

Global Compact COP Report 2021

Period covered by our Communication on Progress (COP)

From: 01.01.2021

To: 31.12.2021

CEO statement

29.09.2022

To our stakeholders,

I am pleased to confirm that Scale Aquaculture AS supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. Equally essential now and in the future, is the industry's ability to operate sustainably and in line with widely accepted social development goals. In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

Sincerely yours,

Geir Myklebust, CEO

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

It is crucial for us to comply with and promote ethical business conduct across our organisation. ScaleAQ is committed to provide equal opportunities for all employees in an inclusive work culture. The Group appreciates and recognises that every individual is unique and valuable and should be respected for their, his or her individual abilities and does not accept any form of harassment or discrimination based on gender, religion, race, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age, or political opinion.

The Group seeks to provide equal employment opportunities and treat all employees – and job seekers fairly. The company has well-established policies and practice to ensure that there is no discrimination. The policy and established practises include code of conduct, Human Rights policy, recruitment, compensation, and benefits, working conditions, possibilities for promotion, development, and protection against harassment.

Principle 2: Make sure that they are not complicit in human rights abuses

Respecting human rights is vital for us along our supply chain. To achieve this, we must also follow up and manage our supply chains and ensure compliance with our code of conduct, which covers human rights, workers' rights, the environment, and corruption. ScaleAQ is subject to report an annual statement on its efforts to secure equal opportunities under §26-a in the "Equality and Anti-discrimination Act of Norway".

An important aspect of our Code of Conduct is to integrate standards and obligations for our companies and their suppliers, making them comply with the expectations and regulations of the Transparency Act which came into force in Norway in July 2022.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

ScaleAQ is committed to uphold human values and rights, and the basic principles of our ethics is based on important FN- and ILO conventions and documents.

Workers in ScaleAQ have, without any exceptions, the right to freely form and join groups for the promotion and defence of their occupational interests, including the right to engage in collective bargaining. ScaleAQ aims to gain knowledge and understanding on all local legal obligations in relation to labour and collective bargaining. If these rights are limited by law, we aim to facilitate on an independent and free attachment and similar negotiations.

Principle 4: The elimination of all forms of forced and compulsory labour

ScaleAQ are committed to the abolition of all forms of forced and compulsory labour.

Employees in ScaleAQ is committed to respect and protect the basic human rights. This commitment involves all that are included in our business. It is expected that our employees, partners, and other parties directly connected to our business, products, and services, are equally committed to these human rights.

Principle 5: The effective abolition of child labour

ScaleAQ are committed to the abolition of child labour.

The minimum age for employment that may constitute a risk on their health and safety are in any event not lower than 18 years of age. No children under the age of 15 shall not conduct any work that may interfere or get in the way for their education.

ScaleAQ is also committed to secure children the right to go to school.

An important aspect of our Code of Conduct is to integrate standards and obligations for our companies and their suppliers, making them comply with the expectations and regulations of the Transparency Act which came into force in Norway in July 2022.

Principle 6: The elimination of discrimination in respect of employment and occupation

Discrimination on the ethnicity, religion, age, race, disability, gender, civil status, sexual orientation, trade union or political attachment is not allowed and shall not occur. Protection against sexual intrusive behaviour, threatening, offensive or exploitative behaviour, or against discrimination or unfair resignation such as marriage, pregnancy, parenthood or HIV-status, shall be created.

Where to find out more?

Our website: <https://scaleaq.com/>

ScaleAQ Code of Conduct

ScaleAQ Annual Report 2021: <https://scaleaq.com/wp-content/uploads/2022/06/2221032-ScaleAQ-Annual-Report-2021.pdf>

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

The world is facing critical environmental challenges that we need to urgently address and continuously work on. One of these challenges is finding sustainable food sources for a rapidly growing world population. ScaleAQ aims to contribute to a responsible aquaculture as an active part of the need for improvements for a sustainable aquaculture sector for the future.

We work to not only reduce our environmental impact but to provide solutions, technology, products and services that safeguard eco-systems and fish welfare, reduce harmful climate and environmental emissions across the aquaculture industry.

To us, it is obvious that people, planet and profit can not only go hand-in-hand but also needs to go *hand-in-hand*. We believe in what we are doing and the industry we are part of, but we also recognise that change and improvement are necessary. ScaleAQ has a long-term commitment to sustainability and views this as a journey that has only just begun.

