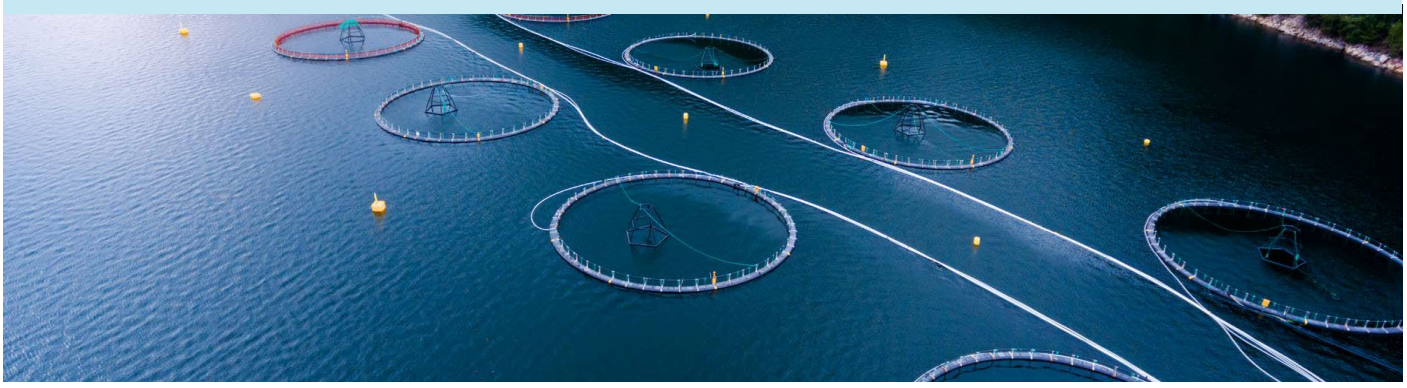
AQUA PHARMA

AQUA PHARMA
The Norwegian Transparancy Act
Report 2022



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1. AQUA PHARMA'S REPORT ON THE NORWEGIAN TRANCPARANCY ACT 2022

1.1. Introduction

Aqua Pharma AS and Aqua Pharma Group AS (“the Company”) are required to carry out due diligence assessments in accordance with the Norwegian Transparency Act and publish an annual report of the assessments.

The purpose of the Norwegian Transparency Act is to promote companies' respect for basic human rights and decent working conditions.

This report includes the Company’s obligation to report on the due diligence assessments the Company has carried out for the year 2022. In the report, the Company also reports on the measures that have been assessed and implemented to reduce the risk of negative consequences the Company’s activity and business relationships may have on basic human rights and decent working conditions.

1.2. Contact information

Inquiries about this report can be directed to: Trancparencyact@aqua-pharma.com.

1.3. Reporting obligation

Aqua Pharma is based in Norway and has its head office at Hovemovegen 1, 2624 Lillehammer.

Aqua Pharma AS is obliged to conduct due diligence assessments based on the sales revenue and therefore this also applies to the parent company in the group, Aqua Pharma Group AS.

2. ABOUT AQUA PHARMA

2.1. Organization and operating area

Aqua Pharma operate in 8 countries (Norway, Scotland, Belgium, Canada, Australia, Chile, USA and Indonesia), with around 50 employees across the globe. Aqua Pharma Group is structurally backed by two innovative parent companies, Solvay (a global leader in sustainable materials and solutions) and Aquatiq (a Norwegian reference in Food Safety).

In Norway the group is established with three legal entities with Aqua Pharma Group AS, as the parent company and two subsidiaries that includes Aqua Pharma AS.

Aqua Pharma develops and delivers disease prevention and control systems for a diverse range of aquaculture segments. Our concepts and innovations ensure minimal environmental impact and maximum animal welfare. In doing so, we contribute to the successful scaling of sustainably managed fish and shrimp, to meet the growing demand for healthy proteins. Our treatments are available worldwide in all major aquaculture countries.

Aqua Pharma offers the following products and/or services:

- Bath treatments
- Mechanical treatments

- Water treatment
- Dosing units and services

2.2. Internal guidelines

Aqua Pharma has established our own procedure for how we have organised our work with the questions related to human rights and decent working conditions, see Aqua Pharma – Norwegian Transparancy Act -Internal procedure attached to this report. The procedure includes Aqua Pharma's work to fulfil the requirements set out in the Norwegian Transparency Act.

Aqua Pharma's routines are approved by Aqua Pharma's board. The procedure has been communicated to Aqua Pharma's employees and is available on Aqua Pharma intranet. Human rights are embedded in the Aqua Pharma Code of Conduct. Through their employment, all employees are obliged to follow the Code of Conduct and sign on it on acceptance of employment.

