

# Green Bond Framework August 2024



# This is SalMar

SalMar is the second largest salmon farmer in the world, and has production in Norway, Offshore, Iceland and Scotland. With a passion for salmon, SalMar has been a driver for sustainable development of the aquaculture industry since 1991.

The aquaculture industry is developing rapidly, and the potential for further growth is enormous. However, at SalMar we are in no doubt that any growth must be sustainable: environmentally, socially and financially. In 2014, to reinforce our focus on the elements that have made SalMar the company it is today, we adopted a new vision that will henceforth guide our steps: “Passion for Salmon”

SalMar - One of the world's largest and most efficient producers of farmed salmon.

- Farming activity along the coast of Norway from Møre og Romsdal in the south to Troms og Finnmark in the north
  - Broodstock production with the Rauma strain
  - Self sufficient with smolt capacity
- Significant harvesting and processing activity locally in Norway
  - InnovaMar, our main facility is co-located with the main office on Frøya in Trøndelag
  - InnovaNor, on Senja in Northern Norway
  - Vikenco, at Aukra in Møre og Romsdal
- Pioneer in the development of offshore farming through SalMar Aker Ocean
  - Two semi-offshore projects in operation: Ocean Farm 1 and Arctic Offshore Farming
- Owns 52% Icelandic Salmon AS, which owns 100% of Arnarlax Ehf.
  - Iceland's largest salmon farmer
  - Located in the Westfjords of Iceland
- Owns 50% of Norskott Havbruk AS, which owns 100% of Scottish Sea Farms Ltd
  - Great Britain's second-largest salmon farmer production in Scotland, Shetland and Orkney Islands

## Our Locations



# Sustainability and Corporate Responsibility

Sustainability in everything we do is one of SalMar's key tenets. For SalMar, sustainability extends beyond the scope of its operations, encompassing its behavior in the surrounding areas and our direct and indirect impacts throughout the value chain. SalMar endeavors to safeguard the seas while simultaneously prioritizing the wellbeing of its employees, salmon, and the environment, and advancing sustainable development. This includes actively contributing to the evolution of new technology to decrease the biological footprint of its production and promote environmental preservation.

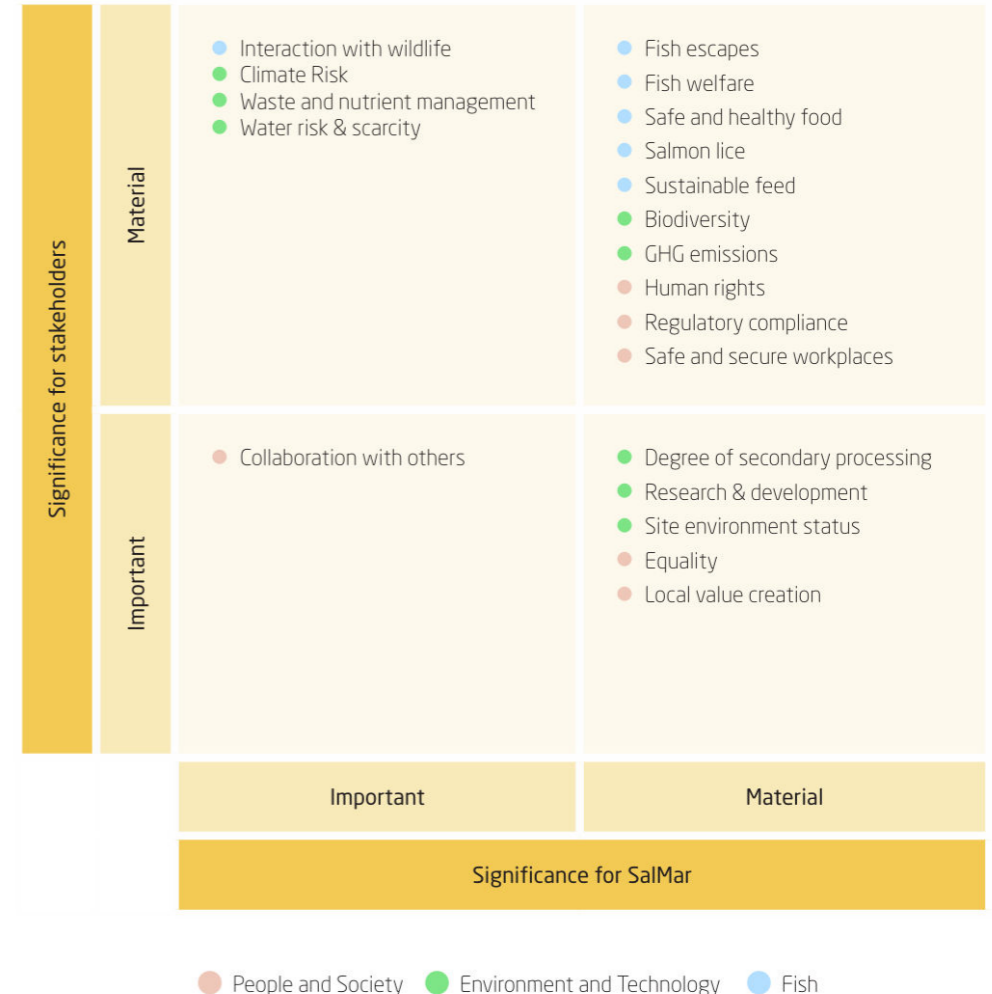
Sustainability is essential for SalMar as it ensures the longevity and profitability of our business while promoting environmental and social balance. The transition and maintenance of sustainable practices, such as minimizing environmental impacts and preserving natural resources, can help maintain healthy ecosystems and promote fish welfare. This, in turn, can lead to a reliable and consistent supply of high-quality salmon for our consumers, as well as the long-term viability of the industry. Furthermore, practicing sustainability can also build consumer trust and ensure long-term success in an increasingly eco-conscious market.

