



Grieg
Seafood®



**HUMAN RIGHTS PROGRESS
REPORT 2023**

INTRODUCTION

Food is vital to all of us. Yet, the global food systems need to be transformed during the coming decades. Today, they have a profound impact on human and planetary health. The food systems impact human rights both positively and negatively on many levels. Most fundamentally, all humans need access to healthy and nutritious food. In addition, food plays a vital economic role, supporting the livelihoods of more than 2 billion people and representing roughly ten per cent of the global economy¹. As such, labor rights are a cornerstone of a future sustainable global food system. The upstream and downstream value chains of food also have a significant environmental footprint. For instance, they are responsible for 70 per cent of the water extracted from nature, account for up to one-third of human-linked greenhouse gas emissions and cause loss of biodiversity. These aspects may

impact people's right to a healthy environment². Traditional food may also play a significant cultural role for many communities, which is yet another way that the food system interlinks with human rights.

Grieg Seafood is one of many players in the global food system. Every day, we produce 1 500 000 meals of healthy and nutritious seafood. Less feed is necessary and a lower carbon footprint is released when we produce one kilo of salmon compared to one kilo of other animal proteins³. However, challenges also remain to be solved to improve sustainability in salmon farming. We have global value chains both upstream and downstream. Upstream value chains are in particular characterized by low transparency and traceability.

For Grieg Seafood, increased focus on human rights is not only an ethical responsibility. It is also a chance to reduce risk connected to our business and in turn to utilize the opportunities that seafood can bring in a sustainable global food system. Therefore, in 2020, we joined the Coalition for Responsible Business in Norway, which called for the adoption of a law that required increased focus on human rights by Norwegian businesses. In 2021, we were pleased to see the Norwegian Transparency Act⁴ enter into force, requiring companies to complete a human rights due diligence, to report on findings and measures taken and to answer questions about their human rights practices.

This is the first progress report outlining the status of Grieg Seafood's work with human rights, based on our first proper human rights due diligence. To us, this is a starting point, and should in no way be read as a perfect outcome. This year's work will be the foundation for next year's efforts, enabling gradual improvement each year.

¹ <https://www.ohchr.org/sites/default/files/2022-05/Food-Summary-Final.pdf>

² <https://www.unep.org/news-and-stories/story/historic-move-un-declares-healthy-environment-human-right>

³ <https://globalsalmoninitiative.org/en/sustainability-report/sustainable-food-systems/>

