. Teaming up with Andøya Space, Andfjord Salmon's planned initiative "Jobb for to" ("job for two") is supposed to make such decisions easier, by providing strategic housing, helping partners to get a job, and arranging social gatherings and company visits. The company also supports the municipality's project "Bo and Bli-lyst" (the "stay-project") that aims to keep residents on the island, and to make Andøya an attractive place to work and settle.

Through different efforts to facilitate demographic growth in Andøy municipality, Andfjord Salmon's is trying to make a small community a better place to live.

Goods and services

In the surrounding areas of Andøya, there is a well-developed industry for salmon farming with an already established infrastructure. Andfjord Salmon plans to benefit from excess capacity and competence through local partnerships throughout the value chain, which allows for a fully integrated business structure ranging from smolt production to end customer. Andfjord Salmon will source smolt from Nordland municipality, whereas external processing facilities nearby will perform the slaughtering and processing.

During the construction phase, Andfjord Salmon has had many local suppliers, both major suppliers and local service providers of various types of services. Regarding operations, the company collaborates with the industry locally on important links in the value chain, such as slaughterhouses, smolt, well boats, etc.

The company has bought goods and services from local suppliers, such as LNS, Andøytorv and KKE, amounting to NOK 83 million during the reporting period. The company is still in the investment phase and, therefore, had no payable tax in 2021, except from VAT and employer's tax.

APPENDIX 1: SHORT-TERM GOALS AND TARGETS

Topic	Goal
Environment and climate impact: **(Biodiversity, Fish health and welfare, Emissions)**	• Achieve Global G.A.P. certification during Q2 2023 • Complete report for visual mapping + action list • Complete installation of sensor system to monitor fish health • Turn fish sludge from the company's production into high-quality biogas • Carry out a climate risk analysis • Find a new solution to effectively keep climate accounts, and expand Scope 3 reporting • Set climate targets • Report according to the EU taxonomy (eligibility and adoption) when the TSC has been adopted for fisheries and aquaculture
Working environment: **(Employee wellbeing, Equality and diversity)**	• Conduct a new employee survey (KPI: 100% participation) • Look at ways we can further improve the flow of information internally • Continue to attract young talent by continuing the trainee and apprentice schemes • Organise another Andfjord Day for employees focusing on working environment • Employees to complete fish health and animal welfare course (KPI 100%).
Occupational health and safety: **(Information and training, Risk assessments, Reporting)**	• Complete relevant HSE documents during Q1 2023 • Employees to complete first aid course (KPI 100%) • Zero vision for accidents or mishaps in the workplace (KPI: 0%) • Keep absence due to illness below Norwegian industry average (4,4 %)
Business ethics: **(Suppliers and business partners, Human rights)**	• Create an external notification channel on the website • Carry out risk assessment of suppliers • Complete the Supplier Code of Conduct and publish it on the website, get high risk suppliers and business partners to sign it • Create a Human Rights Policy that is published on the website
Local value creation: **(Local employment, Goods and services)**	• Continue to be a positive contributor to local value creation, e.g. through employment, cooperation with local organisations and purchase of local goods and services

APPENDIX 2: GRI CONTENT INDEX

DISCLOSURE	DISCLOSURE DESCRIPTION	REFERENCE	OMISSION
2-1	Organizational details	This is Andfjord Salmon	
2-2	Entities included in the organization's sustainability reporting	Note 1, Annual Report	
2-3	Reporting period, frequency and contact point	About this report	
2-4	Restatements of information	About this report	
2-5	External assurance	About this report	
ACTIVITY AND WORKERS			
2-6	Activities, value chain and other business relationships	This is Andfjord Salmon	
2-7	Employees	Working environment + Equality and diversity + Table 5 + Table 4 + Footnote 3	The reporting requirement is met with one minor exception: The company did not manage to gather information about non-guaranteed hours employees in 2022. We will improve data gathering processes and plan to obtain the information in 2023.
2-8	Workers who are not employees	Working environment	
GOVERNANCE			
2-9	Governance structure and composition	Governance structure and composition + + 8. Board of Directors, composition and independence (annual report) + 9. The work of the board of directors (annual report) + Board CVs (website)	Not specified per committee.
2-10	Nomination and selection of the highest governance body	Governance structure and composition + 7. Nomination committee (annual report) + 8. role of the highest governance body + Instruction for the Election Committee	
2-11	Chair of the highest governance body	Conflicts of interest	
2-12	Role of the highest governance body in overseeing the management of impacts	Governance structure and composition + Role of the highest governance body + 2. Business (annual report)	Information unavailable: The company has not managed to gather all of this information in 2022 but seŋs to do so in 2023.
2-13	Delegation of responsibility for managing impacts	Corporate governance and sustainability approach + Role of the highest governance body	
2-14	Role of the highest governance body in sustainability reporting	About this report	
2-15	Conflict of interest	Conflicts of interest + Instruction for the Board of Directors	The organisation has not managed to identify the extent to how conflicts of interest are disclosed to stakζolders.
2-16	Communication of critical concerns	Whistleblowing	
2-17	Collective knowledge of the highest governance body	Role of the highest governance body	
2-18	Evaluation of the performance of the highest governance body	Role of the highest governance body + 9. The work of the board of directors (annual report)	
2-19	Remuneration policies	Remuneration policies + 11. Remuneration of the Board of Directors (annual report)	The remuneration policies does not contain information about fixed and variable pay; sign-on bonuses or recruitment incentive payments; termination payments; clawbacks; or retirement benefits.
2-20	Process to determine remuneration	Remuneration policies + 11. Remuneration of the Board of Directors (annual report) + Annual General Meeting Notices (website)	The results of votes of stakζolders on remunerration policies and proposals are not mentioned.
2-21	Annual total compensation ratio	Table 8	
STRATEGY, POLICIES AND PRACTICES			
2-22	Statement on sustainable development strategy	CEO letter	
2-23	Policy commitments	Business ethics + Ethical guidelines + Human rights + Suppliers and business partners	