We have conducted a materiality assessment as part of our annual report. Our strategic priorities and our reporting are based on this analysis. Work started with an internal assessment based on input from internal stakeholders, which was presented to the management team. We also interviewed external stakeholders to confirm and align expectations set by our customers and partners. The work involved an assessment of macro

trends, as well as a benchmark against peers and leaders and an overview of key regulatory reporting requirements. The materiality assessment has been conducted in accordance with the World Economic Framework (WEF) and will provide the basis for the continued development of our company strategy, governance, and management structures, as well as determining KPIs. From the sixteen issues considered as important for ScaleAQ and our stakeholders, four are directly related to climate and environmental challenges including reduction of greenhouse gas emissions in both our own value chain as well as in the aquaculture industry, reduction of plastic emissions and to protect biological diversity, ecosystems and fish welfare.

What we have done:

- We monitor our greenhouse gas emissions. For now, our analysis and overviews cover the Norwegian part of the company that make up about 64% of our activities. In addition, we have included scope 1 and 2 for our business units in Chile and Vietnam. We have started to work on reducing the climate and environmental footprint and are focusing on material efficiency and circularity
- We have established “Scale Circular” as an initiative for increased sustainability and circular economy.
- We are mapping our waste streams for our service stations.

In 2022, we will include more business units and use our improved overview and data quality to set goals and KPIs for reducing solid waste, increasing circularity, and implementing actions to reduce plastic emissions that are relevant and ambitious, both in the short and long term. R&D is essential for achieving our ambitions in the area of sustainability. Research and development involve a broad spectrum of activities, from research, experimental development and testing, and documentation of acquired knowledge and results. Our starting point is our role as a company that designs, builds, and installs the infrastructure necessary for establishing and expanding sustainable and resource-efficient food production in our ocean.

ScaleAQ is a keen advocate of increased collaboration between the various parties in the value chain. The company takes an active role in building relations with service suppliers, feed producers, government, and regulators as well as research institutes and universities. Efficient sharing of knowledge, available technology, and data will ultimately result in improved collective learning and better solutions.

Partnerships for the Goals

Partnerships is crucial for achieving the United Nations Sustainable Development Goals (SDGs). SDG 17 - Partnership for the Goals – is one of the important goals for ScaleAQ. Partnering with all relevant stakeholders to ensure that sustainability is integrated as a key objective and concern in all the decision-making throughout our value chain. Of partnerships ScaleAQ has partnered up with “Klimapartnere” and “Hold Norge Rent”, together with FNs Global Compact. Additionally, we support several R&D projects and clusters like NCE Aquatech Cluster and Stiim Aqua Cluster. Together these partnerships give us a network with other companies that work towards a common goal – a more sustainable future.

With a continuously work to reach the agreed United Nations development goals, we strongly believe that our business can play an important role in contributing to a sustainable future. Challenges related to poverty, gender, health, nutrition and inequality are in many countries just as pressing as the ongoing climate crisis. For us, emphasis on the environment is natural as we are part of an industry that is embedded in our common blue eco-systems and reliant on sound natural resource management. The following goals are considered particularly important to ScaleAQ business and how we operate: good health, gender equality, decent work and economic growth, industry innovation and infrastructure, key partnerships for the goals, responsible consumption and production, climate action and life below water.

Beyond our primary contribution through the jobs we create and the taxes we pay, we believe we can support social and economic development and lasting positive change by considering our impact and collaborating across sectors to scale positive contributions.

Want to know more?

Our website: <https://scaleaq.com/>

ScaleAQ Annual Report 2021: <https://scaleaq.com/wp-content/uploads/2022/06/2221032-ScaleAQ-Annual-Report-2021.pdf>

NCE Aquatech cluster: <https://aquatechcluster.no/english/tech Cluster>

Klimapartnere: <https://klimapartnere.no/partnere/scale-aq/>

Hold Norge Rent: <https://holdnorerent.no/>

Principle 8: Undertake initiatives to promote greater environmental responsibility

ScaleAQ take responsibility for both our own work and our collective responsibility for the environment. We create sustainable solutions that are based on insights from our customers and partners.