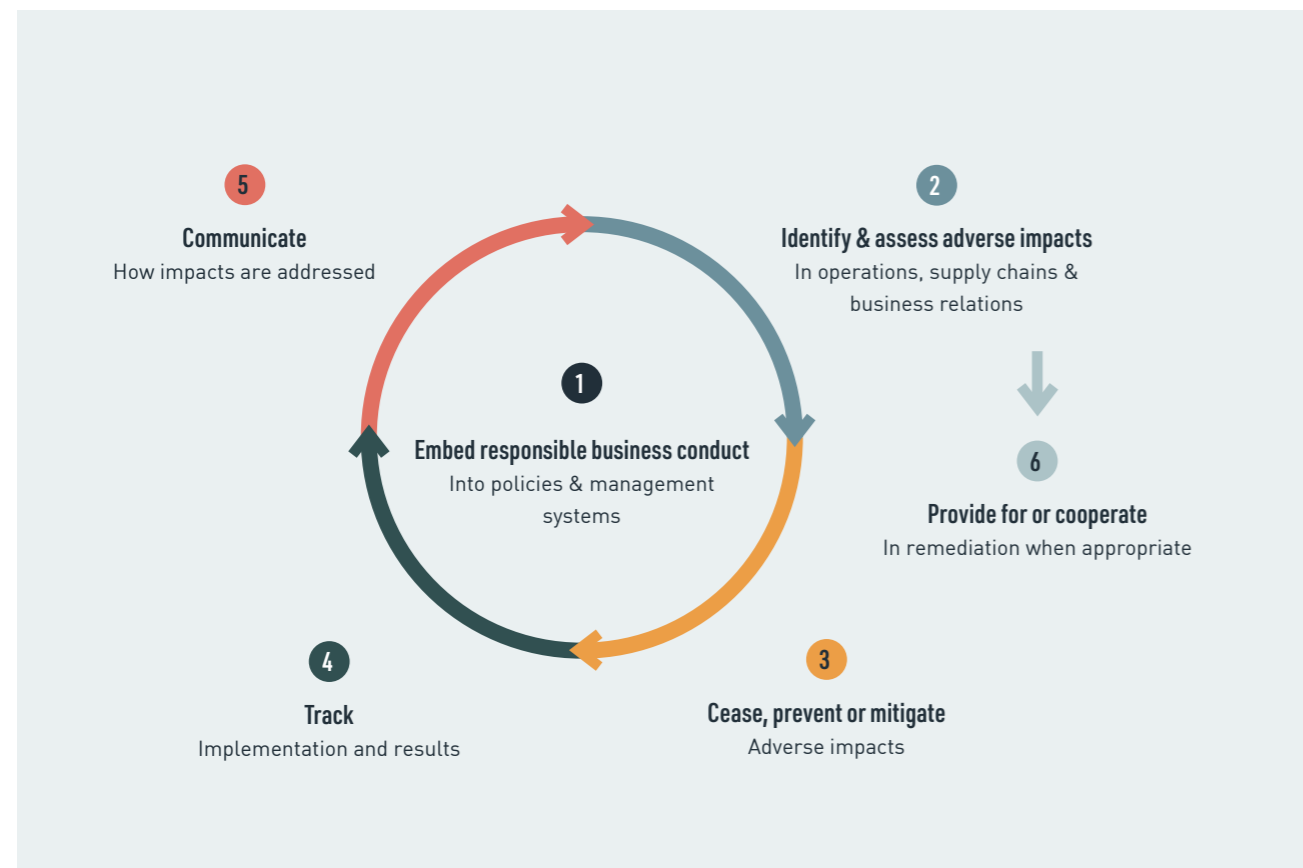
⁴ <https://lovdata.no/dokument/NLE/lov/2021-06-18-99>



METHODOLOGY

No specific methodologies or best practices on how to implement the Transparency Act are yet communicated by Norwegian Authorities. We presume that over time, best practices will emerge. Meanwhile, we have used principles from recognized international organizations and initiatives and to the best of our abilities tried to apply them to our business context.

Grieg Seafood have used the OECD guidelines⁵ in our implementation of the law. The guidelines outline the following steps, which we intend to follow:



APPROACH AND APPLIED PRINCIPLES FOR THE HUMAN RIGHTS DUE DILIGENCE

We have based the human rights due diligence on the approach of the United Nations Guiding Principles on Business and Human Rights (UNGP)⁶, with emphasis on the following principles:

- **Prioritization:** business enterprises should first seek to prevent and mitigate potential adverse human rights impacts that are most severe or where delayed response would make them irremediable:
 - Scope: how many people could be affected by the adverse impacts?
 - Scale: how serious would the adverse impacts be for the victim?
 - Remediability: will remedy restore the victim to the same or equivalent position before the harm?
- **Attribution:** the appropriate action to address human rights will vary according to whether the company causes or contributes to an adverse impact or whether it is involved solely because the impact is directly linked to its operations, products, or services by a business relationship:
 - Linked: if a business is linked, it should use leverage to address impact
 - Contribution: if a business contributes, it should use leverage to mitigate remaining impact caused by the other party
 - Causation: If a business causes or may cause an adverse impact, it should cease or prevent that impact.
- **Leverage:** the appropriate action to address human rights will vary according to the extent of its leverage in addressing the adverse impact. Leverage is considered to exist where the enterprise has the ability to effect change in the wrongful practices of an entity that causes a harm.
- **Current management of the issue.** We look to principle 19 in UNGP for guidance.