Today, the world's population is consuming resources at a rate that surpasses the planet's ability to generate them. Notably, food production is accountable for a significant fraction of the ecological and climate burden on the planet. To sustain the ever-expanding global populace, we require sustainable approaches to food production that minimize environmental impacts. Salmon farming stands out as one of the most sustainable techniques for producing food, primarily due to its eco-friendliness in terms of space utilization, freshwater consumption, and greenhouse gas emissions. Consequently, aquaculture and salmon farming hold great potential to provide the world's growing population with healthy, protein-rich food in the foreseeable future.

## Materiality assessment

A detailed and holistic materiality assessment is key to understanding our impacts, risks, and opportunities. The materiality assessment also provides valuable insights into what topics are most important to our internal and external stakeholders, and thereby reflects important focus areas for SalMar going forward.

In 2023, SalMar performed an annual re-assessment of the existing materiality assessment aligned with the GRI methodology, and the results can be seen in the following figure. SalMar has initiated the process of carrying out a new double materiality analysis in accordance with the upcoming Corporate Sustainability Reporting Directive requirements.



## Fish

At SalMar, the salmon is our captain, and everything we do must be on the salmon's terms. A "Passion for Salmon" is the foundation of SalMar's entire business. Our goal is to produce sustainable, healthy and nutritious food for a steadily growing global population. And we will do so with the salmon in focus. Fish welfare is paramount for successful fish farming, and SalMar is actively engaged in developing and implementing initiatives and procedures to improve fish welfare. SalMar uses a variety of metrics to measure fish welfare. Among others, SalMar monitors the salmon's appetite, growth rate, skin health, and wounds during operations, and oxygen uptake during transport. All in all, fish welfare is a prerequisite for SalMar's business and is thus treated with the utmost importance.

### We strive to increase our fish's survival rate

In our view, the most reliable indicator of fish welfare is the survival rate of fish from the time they are transferred to our sea farms until they are harvested. To measure this rate, we use a 12-month rolling survival rate, which is measured in absolute numbers and follows the Global Salmon Initiative's methodology. SalMar considers all lives of equal value, which is why all survival rates published in the report are based on number of mortalities rather than biomass.

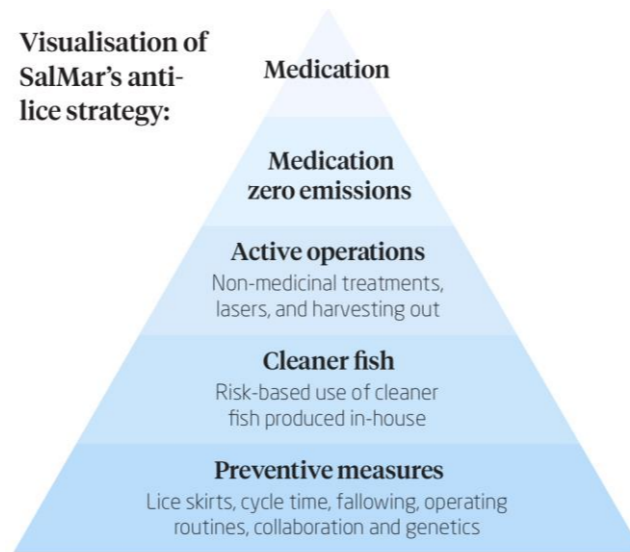
Over the past few years, SalMar has achieved a survival rate of between 94 % and 96 % in Norway. Benchmarking against industry peers is an important part of developing an understanding of important focus areas and overall performance. Our survival rate is high compared to peers, but we will continue our tireless work towards improving our results further. Our goal is to achieve a survival rate in Iceland of 95 % by 2028 and 97% survival rate in Norway by 2030.

### We keep the number of sea lice down

Sea lice are a naturally occurring parasite in seawater. As fish farmers, it is our responsibility to ensure that our salmon can coexist with the lice. The presence of sea lice can have negative effects on the quality of the salmon's flesh and in severe cases can lead to disease and death. To prevent this, we take preventative measures to minimise lice numbers and use treatment regimes that are gentle to the fish and the environment.

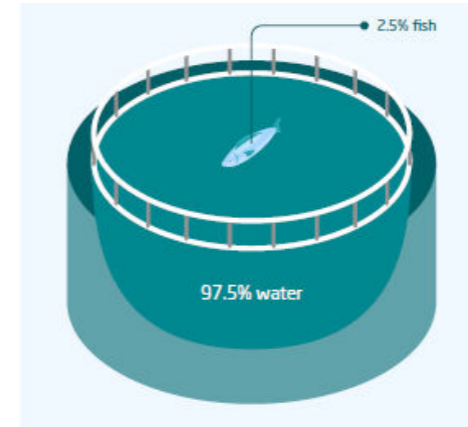
SalMar's whole value chain is certified from roe to plate. We strive to conduct ourselves with honesty, propriety, and trustworthiness, and take pride in being transparent about our operations. To this end, we have obtained certification in accordance with the most stringent requirements and guidelines. Our compliance with third-party standards, as well as those set by our customers, is verified through auditing of our operations. In addition to this, our operations are also subject to oversight by government and regulatory authorities.

