AQUA PHARMA

AQUA PHARMA
The Norwegian Transparancy Act
Report 2023

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CONTENT

1. AQUA PHARMA'S REPORT ON THE NORWEGIAN TRANCPARANCY ACT 2023

1.1. Introduction

Aqua Pharma AS and Aqua Pharma Group AS ("the Company") conduct a yearly due diligence assessment in line with the Norwegian Transparency Act. The purpose of the Norwegian Transparency Act is to promote companies' respect for basic human rights and decent working conditions.

As part of their obligations under the Act, the Company is required to publish an annual report detailing the due diligence assessments conducted throughout the year. This report also outlines the measures implemented to mitigate any potential adverse impacts on human rights and working conditions resulting from the Company's operations and business relationships.

1.2. Contact information

Inquiries about this report can be directed to: Transparencyact@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 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). Aqua Pharma operates in 3 regional Business Units (BU's), with around 30 employees across the globe.

- BU North Atlantic (Norway, Scotland & Canada)
- BU South-America (Chile & Ecuador)
- BU Asia-Pacific (Indonesia & Australia)

Aqua Pharma has administrative, non-trading legal entities, in Belgium and in the USA. In Norway, the group consists of more than one legal entity, with Aqua Pharma Group AS as the parent holding company and Aqua Pharma AS, as the subsidiary for Norway operations.

In terms of offer, Aqua Pharma develops and delivers disease prevention and control systems for a fish and shrimp farming operations. The concepts, products and services ensure minimal environmental impact and maximum animal welfare. In doing so, Aqua Pharma contributes to the successful scaling of sustainably managed fish and shrimp.

2.2. Business Integrity Guidelines

Aqua Pharma has internal procedures and an external guideline in place to ensure Business Integrity and respect of Human Rights along the value chain:

1. ***Due diligence procedure-Norwegian Transparancy Act*** *(annex 1 included):* describing yearly supplier due diligence process, and assessment of measures, including description of the notification channels and process for information follow-up.
2. ***Employee Code of Conduct*** *(published on Aqua Pharma intranet, available on request): employee adherence with Aqua Pharma values, including Human Rights,*
3. ***Procurement policy*** *(published on Aqua Pharma intranet, available on request): describing internal supplier selection policy,*
4. ***Supplier Code of Conduct*** *(published on Aqua Pharma intranet, available on request)): supplier adherence to Code of Conduct, including Human Rights (new guideline since Dec. 2023, to be deployed throughout 2024 to suppliers worldwide)*

The procedures and guideline represent Aqua Pharma's work to fulfill the requirements set out in the Norwegian Transparency Act.

Aqua Pharma's routines are approved by Aqua Pharma's board. The procedures are presented to all new employees and are regularly reminded to existing employees, while always available on Aqua Pharma's intranet.

2.3. Objectives and progress

2.3.1. Objectives and progress

Our guidelines for Business Integrity are the foundation for how we wish to operate as a global Group. It applies to every employee wherever Aqua Pharma operates or conducts business, and to all third parties acting on our behalf. To comply with the guidelines for Business Integrity, we are committed to identify improvement steps for each business year, seek advice when things are not clear, and report anything that may violate our Code or related policies and procedures. The guidelines cannot cover every single situation, but we will use our good judgement and common sense to make sure we are always operating under the spirit of our Code of Conduct and guidelines.

In 2023, we have established a Supplier Code of Conduct, which we will deploy to major suppliers globally, throughout 2024. We have also reviewed internal policies related to HSE, Human Rights and Procurement (supplier selection).

2.3.2. Goals for the coming years

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, in all countries
Issue the Aqua Pharma Supplier Code of Conduct to major suppliers, in all countries globally
Integrate suppliers in new business segments (Ecuador, Indonesia) into the due diligence system

3. DUE DILIGENCE ASSESMENT

3.1. Objective of assessment

Aqua Pharma aims to create an environment where every member feels free to raise good faith concerns about possible violations of the guidelines for Business Integrity and related policies and procedures. Should actual violations be observed, each team member understands it is his or her duty to Speak Up.

In addition to creation of a Speak Up culture, Aqua Pharma performs recurring assessments related to basic human rights and decent working conditions, as expected by the Transparency Act, to actively seek for and detect violations.

3.2. Cross-functional assessment team

Aqua Pharma has appointed a cross-functional team, consisting of the Human Resources manager, Chief Operating Officer, Global Health, Safety & Environment manager and Global Logistics manager, to oversee and coordinate the yearly Due Diligence Assessment.

