



## Board of Director's Statement: Due Diligence Assessments

# Transparency Act 2024

On July 1, 2022, the Transparency Act (Åpenhetsloven) concerning enterprises' transparency and work on fundamental human rights and decent working conditions entered into force. The purpose of the Act is to promote respect for basic human rights and decent working conditions in the production of goods and provision of services by enterprises. The Act also aims to ensure public access to information on how companies handle potential negative impacts on human rights and working

conditions. The Act applies to larger enterprises based in Norway that offer goods and services both domestically and internationally. Scale Aquaculture Group AS (named ScaleAQ in this statement) is subject to the Transparency Act based on the criteria related to revenue, balance sheet total, and number of employees. Below is our statement regarding the due diligence assessments carried out during the period from 01.01.2024 to 31.12.2024. The statement is available on [our webpage](#).

## Organisation and internal guidelines

This document states how ScaleAQ Group has worked to implement the required due diligence of our supply chain and other partners to our business as well as activities conducted and controlled internally under the Transparency Act. The statement provides insight of the key findings from the assessments, the measures that have been implemented and outlines key improvement areas for next year.

The Scale AQ Group consist of the divisions shown to the right. The different divisions within the ScaleAQ Group are all included in this statement. ScaleAQ is a strategic partner to the fish farming industry worldwide and delivers a wide range of products and services.

We strive to manage our business according to OECD Due Diligence Guidelines for Responsible Business Conduct. The accountability is anchored in our Board of Directors and CEO, with a support structure including functions like ESG, Supply chain, Procurement, HR and Communication.

## Own business

ScaleAQ Group conducts business in several countries, and we have formalised employee contracts according to relevant local laws. We perform checks and audits of employees' working conditions, employment agreements, safety on construction sites and the use of established HSEQ routines. We did not uncover any violations of human rights or adverse impacts of decent working conditions within our own business throughout the world. We have conducted employee surveys and internal training, with satisfactory results. In 2024, ScaleAQ strengthened its focus on employee well-being, inclusion, and safety. We reduced the total injury frequency rate (TRIF) from 22 to 15.7 and increased female representation in leadership roles from 15% to 22%. For more information see our [annual report from 2024](#).



Figure: Overview of our product segments

## Supplier management:

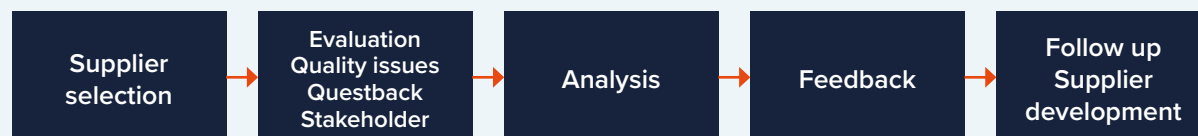


Figure: Supplier management process

### Internal Guidelines and Tools

As a company our business is guided by our Code of Conduct and supported by a training program. The same requirements do apply to our suppliers, and they are committed in contractual terms to follow and comply with our Supplier Code of Conduct. A framework for supplier management is in place and ensures a systematic approach towards supplier monitoring.

In ScaleAQ we continuously focus on maintaining and improving different aspects that may have an impact on the working environment. One example is that we emphasize increased involvement and participation in internal processes. The union affiliation is relatively low in ScaleAQ Group, and consequently there have been quite a few employee representatives in the company. Late 2024 ScaleAQ Group requested the employee side to elect employee representatives for all locations and different groups of employees in Norway. Now we have 11 employee representatives (plus deputy trustees) representing their colleagues in issues regarding general working conditions and also assisting members of their group in individual cases. In addition, we have established

a Collaborative Forum consisting of all these employee representatives, HR and the CEO of ScaleAQ Group.

ScaleAQ is committed to an open and responsible corporate culture. That's why we've made it easy for employees, customers, suppliers and other stakeholders to report misconduct through our whistleblowing channel. A channel where conditions and conduct that are in violations of laws, rules or internal policies or unethical or harmful to people, the environment or the economy can be reported. The process ensures and supports Confidentiality, Protection from retaliation and pertinent handling.

### Methodology

#### Supplier selection

The methodology for our due diligence related to the Transparency Act is the same as previous years. The criteria are still purchasing value, geography, delivery risk and priority product areas, but for the Questionnaire this year we have focused especially on certain geographical areas and suppliers that have substantial increased purchase

value or missing relevant information regarding these topics.

Given the comprehensive questionnaires and documentation requirements we imposed on suppliers in recent years we have decided to limit both the number of suppliers and questions this year to 26 suppliers and 15 main questions. However, it does not mean that we reduce our ambitions and the overall detailed information gathering, but we have sufficient feedback from a large number of our suppliers from audits and supplier follow-up. The suppliers not involved with the questionnaire this year have already provided similar and acceptable documentation. In addition to the questionnaire and regular supplier management, we have conducted audits of our key international suppliers to ensure compliance and quality standards.