### Visualisation of SalMar's anti-lice strategy:



### The fish have plenty of space

As regulated by the current legislation in both Norway and Iceland, maximum density is 25 kg/m<sup>3</sup> (2.5 %) for conventional salmon and 10 kg/m<sup>3</sup> (1 %) for organic salmon. SalMar complies with this in all geographies, and on average the density in each individual net pen is significantly lower than the requirement. This means that the salmon always has more than enough space to freely move, which is an important prerequisite for good fish welfare.



### Sustainable Feed

Fish feed must have the correct nutritional content, consistency and taste. But for SalMar, it is equally important that the feed is gentle on the environment. We require our feed suppliers to ensure that the ingredients they use are certified, so we can confidently sell a product that has been sustainably produced. This means that the feed ingredients are not genetically modified, have not been produced in areas threatened by deforestation and do not depend on endangered fish stocks.

At SalMar, we ensure full traceability of the origin of all feed ingredients used in our fish feed, including those sourced through both direct and indirect suppliers. To ensure sustainability throughout our value chain, we conduct audits on our feed suppliers and verify that all ingredients used in our fish feed come from sustainable sources.



## Environment & technology

SalMar operates under the fundamental principle of having a minimal environmental impact in the areas in which we operate. While food production is a major contributor to global greenhouse gas emissions, the farming of salmon is considered one of the most environmentally friendly methods of producing food. At SalMar, we strive to lead the development of a more sustainable aquaculture industry by protecting our oceans, reducing energy consumption, and minimizing greenhouse gas emissions. Salmon is considered one of the most sustainable sources of animal protein due to its low carbon emissions, low water consumption, and small area requirement. However, there is still much to learn about sustainable practices. By pursuing new knowledge and innovation, we can protect our natural resources for future generations while still meeting the growing demand for food worldwide. SalMar is committed to driving this development forward.

### SalMar has pledged to reduce its greenhouse gas emissions

To demonstrate our genuine commitment to reducing greenhouse gas emissions, SalMar recognized the importance of establishing a GHG inventory of the highest quality. As such, we engaged with the Science Based Targets initiative (SBTi) towards the end of 2021 to align our GHG inventory with the Greenhouse Gas Protocol. Through this process, we also revised our existing GHG reduction targets to align with science-based targets that are consistent with the United Nations' 1.5 °C target. This ensures that our GHG reduction efforts are aligned with global scientific consensus on what is required to limit global warming to a manageable level.



### SalMar's SBTi targets are:

Scope 1 and 2 absolute emissions: At least 42 % reduction from 2020 to 2030

Scope 3 absolute emissions: At least 42 % reduction from 2020 to 2030

The target on Scope 1 and 2 emissions means that SalMar must work purposefully towards reducing greenhouse gas emissions from its own operations. This is done by limiting our dependency on fossil fuels and ensuring that all the electrical power we use comes from renewable energy sources. The Scope 3 target means that SalMar must collaborate with its value chain to ensure that all operations both prior and subsequent to our own operations are done in a carbon efficient manner. This is done by ensuring that our suppliers' climate goals are aligned with ours and setting clear expectations towards this. Both targets include SalMar's activities in Norway and Iceland.

SalMar is very serious when it comes to anti-greenwashing. SalMar commits to always presenting accurate, honest, and holistic information. This also yields for our carbon accounting. SalMar is proud to have achieved a significant GHG reduction since our base year for emission targets. As we approach our already ambitious science-based targets, we will in due course re-evaluate our GHG reduction commitments including evaluating a Net Zero target.

SalMar commits to apply to the Science Based Targets for updated GHG emission reduction targets by the end of 2024 following the Forest, Land and Agriculture (FLAG) recommendations.

As part of our endeavor to promote environmental sustainability in the aquaculture industry, SalMar is implementing a number of measures:

- We are electrifying the value chain
- We use local energy and water resources
- We make effective use of our fish feed
- We are cutting emissions by investing in local processing and new methods of transport
- We have conducted a study analysing the footprint of different farming technologies
- We analyze climate-related risks and opportunities aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework
- We protect the seas
- Biosecurity
- We make use of new areas and new technologies
- We use fresh water only from low-risk areas
- We use state-of-the-art technology to reduce water consumption
- We help to reduce marine pollution
- We limit nutrient spill
- We exploit every part of the salmon
- We support research establishments and academics
- We actively use R&D licences and have multiple green licences
- We are working long-term to develop a more genetically robust strain of salmon
- We use new packaging solutions and reduce food waste

Further details on SalMar's initiatives and implemented measures can be found in the Annual Report.

## Environment & technology

### We are electrifying the value chain

As part of our endeavour to promote environmental sustainability in the aquaculture industry, SalMar is dedicated to increasing energy efficiency. We are actively exploring various strategies to achieve this goal, including supplying onshore electricity to power our sea farms and electrifying our vessels. We believe that electrifying our value chain will play a crucial role in reducing Scope 1 emissions. Over the past years, SalMar has undertaken projects to lay power cables from shore to several of our sea farms. In addition to significantly reducing diesel consumption and minimizing emissions, electrification also has positive occupational health impacts by decreasing noise pollution from diesel generators.

In 2016, SalMar started using the world's first fully electric aquaculture work boat. Named the Elfrida, the work boat is currently in operation at one of our sites in Møre & Romsdal County. In 2020, SalMar started using the world's first battery-hybrid well boat, the RoVision, and in 2023, SalMar entered the world's first fully electric service vessels into operation. While we will continue to put more electric and hybrid-propulsion boats into operation, we will also investigate alternative energy sources which can help to reduce our greenhouse gas emissions. In 2024, SalMar plans to put the first ever workboat running on hydrogen into operation.