A RISK-BASED APPROACH

Grieg Seafood have taken a risk-based approach to the human rights assessment. We have conducted a thorough assessment in the areas with the highest perceived inherent risks, based on both geography and type of industry. As a consequence, we have not focused on areas with low perceived inherent risk. For example, we have completed a thorough analysis of feed ingredient supply chains, as some of them are connected to both high-risk countries and industries, while we have not done a thorough assessment of suppliers in low-risk countries where international human rights are incorporated into law and practice.

Depending on the perceived inherent risk and available information, the unit of assessment may vary. For instance, in the upstream value chain, the unit of assessment may be a specific supplier or sub-supplier, a group of suppliers with the same characteristics or a geography that is present in our supply chain. Today, we may not have information at the granular level allowing us to make distinctions between various suppliers, and in such cases, it makes sense to assess them as a group. It may also be that one supplier has specific characteristics which increases the risk, and in such cases, they are assessed as their own unit. The same approach applies to our downstream value chain. During the next years, as we get access to more information, the risk assessment is expected to become more granular.

RISK TO RIGHT-HOLDER VS BUSINESS RISK

The potential risk to the right-holder is the focus of our assessment, not the risk to us as a business. However, a non-mitigated connection to human rights breaches may in turn lead to increased business risk, including regulatory risks, financial risks, market risks, legal risks or reputational risks.

⁵ <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

⁶ https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

SCOPE

Human rights span across many different areas, including rights listed in the Universal Declaration of Human Rights, The ILO Declaration on Fundamental Principles and Rights at Work, The United Nations Convention on the Rights of the Child, The United Nations Convention on the Elimination of Discrimination against Women, The United Nations Declaration on the Rights of Indigenous Peoples and International Covenant on Economic, Social and Cultural Rights.

In this first human rights due diligence, we have narrowed the assessment to focus on labor rights as outlined in the Principles of the UN Global Compact⁷, which are regarded as particular relevant for businesses. These rights are:

- The freedom of association and the effective recognition of the right to collective bargaining
- The elimination of all forms of forced and compulsory labor
- The effective abolition of child labor
- The elimination of discrimination in respect of employment and occupation

In addition, we have included human rights that we have identified as particular relevant to our business context or supply chains. This includes areas of known controversies as well as concerns raised to us by stakeholders and civil society:

- Areas related to our own operations:
 - Rights of Indigenous Peoples in our farming regions
- Areas related to our value chains:
 - Broader labor rights in the European transportation sector (such as working hours, rest, wages etc)
 - Right of communities in Western Africa to access local fish for food
 - Rights of Indigenous Peoples in Brazil, impacted by deforestation

Particularly related to the global food systems, the UN Special rapporteur on human rights and the environment released the report Human rights depend on healthy and sustainable food systems in 2022⁸. The report outlines key changes that would improve the sustainability and equity of food systems globally, including the reduction of greenhouse gas emissions and pollution as well as protection of biodiversity and freshwater resources. Environmental aspects are not included in the scope of this year's assessment. For information about how Grieg Seafood work to reduce risk in these areas, please see our various Group Policies here.

Grieg Seafood recognize that human rights go beyond the scope of this year's assessment. This is a starting point, which we aim to improve annually and over time.

METHODOLOGY USED FOR THIS HUMAN RIGHTS DUE DILIGENCE ASSESSMENT

In Grieg Seafood's human rights due diligence, based on the principles and approaches outlined above, we have operationalized the assessment to include the following steps:

- Identification and initial screening
 - Known incidents of human rights breaches connected to our business or value chains
 - Perceived inherent risk, based on the general risk of geographical origin or general risk of industry
- Saliency assessment
 - Likelihood of breach
 - Severity of breach
 - Scope (how many people are impacted)
 - Risk ranking and prioritization
- Attribution, leverage and identification of appropriate measures
 - How close is the potential breach to Grieg Seafood's own operation (cause, contribution or link)?
 - How much leverage does Grieg Seafood have to impact the activity causing a potential breach?
- Current management
- Mitigating measures for prioritized areas

HOW WE DID THE 2023 ASSESSMENT

Based on the approach outlined above, we assessed close to 200 units, including:

- Our own operations:
 - Potential impact on our own employees
 - Potential impact on local and Indigenous communities
- Our value chain:
 - Fish feed in detail and to the extent of the information available to us, including by supplier, industry and geographical origins of all ingredients
 - Transportation suppliers used in Europe. Third party audits have started and this information is used where available.
 - The 50 largest suppliers.
 - Customers based on geographical location.