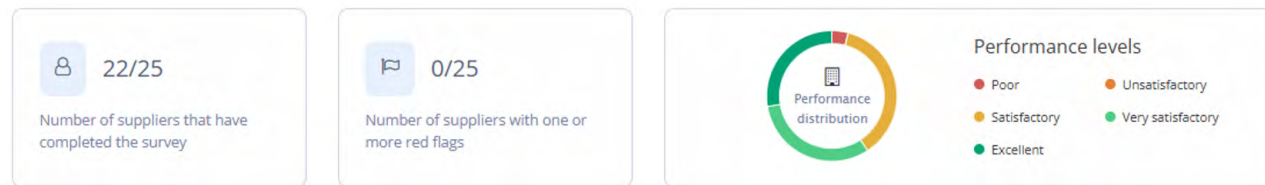
### Questions

Based on feedback and the amount of work the last years we learnt that the questionnaires were too extensive and demanding for the suppliers. We respect that many suppliers are approached by a great many customers to provide variations of the same topic at different levels of detail, which is extremely time-consuming. Hence, the reduction.

The questionnaire was sent to selected suppliers using the tool from CEMASYS, covering topics like Company information, Policies and Procedures, Fundamental Human Rights and Labour Rights, Health and Safety, Anticorruption and Bribery, Suppliers and Environment.

The responses are both evaluated in the tool and assessed by the team. All findings are referred to below and individual measures are taken and also detailed further below.

Due to these considerations the former KPI of annual feedback from our top hundred suppliers, is changed to an objective of 100% response from the suppliers receiving the Questionnaire each year.



#### Average performance



## Findings Transparency Survey 2024

### Company Information

The majority (81%) of the respondents in the survey do not publish an annual sustainability report, whereas 19% of the suppliers publish a sustainability report. Our General Condition for Purchasing requires suppliers to document and report on sustainability upon request.

### Policies and Procedures

Many suppliers have reported that they have extensive policies and procedures, but 50% of these suppliers lack supporting documentation and/or refer to local legislation to meet requirements. A smaller group of suppliers (36%) have not answered the question, which may indicate that they do not have formal policies/documents. All suppliers are expected to comply with our Code of Conduct so doing so without any policies will require further follow-up.

### Fundamental Human Rights and Labour Rights

Findings highlight several gaps in ethical and compliance practices among some suppliers. A significant proportion have not conducted due diligence assessments related to child labour, raising concerns about their ability to identify and mitigate risks within their operations and supply chains. Similarly, responses indicate weaknesses in measures to ensure gender equality, prevent harassment, and combat discrimination, both within supplier organizations and among their subcontractors. Additionally, the absence of whistleblowing channels among some suppliers and their subcontractors suggests a lack of formal mechanisms for reporting misconduct or unethical behaviour. Without such channels, addressing labour rights violations and ensuring accountability becomes more challenging.

### Health and Safety

The responses indicate a generally positive trend

## Key findings Questionnaire

**Response rate: 88%**

All % related to this survey and DO NOT include all our suppliers

### Policy and procedures

- ▶ 32% of the respondents in the survey have not checked various policies (alt: have insufficient policies)

### Fundamental Human Rights and Labor Rights

- ▶ 20% have not conducted due diligence assessments related to child labour in their operations and/or supply chain
- ▶ 9% do not have measures to ensure gender equality and prevent harassment or do not have measures to ensure equal opportunities and prevent discrimination
- ▶ 28% of the respondents do not have a whistleblowing channel

### Health and Safety

- ▶ Contradictory answers to safe and suitable working facilities/conditions

### Anti-corruption and bribery

- ▶ 10% of the respondents in the survey have confirmed cases of corruption or bribery in the last three years

### Sub suppliers

- ▶ 29% do not conduct regular screenings of their suppliers

### Environment

- ▶ The majority of the respondents (71%) do not measure their greenhouse gas emissions
- ▶ 52% have not set targets to reduce their emissions.



regarding working conditions, with 95% of suppliers stating that they provide good working conditions for their employees. However, there are still some inconsistencies and gaps that warrant further attention. One supplier has provided contradictory answers regarding the safety and suitability of working facilities, which will be investigated further by conducting audits. Additionally, three suppliers reported that they have not identified whether their sub-suppliers ensure safe and suitable working conditions for their employees.

### **Anti-corruption and Bribery**

Two suppliers have responded that they have had confirmed cases of corruption or bribery in the last three years, and that they have not identified this issue with their sub-supplier(s). One supplier has not provided a response on behalf of their sub-supplier. It is positive that these suppliers have given honest answers regarding this matter, and they will be followed up to ensure further clarity regarding the incidents (e.g. what happened, when it happened, what measures were taken, future risk). There are currently no known incidents at this moment for any of the suppliers that responded to the survey.

### **Suppliers**

Several suppliers have inadequate procedures for auditing and monitoring their sub-suppliers related to adverse impacts on human rights or decent working conditions in the operations, supply chain and other business relationships.