### We use state-of-the-art technology to reduce water consumption

In large parts of the world, access to water is a challenge. SalMar recognizes the risks posed by water scarcity on a global scale. In SalMar's operations, all withdrawn freshwater comes from areas where the risk of water shortages, or the risk of poor water quality, is low. All SalMar's activities and infrastructure are in areas defined as having a low water risk and low water stress, both in Norway and Iceland. The transition from flow-through technology to facilities based on RAS technology is an important part of our strategy to reduce the amount of freshwater used at our hatcheries. All our more recent hatcheries have been built using RAS technology, with 96–99 % of the production water being purified and reused.

In 2023, 96 % of the biomass transferred from our smolt facilities in Norway had been raised in RAS facilities. Since all new capacity is built with this technology, water consumption per unit produced will continue to fall in the future. We target a 20 % reduction in freshwater withdrawal from 2022 to 2030.

### We make use of new areas and new technologies

SalMar wishes to make use of the open ocean for food production. For this reason, we have developed the world's first offshore fish farm, in collaboration with partners in the aquaculture, offshore oil & gas industry, and relevant research establishments. In connection with our pilot project Ocean Farm 1, new and innovative equipment technology has been developed, which will benefit the entire aquaculture sector. Offshore fish farming moves the salmon out to its natural habitat, which allows us to operate on the salmon's terms to an even greater extent than today.

### We are cutting emissions by investing in local processing and new methods of transport

Local harvesting and processing of farmed salmon is essential to the industry's value creation, and a core focus of SalMar. It is also a very climate-friendly action. The processing of salmon reduces both the weight and volume of the products to be transported, which cuts transport-related carbon emissions. SalMar is exploring new methods of market transportation through various projects that combine sea, rail, and road transport. Since 2021, SalMar have trebled its rail transport from Northern Norway, which has almost 300 times lower GHG emissions than trucking. We are also dedicated to improving existing solutions for transport to market.

### Biosecurity

Biosecurity is vital for fish farmers to limit the introduction and spreading of parasites and harmful organisms to the sea sites. SalMar's overarching biosecurity plan is based on maintaining a high level of fish health and welfare, as well as complying with several national laws on animal health and proper aquaculture practices.

SalMar's approach starts prior to our operations, when choosing the optimal locations for our sea sites. SalMar carries out benthic tests and a mapping of biodiversity and ecosystems in the areas around our site. This is then monitored throughout production. The mapping includes spawning grounds, fishing spots, areas with vulnerable species, both fauna and flora, any nearby protected areas and recreational interests, nearby salmon rivers and any other relevant topics at that site. Important measures also include external factors at the site, like wind, current and wave exposure. This is important due to the spreading of organic and inorganic loading and the direction of movement for potential parasites in the water. SalMar has site specific biosecurity plans that all site managers must fill out stating their position, distance to other sites, distance to local rivers, any active local regulations at their site, silage management plans, site environment including current speed and directions, and a risk assessment of impacts on other sites and from other sites.



## People & society

At SalMar, we care for our colleagues, partners, and the local communities. As responsible corporate citizens, we believe that our behaviour has a positive impact on both our own operations and society at large. With a workforce of over 2,500 employees, we are a significant employer and a key contributor to society, which in turn gives us multiple responsibilities to people, society, and industry. We take these social obligations seriously and uphold ethical business practices as a core value. Our commitment is to operate in an honest, proper, and trustworthy manner, and we take pride in showcasing our operations.

Our focus on sustainable development revolves around creating local value, fostering knowledge development, and enabling people to live a good life. As an employer, producer, supplier of healthy food, user of nature and the environment, and manager of intellectual and financial capital, we understand that these aspects are essential to our business. Given our position, we recognize the importance of positively and sustainably impacting our surroundings, while also giving back to the community whenever possible

### We support human rights

SalMar respects and supports all internationally recognized human rights as established in the International Bill of Human Rights, the UN Universal Declaration of Human Rights, and the ILO Declaration and Convention on Human and Labor Rights. We also actively work to ensure that human rights and decent working conditions are upheld throughout our supply chain, in line with our commitments under the Norwegian Transparency Act.

### Equality and diversity

SalMar actively, purposefully, and systematically works to promote gender equality and prevent discrimination in the workplace. Our employees should never have to experience discrimination or exclusion but should feel well taken care of by inclusive and conscientious colleagues.

In SalMar's efforts to ensure equality and prevent discrimination, we have published our Gender Equality Report, which includes an equal pay assessment and an assessment of involuntary part-time work within the company.

### We have clear ethical guidelines

In our Code of Conduct, we make our policy clear with respect to the promotion of diversity and equality. SalMar accepts no discrimination, abuse or harassment of our workers or partners, and we treat everyone with courtesy and respect no matter what their ethnicity, gender, national or social background, age, functional capacity, sexual orientation, religious faith, political convictions or other status is. Nobody shall be unfairly prevented from carrying out their duties and responsibilities. This attitude springs from the acknowledgement that diversity contributes to a better working environment, greater adaptability and better results in the long term.

### We comply with the regulations

The aquaculture industry is strictly regulated, and companies must comply with applicable laws and regulations. SalMar reports the number of regulatory violations that have resulted in fines. This includes all violations relating to products and food safety, environmental and social regulations that resulted in monetary fines. SalMar's Anti-Corruption and Bribery Policy and Anti-Competitive Behaviour Policy, Policy states how SalMar works to stay compliant with relevant regulations and proper business practices.