The procedure describes how Aqua Pharma carries out its due diligence assessment and assessment of measures. The procedure also contains information about Aqua Pharma's notification channels which will help to uncover negative consequences for basic human rights and decent working conditions linked to Aqua Pharma's activity, and how such information is followed up.

2.3. Objectives and progress

2.3.1. Objectives and progress

We work continuously to assess risks linked to Aqua Pharma's activities and the use of our business relationships (suppliers and business partners). Furthermore, Aqua Pharma works continuously to implement measures to achieve the goals set by The Company. See the report's points 3 and 4 for guidance on the work done in the reporting year.

2.3.2. Goals for the coming year

We have set ourselves several concrete goals for the future.

OBJECTIVES
Further develop the due diligence assessment on the basis of the experiences we make.
Establish a better overview of our suppliers' subcontractors.
Issue the Aqua Pharma Supplier Code of Conduct to major suppliers.
Review internal guidelines related to HSE and human rights.

3. DUE DILIGENCE ASSESMENT GENERAL

3.1. About the due diligence assessment - methodology

The Company makes ongoing assessments of the risk of negative consequences for basic human rights and decent working conditions related to The Company activities and business relationships.

The Company continuously monitor human rights violations and violations of decent working conditions related to the Company's activity.

In the mapping work, The Company uses a digital platform developed by Ignite Procurement AS. The platform simplifies the implementation of due diligence assessments in line with the requirements of the Norwegian Transparency Act. Through the platform, The Company has obtained a systematized overview of first-tier suppliers, business partners and other known subcontractors. Based on this overview, the platform has made initial assessments of the risk of negative impact on basic human rights and decent working conditions. The steps in this assessment are explained in the following:

1) Based on supplier data obtained from accounting data, an overview of the Company first-tier suppliers and business partners is created. The Company has manually created other known business partners in the platform if necessary. Through the platform, the overview of The Company first-tier suppliers is continuously updated.

2) Supplier information is enriched in the platform through third-party collaboration with ENIN. Through the platform, information and financial information about The Company suppliers is obtained as industry codes (NACE).

3) The risk evaluation tool in the platform has carried out an initial risk classification of the Company first-tier suppliers, business partners and other known subcontractors based on geography and industry, to respectively "high", "medium" or "low" risk of negative impact on basic human rights and decent working conditions.

4) The Company has also created the following classification rules relevant to the Company supply chain. For this reporting year, we have chosen not to focus on suppliers who have only been used once or with a low turnover amount. We have also chosen to focus first on the chemical suppliers that we consider having the greatest risk in this context.

5) As part of the risk mapping, the Company has, through the platform, sent out customized questionnaires to defined business relationships to obtain additional information. The Company has also used the platform to request documentation and certifications from first-tier suppliers, business partners and other known subcontractors.

6) Based on the findings in points 4 and 5, the Company has assessed which measures should be taken to investigate potential negative consequences for basic human rights and decent working conditions. The Company has planned measures where the degree of severity and probability of damage is greatest and where the Company has the greatest influence for a positive development. The prioritization is linked to the Company connection to and responsibility for the risk, and must be in relation to the size, nature and context of the business.

In the analysis tool in the platform (interactive dashboard), analysis of the supply chain has been prepared based on supplier data, the outcome of the risk classification and information obtained from the supply chain. In point 3.2 below, the following information generated by the analysis tool in the platform appears:

a) Number of first-tier suppliers and business partners with associated supplier information.

b) Overview of the Company first-tier suppliers and business partners and other known subcontractors who have been submitted to and have answered questionnaires relevant to the Company due diligence assessments.

c) Overview of the Company first-tier suppliers and business partners who have disclosed:
   a. That the due diligence assessment of the business has been carried out in line with the requirements of the Norwegian Transparency Act
   b. That the result of the due diligence assessment is laid down in a report in line with the requirements of the Norwegian Transparency Act

d) Closer risk evaluation of the Company first-tier suppliers, business partners and other known subcontractors based on the high, medium and low risk profiles.

e) Overview of first-tier suppliers, business partners and other known subcontractors where measures have been taken, cf. step 6 above.

Relevant conditions for due diligence assessment related to the Company activity and business relationships include:

- the Company operational context
- the Company business model
- position in the supply chain
- type of product and services

3.2. Supply Chain and business partners

The Company's commercial relationships vary in size from large international and national companies to smaller local suppliers. The Company's suppliers are mainly located in the following countries/geographical areas: Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Faroe Iceland, Germany, France, Malaysia, Indonesia, Netherlands, Norway, Poland, Sweden, and United Kingdom. Majority is Norwegian based suppliers.

3.3. Due diligence assessments of products/services

At Aqua Pharma, we believe that the respect of human lives stands above everything else. We support the UN Sustainable Development Goals where we can have a material impact.