LIKELIHOOD CATEGORIES		SEVERITY CATEGORIES	
UNLIKELY	No documented indication of issues related to a particular human rights in the country or industry.	VARIABLE	A rightsholder group cannot be effectively singled-out for the impact, either because impacts vary by proximity, or because population influx/movement complicates population estimates.
UNCERTAIN	The risk is a logical possibility. Risk has arisen at a comparable operation in the country or a comparable region.	MODERATE	A concretely at-risk rightsholders group can be identified.
LIKELY	Additionally to the above, conditions exist to make the risk possible in the location of the proposed operation, and/or incentives exist within the community to conceal the risk and/or benefit from it.	HIGH	Additionally to the above, a majority proportion of that identified rightsholder group can be demonstrably at risk of experiencing the impact, based solely on existing characteristics and conditions.
HIGHLY LIKELY	Additionally to the above, credible reports exist that the identified risk is already a reality, and/or the company does not have mechanisms in place to identify and/or prevent the risk, and/or direct observation reveals that policies and procedures are not being followed.	VERY HIGH	Additionally to the above, the severity of the impact is assured (i.e. there is no less severe potential impact that could be experienced). Additionally, compounding factors exist that can interact adversely with the risk directly under analysis.
CERTAIN	A risk is certain if it is documented as already ongoing, and that documentation cannot be credibly refuted.	EXTREME	The risk, if actualized, has irreversible impacts.

HUMAN RIGHTS RISK - RISK RANKING HEAT MAP*		SEVERITY				
		VARIABLE	MODERATE	HIGH	VERY HIGH	EXTREME
LIKELIHOOD	UNLIKELY	Low	Low	Present	Present	Present
	UNCERTAIN	Low	Present	Present	Significant	Significant
	LIKELY	Present	Present	Significant	High	High
	HIGHLY LIKELY	Present	Significant	High	High	Critical
	CERTAIN	Present	Significant	High	Critical	Critical

Excerpt from our human rights due diligence methodology showing how we have assessed saliency.

⁷ <https://unglobalcompact.org/what-is-gc/mission/principles>

⁸ <https://www.ohchr.org/sites/default/files/2022-05/Food-Summary-Final.pdf>

FINDINGS

ACTUAL FINDINGS CONNECTED TO GRIEG SEAFOOD

In the third-party audits of our largest European transportation suppliers that have been conducted so far, the suppliers received overall satisfactory scores in most areas. However, some major non-compliances were found, including non-compliances related to inadequate documentation, inadequate follow-up of sub-suppliers and inadequate payment systems. The suppliers will be followed up to ensure that these gaps are closed.

Apart from this, we have not found or have been made aware of actual findings of human rights breaches directly related to our own operations or our supply chains.

HUMAN RIGHTS RISK IN OUR OWN OPERATIONS

Based on this year's assessment, the risk of human rights breaches connected to our own operations is evaluated as low.

For information about our standards regarding human rights, health and safety, equality and diversity, please see our [Group policies](#) on these matters as well as our annual report for the current status.

In our British Columbia and Finnmark regions, we operate on the traditional territories of Indigenous Peoples. In BC, the United Nations Declarations on the Rights of Indigenous Peoples are currently being implemented into local law. Grieg Seafood BC supports this move and has implemented the Canadian Truth and Reconciliation Commission's Call to Action for Businesses⁹ into our approach, policies and local business model. For Finnmark, UNDRIP is incorporated into Norwegian regulations and law. In addition, Grieg Seafood Finnmark is currently working on how the company can promote co-existence with Sea Sami rightsholders.