### We support and sponsor the local communities in which we operate

Coastal communities in Norway and Iceland are important bases for SalMar's employees and operations. Therefore, it is important for us to give something tangible back that creates positive ripple effects within these communities. Through the SalMar Fund, we support a wide range of initiatives, from sports clubs to various associations and choirs. Additionally, we always strive to engage local suppliers within the municipalities where we operate.



## UN's Sustainable Development Goals

At SalMar, we are committed to supporting the United Nations' 17 Sustainable Development Goals (SDGs) through our actions and initiatives. While all SDGs are important to us, some are particularly relevant and provide areas where we can make the greatest contribution. We prioritize these SDGs as focus areas for our Group's efforts.

More information on the targets for each goal can be found at [sdgs.un.org/goals](https://sdgs.un.org/goals)



### 2 ZERO HUNGER



Targets in focus: 2.4:

Salmon farming is a sustainable way of producing healthy, nutritious food with a low carbon footprint, low water consumption and high resource efficiency, all on the terms of the salmon to ensure high welfare standards and quality.

### 3 GOOD HEALTH AND WELL-BEING



Targets in focus: 3.4:

Salmon is a healthy source of protein, an important source of omega-3 and a good source of vitamins and minerals. Moreover, it is well documented that eating salmon contributes to protect against cardiovascular disease.

### 5 GENDER EQUALITY



Targets in focus: 5.1, 5.5, 5.C:

SalMar published its first Gender Equality Report in 2022, concluding full gender pay equality at SalMar. SalMar also published its first public policy on Non-discrimination and Equal Opportunities, which can be found at our website. Moreover, SalMar's female ratio has increased four years in a row.

### 6 CLEAN WATER AND SANITATION



Targets in focus: 6.3, 6.4, 6.6:

SalMar promotes circular economies and is working tirelessly to continue its transition towards these. SalMar is continuing to increase water use efficiency and is transitioning to recirculating aquaculture systems.

### 7 AFFORDABLE AND CLEAN ENERGY



Targets in focus: 7.2:

SalMar have committed to the Science Based Targets initiative to reduce its greenhouse gas emissions by 42 % from 2020 to 2030. For SalMar's direct operations, the most important activities involve transitioning to renewable energy sources. This is one of SalMar's key focus points towards 2030.

### 8 DECENT WORK AND ECONOMIC GROWTH



Targets in focus: 8.5, 8.8

SalMar is dedicated towards ensuring that all our employees are valued, safe and respected in the workplace. This includes our supply chain. SalMar has an anonymous whistleblowing channel available for all public and public policies on Non-discrimination and Equal Opportunities, and Human Rights.



## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Targets in focus: 9.4:

SalMar is a forerunner in the industry when it comes to improving, upgrading and transforming operations and activities. Through more than 30 years, SalMar has been adapting and developing new ways of operating. In recent years, SalMar has brought more newbuilds to rural parts of Norway.

## 10 REDUCED INEQUALITIES



Targets in focus: 10.1, 10.2, 10.4

SalMar contributes to reducing inequalities through fair, non-discriminatory wages, social inclusion for all employees and due diligence of social standards and equality practices through our value chain. Our Non-Discrimination and Equal Opportunities Policy is available on our website.

## 11 SUSTAINABLE CITIES AND COMMUNITIES



Targets in focus: 11.3:

SalMar is dedicated to its employees and to the local communities of where we operate. SalMar is conscious that operating in remote areas requires contributing to the local communities so that they also see the value of SalMar's presence.

## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Targets in focus: 12.2, 12.3, 12.4, 12.5, 12.6, 12.8:

Borrowing natural resources to carry out our operations brings responsibilities that SalMar takes very seriously. This involves responsible and sustainable operations in all parts of the value chain. SalMar is dedicated to reducing waste, food waste and increasing recycling rates and the procurement of products or services with circular designs.

## 13 CLIMATE ACTION



Targets in focus: 13.1, 13.3:

SalMar published its TCFD Report, evaluating the possible financial impacts on SalMar from different climate-related scenarios. SalMar takes climate change very seriously and is working towards limiting our impacts on the climate. Furthermore, we are ensuring that SalMar is resilient to the consequences that climate change brings.

## 14 LIFE BELOW WATER



Targets in focus: 14.1, 14.2

SalMar has responsibilities concerning surrounding ecosystems to our operations. SalMar is leading projects to gain more insight into our impacts on surrounding bodies and how to mitigate the adverse impacts. The fish farming industry is strictly regulated, but SalMar always wants to go beyond to be proud of the way we do things.

## 15 LIFE ON LAND



Targets in focus: 15.2:

SalMar has, along with the rest of the Norwegian fish farming industry, taken a firm stance in the battle against deforestation. SalMar will only purchase feed ingredients that have been certified by a recognized entity to be deforestation free. This way, we ensure that our activities do not contribute to harmful deforestation.

## 16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Targets in focus: 16.5, 16.8:

SalMar has a public policy on Anti-corruption and bribery stating that SalMar will stay cognizant on this matter and report any risks or events of wrongdoings. SalMar also takes a firm stance stating that we have zero tolerance for corrupt practices from any employee, manager, member of the Board of Directors or any related third party.

## 17 PARTNERSHIPS FOR THE GOALS



Targets in focus: 17.14, 17.17

Stakeholder engagement and establishing common goals and pathways toward sustainable development is one of SalMar's most important contributions to the industry, to local communities and to our other stakeholders. We believe that partnership is integral to our shared success of reaching our goals.