The cross-functional team investigates risks and investigates any reports brought to their attention throughout the year.

3.3. Assessment Process

Each year, in Q2, the cross-functional team organizes a due diligence assessment of the supply chain.

The dedicated platform (Ignite) has been introduced at Aqua Pharma since 2023 and provides a structured overview of first-tier suppliers, business partners and other known subcontractors. Based on this overview, the platform makes initial assessments of the risk of negative impact on basic human rights and decent working conditions.

The steps in this assessment are explained as following:

1) Based on supplier data obtained from accounting data, an overview of the first-tier suppliers and business partners is created. Aqua Pharma can manually create other known suppliers or business partners in the platform, if necessary. Through the platform, the overview of 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 suppliers is obtained as industry codes (NACE).

3) The risk evaluation tool in the platform carries out an initial risk classification of 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) Aqua Pharma has taken the commitment to evaluate systematically all the ‘high’ social risk profiles, by means of a survey. All new “high” social risk companies will receive the survey, “high” social risk companies that were assessed previously, will be reassessed by means of a survey every three years, if remain as supplier and within the same risk level.

5) The surveys are sent out through the Ignite platform, requesting additional information from “high” social risk companies. Aqua Pharma also uses the Ignite platform to request documentation and certifications from first- tier suppliers, business partners and other known subcontractors.

6) Based on the findings from the surveys, the cross-functional team of Aqua Pharma assesses which measures should be taken. Aqua Pharma commits to promptly take measures where the degree of severity and probability of damage is high.

7) Concrete actions from this recurring yearly assessment are cascaded down by the cross-functional team to the General Managers of the Business Unit, for follow-up.

8) The General Managers report back on outcome and/or progress of assigned actions to the cross-functional team within 3-4 months.

The platform generates the following information at each assessment:

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

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

c) Overview of the 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 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 Aqua Pharma's activity and business relationships include:

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

3.4. Supply Chain and business partners

Aqua Pharma's commercial relationships vary in size from large international and national companies to smaller local suppliers. The 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. The majority are Norwegian-based suppliers.

3.5. 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 minimizing its impact on the environment. Aqua Pharma is committed to supporting 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.

3.6. The result of the due diligence assessment for 2023

In the previous year, all major suppliers were introduced to the Ignite platform, and were assessed on their risk profile, following the process as described under paragraph 3.3. No major risks, nor concerns came out of the initial assessment exercise.

For 2023, only one new supplier was highlighted as “high” social risk profile, and the subsequent survey was sent out through the Ignite platform. Based on the questionnaire developed for this period, considering aspects of Labor Rights, Supply Chain compliance, Health and Safety, and Sustainability and Social Responsibility, the company being evaluated achieved a total score of 63, representing 93% adherence. Therefore, this is a satisfactory result, aligning with our expectations of having them as suppliers in our supply chain. As an outcome, there are no corrective actions needed, only monitoring and maintenance of the contract.
Aqua Pharma has not uncovered, either through the Speak Up culture or as outcome of the Assessment, any violations of human rights or decent working conditions in 2023.
Furthermore, no significant risks of breach/negative consequence were identified.

An internal audit by 50% shareholder Solvay on Governance, Business Integrity and Procurement processes will be organized in Q2 2024. Suggestions resulting from this internal audit regarding human rights or decent working conditions will be considered for improvement of the current way of working.

4. SUMMARY

Aqua Pharma is committed to ongoing improvement in compliance with the Act in the years to come. We will establish systems that prioritize human rights and fair wages, ensuring decent working conditions across all our operations.

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Lillehammer, 18th of June 2024

On behalf of Aqua Pharma AS

Elvin Bugge (Jun 18, 2024 14:49 GMT+2)

Sign.

Elvin Bugge
Managing Director

On behalf of Aqua Pharma AS

Sign.

Hanne Mertens
Managing Director

annex 1:

INTERNAL DUE DILIGENCE ASSESSMENT 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.

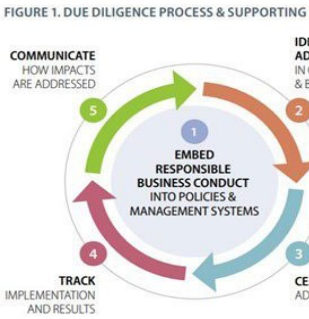

Figure: OECD (2018) OECD Due Diligence Guidelines for Responsible Business Conduct

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 Transparancy act - Report 2023

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