Our ambition is simple: to support farmers in lowering environmental impact and increase fish welfare, while bringing factual proof. Only by doing so, will we be able to reassure consumers that the fish and shrimp we eat is sustainably farmed according to the highest welfare standards.

HEALTH & SAFETY

High safety standards and continuous improvement are an integral part of the Aqua Pharma work ethic and commitment. Each employee is expected to contribute to the safety of the workplace by being alert and aware of the rules, policies, and procedures, and by reporting any unsafe conditions.

We are also committed to safeguarding people along the supply chain, by continuously improving our health and safety performance; processes and designs; and stewardship.

ENVIRONMENT
The Aquaculture industry is dedicated to minimising its impact on the environment. Aqua Pharma is committed to support the industry in this continuous process by delivering concepts and services that guarantee the wellbeing of the environment and the people who work in the industry. We achieve this through ongoing focus on research and innovation.

3.4. The result of the due diligence assessment

We have not identified any high risk in the initial assessment exercise. The work continues to map company risk for suppliers and business partners based on the type of relationship and geography.

The Company has not uncovered any violations of human rights or decent working conditions in the reporting year. Aqua Pharma has also not revealed a significant risk of breach/negative consequences.

4. SUMMARY

Aqua Pharma will continue our work in the coming years to look for improvement of our work related to the act. We will ensure to establish systems that take into account human rights and decent pay and working conditions throughout our operations.

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Lillehammer, 28. juni 2023

Elvin Bugge (Jun 30, 2023 10:37 GMT+2)

Elvin Bugge
Managing Director,
Aqua Pharma Group AS

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Managing Director,
Aqua Pharma AS

THE COMPANY (“The Company”)
INTERNAL PROCEDURE
THE NORWEGIAN TRANCPARANCY ACT

1. INTRODUCTION

The purpose of the Norwegian Transparency Act is to promote businesses' respect for basic human rights and decent working conditions in connection with the production of goods and the provision of services.

In addition, the Transparency Act must ensure the public has access to information about how businesses handle negative consequences for basic human rights and decent working conditions.

This procedure explains how Aqua Pharma works with due diligence assessments in line with the provisions of the Norwegian Transparency Act.

The law is applicable for Aqua Pharma’s legal entities in Norway, who in accordance with the act is required to report in accordance with the law.

2. THE BOARD'S REVIEW AND AUDIT

It is the Board of Directors who reviews and approves this procedure. Any changes to this procedure must be approved by the Board of Directors.

The Managing Director shall once a year review the due diligence assessment with any discoveries made, measures implemented etc. The annual review is a briefing matter for the Board of Directors.

The Managing Director assess whether there is a need for the Board's consideration of matters related to the Transparency Act beyond the annual review.

3. ANNUAL REPORT

It is the Managing Director who approves the annual report on The Company's due diligence assessments and the results of these, including its publication. The deadline for publication is at the same time as the company's annual report, and no later than 30 June each year.

4. THE DUE DILIGENCE ASSESSMENTS

The Company shall annually carry out due diligence assessments relating to our activity. It involves consequences of or risk of violation of basic human rights or decent working conditions.

The due diligence assessments must be carried out for our own activity, our suppliers' activity, and our business partners' activity.

Due diligence assessments must be carried out for all our products and services.

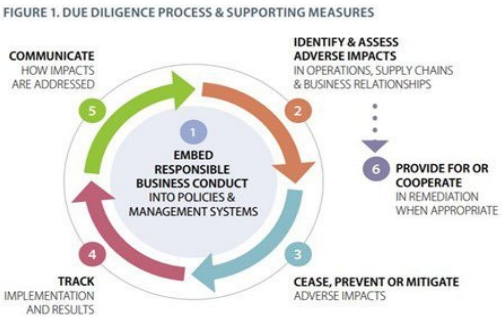

Figure: OECD (2018) OECD Due Diligence Guidelines for Responsible Business Conduct

5. POSSIBLE MEASURES

Findings through the due diligence assessments shall lead to an assessment of measures that may be relevant to implement. The measures must be suitable to prevent actual violations of basic human rights or decent working conditions or to reduce the risk of violations taking place.

The effect of the measures must be evaluated.

6. NOTIFICATION CHANNELS

The Company has established a system (e-mail to: transparencyact@aqua-pharma.com) for reporting violations of basic human rights and decent working conditions. The system purpose is to give its own employees, suppliers and business partners' employees and the public the opportunity to notify.

7. INFORMATION AND TRAINING

The Company has made information about the Transparency Act available to the employees on the Company intranet and on the Company webpage for suppliers and business partners' employees and the public. The information shall be adopted for external parties and employees.

The Company shall ensure that the employees are given information and kept updated about the work related to the Transparency Act.

Aqua Pharma -Norwegian Trancparancy act - Report 2022.

Final Audit Report 2023-06-30

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