# Green Financing

In April 2021, SalMar published its inaugural Green Bond Framework, committing to dedicated efforts towards sustainable activities and extending SalMar's tireless efforts to integrate sustainability in all aspects of its endeavours, followed by its inaugural Green Bond issuance in April 2021, where the full amount has been allocated to green projects.

With this update, we seek to align our green bond framework with latest market expectations, voluntary standards, and regulatory developments. The Framework includes several relevant project categories important to SalMar, where green investments would strongly contribute to sustainable development. As part of our financing, SalMar is committed to align its investments and expenditures with its GHG emission targets.

SalMar Green Bond Framework ("the Framework") is structured in alignment with The Green Bond Principles (GBP) 2021 (with June 2022 Appendix 1) and defines the investments eligible for financing by green bonds issued by SalMar. The GBP provide voluntary guidelines to support issuers in financing environmentally sound and sustainable projects, and promote the transparency and integrity needed to increase capital allocation to Green Projects. In alignment with the GBP, this Framework consists of the four key components, as well as recommended External Review.

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting
5. External Review

## EU Taxonomy

The EU Taxonomy is a classification system that helps companies and investors identify "environmentally sustainable" economic activities to make sustainable investment decisions. As a fish farmer and producer of healthy food with a global reach, SalMar's main activity, aquaculture and food production is not included in the current version of the EU taxonomy. It is our hope that the EU expands its list of sustainable activities to include food production, a necessary activity for humanity and an activity with a significant potential for being done in a sustainable way. By such, this framework includes categories of green projects that are not yet covered by the EU taxonomy. It is important for SalMar that the framework facilitates the financing of a wide range of investments that are needed to be able to meet the ambitious climate and environmental goals. SalMar reports eligibility and alignment with EU Taxonomy definitions of sustainable activities for Turnover, CAPEX and OPEX in its annual report.

## Green Projects

SalMar's overarching principle for all our operations is to have a minimal footprint in the areas we operate. Although food production in general accounts for a large proportion of global greenhouse gas emissions, the farming of salmon is one of the most environment-friendly ways of producing food. It is SalMar's intention to be at the forefront of the development of a more sustainable aquaculture industry. This means protecting the seas, reducing energy consumption, and minimising greenhouse gas emissions from our operations. By using new technologies and innovations, we are constantly striving to minimise our biological footprint and improve fish welfare in a way that allows us to produce as much salmon as possible on the salmon's terms.

Reaching our 2030 climate targets will require significant investments to reduce the emissions of our operations and value chain. Reducing the emissions of our operations will require further electrification of sea facilities via onshore power and the upgrading of our fleet of aquaculture vessels to electric and hybrid drive. We are also taking active measures to increase the use of renewable energy and exploit local power sources such as heat in wastewater from nearby industries. Climate change may also require increased investments related to the design and adaptation of facilities and equipment for future climate conditions.

Our green bond issuance will support the financing of these initiatives.

# 1. Use of Proceeds

An amount equal to the net proceeds of the Green Bonds will finance or refinance, in whole or in part, investments undertaken by SalMar or its subsidiaries that promote the transition towards a low-carbon and environmentally sustainable society (“Green Projects”), in each case as determined by SalMar in accordance with the Green Project categories defined in the next pages. Green Projects will form a portfolio of assets eligible for financing and refinancing by Green Bonds.

Net proceeds can finance both existing and new Green Projects financed by SalMar or its subsidiaries. New financing is defined as the financing of Green Projects that will be completed or taken into use during or after the reporting period. Refinancing is defined as the financing of Green Projects completed or taken into use prior to the reporting period. The reporting period refers to the period subject to SalMar’s annual Green Bond report (“the Green Bond Report”), and the distribution between new financing and refinancing will be disclosed in this report.

Green Projects may take the form of capital expenditures and selected operating expenditures. Capital expenditures qualify for refinancing with a maximum 5 years look-back period prior to the Green Bond issuance. Operating expenditure shall qualify for refinancing with a maximum three-year look-back period before the issuance year of the bond. Green bond proceeds will not be used for feed procurement but may be directed to R&D efforts to reduce the environmental footprint of feed production. Investments related to fossil fuel machinery and/or equipment, are not eligible for Green Bond financing.



# Green Projects

Green project category	Eligibility criteria	Objectives
Sustainable food production	<p><b>Sustainable coastal fish farms<sup>1</sup></b></p> <ul style="list-style-type: none"> <li>Fish farms certified, or in preparation to become certified, by the ASC or Debio salmon standards. Including new production licenses or new farming technology e.g. closed, semi-closed, submerged or similar.</li> </ul> <p><b>Sustainable offshore fish farms<sup>1</sup></b></p> <ul style="list-style-type: none"> <li>Offshore and semi-offshore fish farms.</li> </ul> <p><b>Local and sustainable processing</b></p> <ul style="list-style-type: none"> <li>Processing facilities that are certified, or in preparation to become certified, according to the Chain of Custody (CoC) standard for ASC products<sup>2</sup>.</li> </ul> <p><b>Sustainable facilities for smolt and roe production</b></p> <ul style="list-style-type: none"> <li>RAS facilities for smolt production and closed net pens<sup>3</sup>.</li> <li>Genetic breeding programs, focused on the development of robust qualities, in addition to general resistance to disease and good growth<sup>4</sup>.</li> </ul> <p><b>Environmental management and fish welfare</b></p> <ul style="list-style-type: none"> <li>Protection, restoration and enhancement of ecosystems and biodiversity, such as escape prevention.</li> <li>Improvements in fish welfare, including sea lice management and vaccination.</li> </ul> <p><b>Research and development (R&amp;D)</b></p> <ul style="list-style-type: none"> <li>R&amp;D aimed at improving the environmental performance of feed and feed ingredients, fish farms, genetics, and processing.</li> </ul>	<p>GBP - Environmental objectives:</p> <ul style="list-style-type: none"> <li>Climate change mitigation</li> </ul> <p>UN SDG:</p>
Renewable energy and energy efficiency	<p><b>Electrification and renewable energy</b></p> <ul style="list-style-type: none"> <li>Electrification of fish farming sites by connecting them to onshore power.</li> <li>Installation of renewable energy technology and battery packs to power fish farms.</li> <li>Improving the energy efficiency of our plants, including the installation of energy efficiency equipment in line with the best available techniques, such as heat pumps, heat exchangers, lighting, and cooling and drying systems.</li> </ul>	<p>GBP - Environmental objectives:</p> <ul style="list-style-type: none"> <li>Climate Change mitigation</li> </ul> <p>UN SDG:</p>






