

# 2022 TRANSPARENCY ACT REPORT FOR AKER BIOMARINE ASA

This report has been prepared in accordance with the Norwegian Transparency Act (the “Transparency Act”) section 5 and summarizes the policies and procedures in Aker BioMarine ASA (“Aker BioMarine” or “AKBM”) with respect to safeguarding of human rights and decent working conditions and provides information on the implementation and results of Aker BioMarine’s due diligence.

## **About Aker BioMarine**

Aker BioMarine is a leading biotech innovator and Antarctic krill-harvesting company developing krill-derived products for consumer health and wellness as well as animal nutrition. The company’s fully integrated value chain stretches from sustainable krill harvesting in Antarctic waters through its Montevideo logistics hub and Houston production plant, to customers around the world. It is a multinational corporation with a global workforce of 415 employees, with its headquarters situated in Fornebu, Norway.

The company has a strong position in its industry and is the world’s leading supplier of krill, the natural, powerful and health promoting source of nutrients from the pristine waters of Antarctica.

Admitted to trading on the Oslo Stock Exchange, Aker BioMarine is a company with two primary business segments: Ingredients and Brands. The Ingredients segment is comprised of offshore harvesting and production, the logistical operation and the onshore manufacturing and sale of krill-derived products globally to the nutraceutical, pet food and aquaculture industries. The Brands segment is the human consumer goods business, which is comprised of Lang Pharma Nutrition (Lang) and Epion. Lang is a producer and distributor of private labels within the vitamin and supplement categories to the largest retailers in the US market. Epion is Aker BioMarine’s consumer brand company. Its first brand, Kori, was launched in the US mass market in 2020.

The business model of Lang, i.e. production and distribution of supplements to the consumer market, does not create material risks for negative impact regarding human rights and decent working conditions. Thus, taking a risk-based approach, Lang’s business has not been subject to separate due diligence and will not be address in this report. For 2023 and going forward, Lang will be implemented in AKBM’s compliance system, framework and reporting inter alia under the Transparency Act.

AKBM respects, supports, and acknowledges the fundamental principles of human rights, labor rights and decent working conditions. AKBM works to ensure that its business operations do not cause or contribute to, or is directly linked to, actual or potential adverse impact on human rights and decent working conditions. Our commitment towards promoting positive social impact has been an integral part of our work and culture formalized in our Code of Conduct since 2016 and since then embedded in the Company’s continuous risk assessments and policy framework. The Company’s mission is to “Improve human and planetary health”, so it is key for Aker BioMarine to contribute to a positive overall social impact and to limit the risk or any negative impact where possible.

During 2022, AKBM reviewed and strengthened its efforts to safeguard human rights and decent working conditions in several ways. While sound policies and systems were in place before the new Act, AKBM’s governing documents were further developed, and certain new procedures were also implemented. AKBM furthermore performed an overall impact analysis and a human rights due diligence and implemented human rights training for its employees.

## **Governance of human rights**

AKBM's human rights policy is embedded in our Code of Conduct, the Sustainability Policy and the Supplier Declaration for Business Partners, which lay down important premises for AKBM's business strategy and investment decisions. AKBM's Sustainability Policy governs the environmental, social and governance ("ESG") impacts of AKBM's business, and in Clauses 3.3 and 3.4 of the policy, AKBM commits to "Respect for people" and "Prosperity for all" through respecting human rights, protecting vulnerable individuals affected by our business, recognizing workers' rights and ensuring decent working conditions.

AKBM's Supplier Declaration is an important tool for AKBM's engagement with business partners setting out AKBM's expectations to key relations such as suppliers, customers, service providers, joint venture partners, etc. The declaration reflects an expectation that all partners respect fundamental human rights and decent working conditions and carry out risk-based human rights due diligence to identify and assess risks of adverse impact and take measures to cease, prevent or mitigate any actual or potential adverse impact they identify.

AKBM's commitment to respect basic human rights, trade union rights and decent working conditions is also reflected in the Global Framework Agreement between Aker, Fellesforbundet, IndustriALL, Global Union, NITO and Tekna. This agreement relates to all companies where Aker is a significant shareholder, including AKBM. At the time of writing this report, the Global Framework Agreement is under revision and renegotiation. The proposed new agreement will be significantly strengthened on key elements and includes an obligation to perform human rights impact assessment and due diligence to identify and mitigate any potential and actual adverse impact in line with Aker's policies, and hence requires AKBM as a related company to do the same.

## **Responsibilities**

AKBM's Board of Directors (the "Board") has the oversight responsibility of the management of the company, including responsibility for risks related to adverse impact on human rights and decent working conditions, and ensures that respect for these are systematically integrated into AKBM's policies and investment decisions. AKBM's Sustainability Policy places the overall responsibility for integration of ESG with the Board.