2-24	Embedding policy commitments	Business ethics	
2-25	Processes to remediate negative impacts	Whistleblowing	
2-26	Mechanisms for seŋing advice and raising concerns	Whistleblowing	
2-27	Compliance with laws and regulations	Whistleblowing	
2-28	Membership associations	This is Andfjord Salmon	
STAKEHOLDER ENGAGEMENT			
2-29	Approach to stakζolder engagement	Andfjord Salmon's stakζolders + Stakζolder dialogue	Information unavailable: Although the company knows that most of its workers are covered by collective bargaining agreements, it does not have the exact percentage.
2-30	Collective bargaining agreements	Working environment	
MATERIAL TOPCIS			
GRI 3: MATERIAL TOPICS 2021			
3-1	Process to determine material topcis	Stakζolder dialogue + Materiality assessment	
3-2	List of material topics	Materiality assessment	
ENVIRONMENT			
3-3	Management of material topics	Environment and climate impact (all chapters) + Materiality assessment	
GRI 304 BIODIVERSITY 2016			
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity	
OWN KPIS			
KPI	Fish health and welfare	Fish health and welfare	
KPI	Water quality and thermal regulations	Water quality and thermal regulations	
KPI	Health checks, hygiene and disease management	Health checks, hygiene and disease management	
GRI 305: EMISSIONS			
305-1	Direct (scope 1) GHG emissions	Emissions	
305-2	Energy indirect (scope 2) GHG emissions	Emissions	
305-3	Other indirect (scope 3) GHG emissions	Emissions	
WASTE			
306-2	Management of significant waste-related impacts	Fish sludge	
WORKING ENVIRONMENT			
3-3	Management of material topics	Working environment (entire chapter) + Materiality assessment	
GRI 401: Employment			306-2
401-1	New employee hires and employee turnover	Table 4	The reporting requirement is met with one minor exception: We do not report age group of new hires and employees who have left the company.
OWN KPI			
Parental leave		Table 4	
Employee survey		Employee wellbeing	
GRI 405: EQUALITY AND DIVERSITY			
405-1	Diversity of governance bodies and employees	Table 5 + Table 6	The reporting requirement is met with one minor exception: We do not map or report other indicators of diversity.
GRI 406: NON-DISCRIM-INATION			
406-1	Incidents of discrimination and corrective actions taken	Equality and diversity	

OCCUPATIONAL HEALTH AND SAFETY			
3-3	Management of material topics	Occupational health and safety (entire chapter) + Materiality assessment	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
403-1	Occupational health and safety management system	Occupational health and safety	
403-2	Hazard identification, risk assessment, and incident investigation	Occupational health and safety + Risk assessments + Reporting	
403-3	Occupational health services	Occupational health and safety + Information and training	
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety + Information and training	
403-5	Worker training on occupational health and safety	Occupational health and safety + Information and training	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety	
Own KPI			
KPI	Work incidents	Reporting	
BUSINESS ETHICS			
3-3	Management of material topics	Business ethics (entire chapter) + Materiality assessment	
GRI 414: SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria	Screening of suppliers / due diligence	
GRI 205: ANTI-CORRUPTION			
205-3	Confirmed incidents of corruption and actions taken	Whistleblowing	
LOCAL VALUE CREATION			
3-3	Management of material topics	Local value creation (entire chapter) + Materiality assessment	
OWN KPIs			
KPI	Local initiatives	Local employment	
KPI	Goods and services	Goods and services	

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