<sup>1</sup> The fish farms will use 100% sustainable and deforestation-free feed, certified through either the MarineTrust Standard or MSC (for the marine ingredients) and through ProTerra or RTRS certification (for the soy ingredients).

<sup>2</sup> The CoC standard ensures that ASC certified seafood originates from a farm certified by the ASC.

<sup>3</sup> Closed net pens are a new type of farming unit, with a closed tank placed in the sea where the water is filtrated and pumped in from below the unit.

<sup>4</sup> Salmar use no form of genetic engineering in our breeding programme. See SalMar's GMO and Growth Hormones Policy for more information on this.

# Green Projects

Green project category	Eligibility criteria	Objectives
Clean transportation	<p><b>Low-carbon vessels and infrastructure</b></p> <ul style="list-style-type: none"> <li>Acquisition or leasing of low-carbon aquaculture vessels including fully electric, hydrogen or hybrid vessels, or investments in the upgrading of vessels with battery packs.</li> <li>Infrastructure supporting low-carbon transportation, such as electric charging points.</li> </ul>	<p>GBP - Environmental objectives:</p> <ul style="list-style-type: none"> <li>Climate change mitigation</li> </ul> <p>UN SDG:</p> 
Water and wastewater management	<p><b>Wastewater treatment</b></p> <ul style="list-style-type: none"> <li>Measures that improve wastewater treatment, leading to reduced volumes of wastewater or improved water quality. Measures may include technical solutions leading to more concentrated wastewater to facilitate its disposal or upcycling for other productive purposes, such as fuel for biogas and soil fertilizer.</li> </ul> <p><b>Water-use efficiency</b></p> <ul style="list-style-type: none"> <li>Improving freshwater use efficiency through technological improvements at the hatcheries, harvesting and processing plants (minimum 30% efficiency improvement), including for example plants implementing RAS technology.</li> </ul>	<p>GBP - Environmental objectives:</p> <ul style="list-style-type: none"> <li>Pollution prevention and control</li> </ul> <p>UN SDG:</p> 
Waste management and circular economy adapted products, production technologies and processes	<p><b>Waste management</b></p> <p>Measures contributing to an efficient management of waste. These measures will aim to:</p> <ul style="list-style-type: none"> <li>Improve the sorting of materials at our sites.</li> <li>Reducing biological and plastic waste.</li> <li>Increase the reuse of packaging and used fish farming equipment.</li> </ul> <p><b>Circular economy adapted products, production technologies and processes</b></p> <ul style="list-style-type: none"> <li>Development of resource-efficient products and solutions, such as new net and packaging designs with a significantly higher rate of recycled plastic or significantly higher rate of material with a lower carbon impact compared to conventional alternatives.</li> <li>Utilizing produced sludge or nutrient rich water as a resource, for example through use in the production of soil improvement agents, biogas production or aquaponics</li> </ul>	<p>GBP - Environmental objectives:</p> <ul style="list-style-type: none"> <li>Pollution prevention and control</li> </ul> <p>UN SDG:</p> 

## 2. Process for project evaluation and selection

The process to evaluate and select projects that are aligned with the criteria set out in the Use of Proceeds section and that promotes SalMar's vision of being the world's best salmon producer by ensuring that we maximize value creation on the salmon and minimize our footprint in the areas which we operate, is administered by SalMar's internal Green Bond Committee. The Committee consists of selected sustainability experts from the relevant business area and the Treasury department.

The treasury department maintains an updated list of the eligible Green Projects, which creates a green portfolio. The list of projects in the green portfolio, will be used to determine whether sufficient headroom exists for issuing a green bond. For the avoidance of doubt, only such projects that comply with the Green Project categories defined in the use of proceeds section of this Green Bond Framework are eligible for Green Bond financing, and the Green Bond Committee holds the right to exclude any Green Project already funded by Green Bond net proceeds. If a Green Project is sold, or for other reasons loses its eligibility, funds will then follow the procedure defined in the management of proceeds section below until reallocated to other eligible Green Projects.

### **Identification and management of perceived social and environmental risks associated with the relevant project(s).**

The project evaluation and selection for green bond allocation comply with SalMar's corporate governance and internal standards as well as with all applicable laws and regulations. The Group has systems and routines in place to monitor important risk factors in all business areas, and places particular emphasis on the control and follow up of production facilities in accordance with quality and certification standards.

We are certified in accordance with the strictest requirements and guidelines for sustainable aquaculture. Our compliance with third-party standards, as well as those set by our customers, is verified through auditing of our operations.

SalMar has a global supply chain both upstream and downstream, which entails a responsibility to ensure and promote social standards and rights in all our activities, both direct and indirect.