The Audit Committee supports the Board in executing oversight over the management of the company and has been given a review role related to ESG topics, including the risk of adverse impacts on human rights and decent working conditions, ensuring a thorough treatment of the area and the reporting in line with the obligations set out in the Transparency Act. The Board and the Audit Committee review risks regularly, including risks related to actual or potential adverse impact on human rights and decent working conditions. Relevant risk factors are included in the corporate risk matrix, which is reviewed bi-annually, and more frequently, human rights impact risks are part of the quarterly reporting to the Audit Committee on HSE, integrity and ESG topics.

The CEO in AKBM is responsible for the daily operations of the company, including policy implementation and ensuring that ESG impacts are taken into consideration as part of the company's daily work. This includes assessing and managing risks of adverse impact on human rights and decent working conditions related to AKBM's investment activities.

For the more comprehensive implementation processes, including training and establishment of risk-based assessment, monitoring and control procedures are the responsibility of the General Counsel, the VP of Procurement and AKBM's ESG team. The VP of Procurement is also responsible for handling information requests under the Transparency Act. Furthermore, the CFO reports to the Audit Committee on Integrity and ESG topics on a quarterly basis. In addition to onboarding and training sessions on specific topics, AKBM regularly conducts Code of Conduct training where the AKBM employees also sign off that they have read and understood the Code of Conduct.

### **Due Diligence with respect to human rights and decent working conditions**

In accordance with AKBM's Code of Conduct and Procurement Policy with underlying procedures, risks related to any actual or potential adverse impact on human rights and decent working conditions shall be evaluated as part of the due diligence on business partners and in relation to mergers and acquisitions. The inherent risk related to the concrete business partner or related to the transactions in question is what determines AKBM's level of due diligence.

During 2022 AKBM has engaged in several due diligences of critical suppliers listed under "Risk Analyses" below which have addressed actual or potential adverse impacts on human rights and decent working conditions. AKBM has not discovered any actual adverse impacts. Further, no significant risk of potential adverse impact was identified.

### **Impact assessment**

AKBM's operations and value chain is long and complex, stretching from krill harvesting in Antarctica, logistics operations out of Montevideo, production of human health products in Houston through R&D, sales, marketing and other support functions out of our headquarters in Oslo, and through business partners and sales offices globally. As a vertically integrated operation, Aker BioMarine has control over and can monitor most of our key production processes and products, limiting our dependency on suppliers. This allows us to control our social impact and limit the risk of potential negative impact. Overall, AKBM's main exposures for any negative impact related to human rights and decent working conditions relates to i) the risk of not providing sufficiently safe working conditions for the crew we hire for our harvesting operations and the personnel in our production sites, and ii) the sourcing of commodities from low-cost countries with lower focus on decent working conditions, as further described below. AKBM therefore has a particular focus on HSE.

### **Risk Incident Monitoring**

All business risks, including risks related to negative impact on human rights and decent working conditions, are monitored by internal stakeholders (see Governance above) and reported to the Audit Committee on a quarterly basis. The company has set KPIs for identified key metrics within HSE and ESG, with the key metric for potential negative impact related to human rights and decent working conditions being related to verified breaches of AKBM's Code of Conduct. Aker BioMarine maintains a whistleblowing channel available for all third parties to ensure that any concerns regarding illegal, unethical, or unwanted behavior can be reported on an anonymous basis and without any risk of repercussions for the whistleblower.

### **Risk Analysis**

AKBM's approach to a more in-depth risk assessment is to investigate potential risks related to our supply

chain. We apply country and industry risk matrices, as risks of adverse impact on human rights and decent working conditions are highly country-specific.

Further investigation into the specific human rights-related risks shows that, on a general level, there are inherent risks of actual or potential adverse impacts on fundamental human rights and decent working conditions (here “Adverse Impacts”) in the following areas:

- Risk of negative impact on basic human rights and proper working conditions in supply chain. AKBM has more than 1,000 suppliers from all over the world and as we depend on the quality and consistent supply from many of these suppliers, it is vital for AKBM that the employees of these suppliers can work in safe and good working conditions. Most suppliers to AKBM are based in Norway, Europe and USA, however, AKBM has certain suppliers based in low-cost countries defined with high (A) and medium (B) risk of breaching basic human rights and decent working conditions according to United Nations Environment Program.

*Aker BioMarine’s suppliers in high-risk countries:*

Country	Supplier	Products / services
Norway/Russia	HAV	Vessel crew (of Russian nationality)
Philippines	ScanMar	Vessel crew
China	Rena	Packaging
Thailand	Masterpack	Packaging
Bangladesh	Masterpack	Packaging
India	Empac	Packaging
India	Sabinsa Corporation	Raw materials
China	Sirio	Encapsulation
China	Huatai	Omega 3-oil
China	Kingdomway Nutrition, Inc.	Raw materials

All these suppliers have been subject to audits as described below under “Mitigation of risk”. In addition, the Russian war on Ukraine has placed extra emphasis on AKBM’s use of crew where a large portion is of Russian nationality (through our crew provider Hav Ship Management). There are no sanctions related to the individuals, the crew providing entity, or any of its owners. Since these operations do not contribute in any way to finance the war, AKBM has concluded that using a Russian crew does not create an increased risk of negative impact on human rights or decent working conditions.