To work on reducing the climate and environmental footprint of our purchases of plastic and metal materials, which accounts for around 79% of our greenhouse gas emissions, we focus on:

- Material efficiency, i.e., achieving more with less.
- Sourcing from producers that document low impact and that show an initiative to transition their production towards more use of recycled materials and renewable energy sources in their production.
- Circularity. We aim to design and produce products that can efficiently be reused and recycled and to increase our own use of recycled materials.

Our most significant and potentially positive impact on environmental sustainability comes from the products we deliver to our customers. Developing and delivering durable, green, quality technology to the aquaculture sector can contribute to resource efficiency and a reduction of the environmental footprint of our customers while making their food production even more sustainable. For more information see Principle 9 below.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

ScaleAQ is committed to encourage the development and diffusion of environmentally friendly technologies. In response to an ever increasing demand for healthy food for people, the aquaculture industry is constantly looking for ways to grow production in an even more sustainable way. Technology and experience-based innovation are important levers to achieve this goal, and ScaleAQ is committed to play a key role.

ScaleAQ delivers advanced products and services built on experience, excellent innovation, and engineering capabilities. The company is convinced that increased precision in aquaculture will mean a paradigm shift that will enable sustainable growth.

The aquaculture industry faces many fundamental and specific challenges. Production will move to new areas at sea and on land, requiring new production methods, such as closed aquaculture systems. Sea lice must be controlled, mortality reduced, and control and documentation improved. Other challenges are more generic: digitalisation, fish welfare, climate and environmental footprint, cost reduction and efficiency.

Together with its partners in the industry, ScaleAQ works relentlessly with technology and solutions that will enable sustainable growth of the aquaculture industry. The development of a new water-based feeding system is one recent example of ScaleAQ's approach to collaboration and innovation. When fish farming ventures into more exposed areas and submerged closed cages, conventional feeders are no longer an option.

Precision feeding. Water quality monitoring. Control of fish health and growth. Automated light regulation and cleaning. Together with its partners in the industry, ScaleAQ works relentlessly with technology and solutions that will enable sustainable growth of the aquaculture industry.

The ScaleAQ Midgard® System is the result of several years of hard work to find new, improved solutions within net pen technology – including pens, sinker tubes and nets. The overarching objectives were to prevent escapes, improve fish welfare and boost health and safety conditions for workers. This resulted in a ScaleAQ MidgardR System, which satisfies most requirements for the salmon farming industry of the future.

Visit our webpage for more information regarding the products and the specific contributions of the equipment: <https://scaleaq.com/sustainability/?cn-reloaded=1#contributions>

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

ScaleAQ are committed to complying with anti-corruption laws and regulations, and to conducting our business activities openly and transparently, thus supporting efforts to fight corruption worldwide. Corruption undermines legitimate business activities, distorts competition, jeopardizes reputation, and exposes companies and individuals to great risk. We include guidance on anti-corruption in our employee ethical guidelines, and any violations of these can lead to termination of employment.

Our suppliers are also included in our commitment to delivering the highest standards of ethics, business ethics and working conditions through our Code of Conduct. All suppliers and any subcontractors shall comply with the same business ethics as stated in the Code of Conduct for Scale Aquaculture AS.

Our supplier contracts include ESG responsibility and suppliers shall, upon request, document their work within these areas. Our Code of Conduct is an important tool in all our purchasing/RFx processes. The Code of Conduct is a mandatory document in the tender process and also a standard document in all our contracts.

Ethical business practices, transparency and accountability are fundamental prerequisites for sustainable development, which are linked to fraud, bribery and corruption, as well as to the protection of personal data and the open disclosure of tax payments. Sound governance reduces risk in the value chain and maintains trust in a company's commitment to SDG impact. An important aspect of our Code of Conduct is to integrate standards and obligations for our companies and their suppliers, making them comply with the expectations and regulations of the Transparency Act which came into force in Norway in July 2022.

We take precautions and active steps to make sure that no operations connected to our business are entangled in fraud or corruption. To achieve this, we must also follow up and manage our supply chains and ensure compliance with our code of conduct, which covers human rights, workers' rights, the environment, and corruption.

A mandatory joint course on our code of conduct, including anti-corruption training (nano-based), was conducted during Spring 2021, with a clear goal of 100% participation.

Scale AQ registered no incidents of corruption in 2021.