SalMar endorses wholeheartedly the principles set out in the Universal Declaration of Human Rights. All aspects are considered closely, and the most relevant for our operations (direct and indirect), are included in the Group's Code of Conduct and other governing documents. SalMar complies fully with the Norwegian Transparency Act that entered into force in July 2022. This involves proper due diligence of our suppliers on human rights and working conditions, and the company will regularly perform risk-based due diligence activities in accordance with the OECD principles for multinational enterprises and the Norwegian Transparency Act. Furthermore, SalMar assesses suppliers prior to procurement to make sure that they fit SalMar's purpose. This assessment includes financial reliability, social compliance, environmental practices, technological standards, quality and any other relevant consideration relating to specific cases.

SalMar annually conduct assessment of climate risk for all its operations across the value chain from roe to plate and accompanying suppliers to the value chain. The assessment is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework and evaluates both risks and opportunities and associated physical and transitional implications to SalMar's financial position. Climate-related risk management is integrated into the organization's overall risk management. In order to streamline the risk mitigating process and ensure that our company strategy is aligned with climate-related risks and opportunities, these risks are evaluated and considered at the highest level along with operational and financial risks and opportunities.

In 2022 and 2023, SalMar published 18 sustainability policies on its webpage. These are public statements from SalMar that give insight into how SalMar conducts its endeavours while always considering sustainability in everything we do.

## 3. Management of proceeds

SalMar will use a Green Register to monitor Green Projects financed and to provide an overview of the allocation of the net proceeds from the Green Bonds issued to the respective Green Projects. Samar's treasury department is responsible for the Green Register. SalMar will aim for the value of the Green Projects detailed in the Green Register to at least equal the aggregate net proceeds of all outstanding SalMar Green Bonds.

There may be periods when the total outstanding net proceeds of Green Bonds exceed the value of the Green Projects in the Green Register. Proceeds from Green Bonds will be held and managed in accordance with SalMar's liquidity management policy until allocated towards Green Projects.

SalMar will not place any temporary holdings in entities involved in fossil energy production, fossil fuel infrastructure, nuclear energy generation, weapons and defense, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

## 4. Reporting and transparency

SalMar will annually until full allocation and in the event of any material developments, provide investors with a report (the “Green Bond Report”) describing the projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and the environmental impact of the Green Projects. The Report will, to the extent feasible, also include a section on the methodology used in the impact calculations. The report will be made available on our website.






### Allocation reporting

The allocation reporting will include:

- A list of projects financed, including project descriptions and allocated amount
- Distribution between new financing and refinancing
- The amount of unallocated proceeds, if any

### Impact reporting

The impact reporting section aims to disclose the environmental impact of the Green Projects financed under this Green Bond Framework, based on SalMar’s financing share of the project. The impact assessment will, if applicable, be based on the impact indicators presented in the table.

Green Project Category	Impact indicators	
Sustainable food production	Sustainable fish farms & Environmental management and fish welfare <ul style="list-style-type: none"> <li>• Share of ASC- or Debio certified sites</li> <li>• No. of fish escapes from the sites</li> <li>• No. of sea lice observations above threshold</li> <li>• Antibiotic use (gram active ingredient per tonnes of biomass produced)</li> <li>• Survival rate (12-month rolling survival rate, %)</li> <li>• % of sites with minimum benthic impact (MOM-B score below 2)</li> </ul>	
	Local and sustainable processing <ul style="list-style-type: none"> <li>• Share of harvest volume sent to local value-added processing</li> <li>• Annual GHG emissions reduced/avoided (tonnes of CO2e emissions)</li> </ul>	
	Research and Development <ul style="list-style-type: none"> <li>• Type of project and purpose</li> </ul>	
Renewable energy and energy efficiency	<ul style="list-style-type: none"> <li>• Share of electrically powered farming sites</li> <li>• GHG savings compared to conventional technology or compared to pre-investment situation (tonnes per year)</li> <li>• Reduction in GHG emissions from Scope 1 and 2 (kg CO2e)</li> <li>• Reduction in GHG emission intensity from Scope 1 and 2 (kg CO2e/tonnes produced)</li> <li>• Reduction in Scope 3 (kg CO2e)</li> </ul>	
Clean transportation	<ul style="list-style-type: none"> <li>• Share of vessels which are hybrid- or electrically powered</li> <li>• GHG savings compared to conventional mode of transport (tonnes per year)</li> </ul>	
Water and wastewater management	<ul style="list-style-type: none"> <li>• Share of smolt production from RAS-facilities</li> <li>• Freshwater savings (% and/or million m3 per year compared to annual freshwater use of a flow-through facility of similar capacity)</li> <li>• Volume of solid sludge collected and treated for re-use</li> </ul>	
Waste management & Circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> <li>• Volume of waste that is prevented, minimised, reused or recycled</li> <li>• Recycled plastic content in the plastic packaging (%)</li> </ul>	

## 5. External review

### **Pre-issuance review – Second Party Opinion**

S&P Global Ratings has provided a second party opinion to this Framework verifying its credibility, impact, and alignment with the ICMA Green Bond Principles.

### **Post-issuance review**

An independent verifier, appointed by SalMar will on an annual basis, until full allocation and in the event of material developments, provide a review confirming that an amount equal to the proceeds has been allocated to eligible Green Projects.

### **Publicly available documents**

The Green Bond Framework and the second party opinion will be publicly available on SalMar's website, together with the post-issuance review and the Green Bond Report once published.



Photo: Design illustration Salmon Living Lab