- Harvesting in tough conditions involves risk of sustaining injuries. Our operation – especially offshore – entails a risk of negative social impact on the health and safety of our people if sufficient safety considerations are not in place. This risk relates both to own employees and to hired crew. This risk is also present in our production plant in Houston where there are manual processes in combination with heavy loads and/or handling of chemicals.

### **Mitigation of risk**

In 2022, AKBM has carried out human rights due diligence and has not identified actual adverse impact on human rights and decent working conditions directly linked to own operations or investments. There are, however, some areas requiring increased focus based on the inherent risks set out above. For AKBM this inherent risk is mitigated by ensuring that policies and procedures are in place for assessing and mitigating risk for adverse impact, supply chain monitoring, due diligence procedures and reporting. In particular, the following measures have been taken to monitor and mitigate the inherent risks that have been identified:

Mitigating risk of negative impact on basic human rights and proper working conditions in supply chain. In order to minimize risk of negative social impact, AKBM has implemented the following supplier qualification process:

AKBM qualifies all suppliers through its Supplier Management System (SMS), a self-assessment system where risk indicators inter alia refer to geographical context and supplier's answers related to;

1. *Anti-corruption & integrity, where suppliers must confirm (and potentially share) to have a written procedure for employees and others to report on discrimination, ethical violations, harsh treatment, or other issues, without the threat of reprisals;*
2. *Human rights and proper working conditions, where critical suppliers must confirm to have a written human resources policy, including a commitment to respect international labor standards and human rights (i.e. ISO 26000) and can confirm that the suppliers do not have any forms of forced labor, workers below minimum working age and overtime work without compensation etc. and;*
3. *Health, safety and environment, where the suppliers must confirm to operate a formal Health & Safety Management System covering the entire organization, based on ISO, GMP, BRC or other third-party requirements.*

All data generated from the SMS are subject to review. If we are unable to close out a potential risk item for a material supplier, an audit (electronic or on-site) will be carried out, either in our own capacity or through dedicated third-party expertise. The qualification process will result in approval or disqualification as a supplier to AKBM. Any approval of high-criticality suppliers is time limited to 24 months before a new review is initiated.

Mitigating risks of unhealthy working conditions, AKBM complies with strict rules and standards, and carries out training programs promoting a safe culture in order to ensure the safety of all people

carrying out work on AKBM's behalf, whether it is related to employees, business partners or other suppliers. Furthermore, we invest heavily in our fleet and other key assets, both financially and in terms of competence through always making sure our people are given the best training possible for proper handling and use. We invest in and implement technology where relevant, to decrease the risk of error and we make sure that we have policies in place for use, emergency response etc. A more detailed description of the risk related to HSE-events and our preventive and mitigating actions follow from AKBM's Annual Report 2022, published on the company website.

### **Focus in 2022 and plans for 2023**

During 2022 the main actions have been:

- Anchoring roles, responsibilities and the implementation process related to the Transparency Act with AKBM's Audit Committee and Board and strengthening AKBM's governing framework.
- Conducting impact analysis and human rights due diligence and implementation of the Transparency Act in general.
- Strengthening the monitoring of suppliers which AKBM uses with respect to risk of adverse impacts on fundamental human rights and decent working conditions.
- Participating and engaging in Aker group networks within sustainability and compliance for sharing of knowledge, best practices and reporting actions regarding the development of governing frameworks and implementation.
- Conducted Transparency Act training for the AKBM employees.

To further strengthen AKBM's efforts to safeguard human rights and decent working conditions, AKBM plans the following activities for 2023:

- Keep strengthening our governing framework so that our Supplier Declaration is developed into a Business Partner policy and to further streamline and update some of our existing policy framework for business partner due diligences;
- Fully integrate the Brands segment into AKBM's compliance program;
- Further develop processes and practices for identifying and assessing risks of adverse impacts on human rights and decent working conditions. This includes implementing measures to cease, prevent or mitigate such risks and human rights due diligence, in particular related to our customer-facing business with a potential integration into SMS; and
- Improve the training program offered to our employees.

Oslo 21 March 2023  
The Board of Directors and CEO of Aker BioMarine ASA



**Ola Snøve**

*Chair of the board*



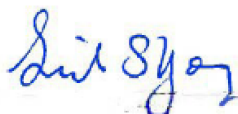
**Kjell Inge Røkke**

*Director*



**Kimberly Mathisen**

*Director*



**Sindre Skjong**

*Director, elected by the employees*



**Lise Wiger**

*Director, elected by the employees*



**Anne Harris**

*Director*



**Cilia Holmes Indahl**

*Director*



**Matts Johansen**

*CEO Aker BioMarine*