42% of the respondents in the survey stated that they do not conduct regular screenings of their own suppliers. However, several indicate that their subcontractors do. The responses seem inconsistent which raises a need for further investigation to ensure accuracy and alignment in reporting.

### **Environment**

Currently, 71% of suppliers in this survey do not measure their greenhouse gas emissions, and 52% have not established targets for reduction. Additionally, 14% of suppliers reported that the products they supply to ScaleAQ are not recyclable. This highlights a need for increased focus on sustainability measures and accountability within the supply chain.

Findings suggest that setting targets is at the same level as former years, but the share of suppliers in the survey that measure their emissions is lower than last year.

### **Key findings Audits**

ScaleAQ sources intermediate- and finished goods for our product portfolio from a range of suppliers located across the globe. To succeed with a global and diverse value chain, frequent reviews and close collaboration with our key suppliers and manufacturing partners, regardless of their physical location, is the key to success. The frequency and scope of a supplier review and/or audit depends on different risk factors such as supply chain risk, complexity of production, HSE/ESG and others. As an example, representatives from ScaleAQ have conducted close to 70 on-site reviews and audits of our key Far-East suppliers in 2024. With the majority conducted on two suppliers based on the complexity of production, these suppliers are manufacturing intermediate goods designed and engineered by ScaleAQ.

Reviews/audits conducted in the last three years have not revealed any noncompliance and/or neglect with respect to human rights, decent working conditions and environmental impact in our supply chain.

The majority of nonconformances found during reviews/audits are linked to the physical product and/or manufacturing process at the supplier. Nonetheless, a common

finding regardless of supplier and region of manufacturing, is a somewhat relaxed view on Personal protective equipment (PPE) by senior workers, especially for smaller/simpler PPE as noise/ear protection. The usage of PPE, or lack thereof, is closely linked to the internal culture and takes time to change. ScaleAQ works closely together with the management and workers of each supplier to make sure that all parties understand and adhere to general safety standards.

Reviews/audits are conducted in accordance with internal guidelines/policy (ISO9001:2015) and PDCA-principles. In addition are questions related to the Transparency Act used as a baseline for discussions and documentation.

### **Overall assessment**

Based on the feedback from suppliers over the last years and given the geographic locations of some of our suppliers, we are aware of the risks. As a response to this we have performed supplier audits and follow-ups during 2023 and 2024. We have no findings in 2024 indicating any adverse impacts on human rights or decent working conditions in our value chain.

Our overall assessment of the suppliers indicates acceptable performance. However, we see potential for improvements related to all topics, but especially to make sure we help some suppliers to improve due diligence assessments related to child labour in their operations and/or supply chain.

The response rate is higher than last year, currently at 88%. For the suppliers not part of the survey, we consider the risk to be relatively low, as our most strategic suppliers have been working with us for several years and are familiar with our focus and requirements within these areas. Thus, many have been audited and followed up on a regular basis by internal stakeholders or by 3rd parties

conducting services on our behalf, as part of our supplier management. This structure is an important part of our mitigating actions to limit risk.

Other suppliers, that are not prioritized in our survey (not the top 100 suppliers) deliver low-risk products and services related to the Transparency Act and are located in lower risk geographical areas.

### Measures and way forward

Compliance with requirements related to human rights and decent working conditions detailed in our Code of Conduct (CoC) for suppliers and contracts will always be important. The basic principles of this CoC are based on important conventions and documents from the UN and the International Labour Organization (ILO). The CoC highlights our basic expectations of suppliers and how we expect our suppliers to conduct themselves.

There are a number of different measures that will be continued and improved based on the survey, audits and supplier management programs.

All critical findings identified through audits, supplier monitoring, or this survey will be addressed immediately. Additional information will be requested from relevant suppliers as needed.

As part of the implementation of our quality system, ScaleQA, all deviations will be logged and followed up closely by dedicated personnel. This will ensure compliance, clear responsibility, transparency and consistency in our strive for continuous improvement. All findings will be addressed in audits and supplier meetings.

We will look into various degrees of actions for suppliers not responding according to expectations.

Another action that is taken after customer audits, is to update General Condition for Purchasing, detailing sub-suppliers' obligations to comply with the Code of Conduct.

Supplier development is important to ScaleAQ, and we will consider how we can assist different suppliers in bringing their work within these areas to the next level.

During the last years we have gathered a lot of information from our most critical suppliers. The focus ahead will be on risk mitigation and improvements relevant to the individual suppliers.

This statement is available to all our stakeholders, including employees, customers, and the general public.

Kverva, 17<sup>th</sup> of June, 2025

The Board of Directors and  
CEO of Scale Aquaculture Group AS



Torgeir Johan Svae

*Chair of the Board*



Geir Furberg

*Member of the Board*



Mads Andersen

*Member of the Board*



Morten Kristoffer Nordstad

*Member of the Board*



Tor Jakob Ramsøy

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Trine Lotherington Danielsen

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