HUMAN RIGHTS RISK IN OUR VALUE CHAIN

The human rights risk connected to our value chain is considered high. Both upstream and downstream, our value chains are linked to high-risk geographies and high-risk industries. There is generally low transparency and traceability in these value chains, as many of them are linked with the trading of global commodities, where transparency and traceability can be a huge challenge. Companies and industries who share these value chains must work together to increase their leverage and improve transparency over time, followed by the implementation of mitigating measures in areas of risk.

PRIORITIZED AREAS FOR ACTION

The areas which will be prioritized for action, are located in our value chain. The following areas have been selected based on considerations of the highest risk, attribution and leverage.

1. European Transportation Companies

There is a high risk of human rights breaches when our fish is being trucked to our European customers. In Norway, there has been several controversies related to the labor rights (so-called "social dumping") of European truck drivers who transport seafood to Europe¹⁰, spanning topics like working hours, sufficient resting times, living wages, having work contracts, etc. There are also known incidents of such breaches by transportation companies used by the salmon industry. As such, this is evaluated as a high-risk industry. Transportation companies have a direct contract with Grieg Seafood, providing us with a decent leverage, which is increased further if we collaborate pre-competitively with our peers in the industry.

Read more about how we have started to take action on this topic in Case 1 below.

During the next round of assessment, Grieg Seafood will make an in-depth assessment of the North American transportation industry.

2. The feed ingredient guar meal from India (used in fish feed made in Europe)

Guar meal is extracted from the guar seed and is a by-product of the guar gum industry. The meal has a high content of protein that can be used in fish feed if processed right. India is a large producer of guar. The country is also a high-risk geography for child labor. However, the potential breach is situated many levels down in the supply chain, and Grieg Seafood do not alone have leverage. As such, collaboration with feed producers and other industry peers is necessary. The first step is to increase transparency and look further into whether child labor exists in this supply chain, before mitigating measures can be implemented.

Read more about how we work to improve transparency and traceability more generally in our feed supply chains in Case 2 below.

3. The feed ingredients fish meal and fish oil originating from South America, Asia and Africa

The fishing industry may in geographies within South America, Asia and Africa be an industry with high risk of slavery, forced labor, other poor working conditions or even child labor¹¹.

Grieg Seafood is requiring certifications (MSC, MarineTrust or FIP) of all ingredients made out of forage fisheries. While the certification schemes started out with a focus on fish stock management and the environment, they have included various measures on human rights in recent years. This is an important step in the right direction.

However, we have still included this area as a prioritized area. We would like to dig more into the topic, due to the risk, and as we would like to better understand whether the certification schemes are sufficient as mitigating measures. Moreover, if the global aquaculture industry works together, it has more leverage to improve these supply chains compared to plant-based ingredients.

⁹ https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/indigenous-people/aboriginal-peoples-documents/calls_to_action_english2.pdf

¹⁰ <https://trifagbevegelse.no/nyheter/slik-dumper-selskapene-sjaforlonna-her-bytter-falske-dokumenter-eier-6.158.822458.14fc7252f4> (In Norwegian)

¹¹ <https://www.humanrightsatsea.org/>

CASE 1

SAFEGUARDING HUMAN RIGHTS OF TRUCK DRIVERS IN EUROPE

Since the establishment of our in-house sales organization in 2020, we have explicitly required adherence to identified labor rights at risk in RFQs and contracts with transportation suppliers. Fair wages, the right to organize and collective bargaining, health and safety, working hours, rest, housing standards and other working conditions are mentioned explicitly. As a result of these measures, there are transportation companies that have not been invited to join our pool of suppliers. Transportation companies have also been excluded after specific incidents of non-compliance.

In 2021, Grieg Seafood initiated the establishment of an external third-party audit program for transportation suppliers in Europe. Several Norwegian salmon farming companies, who share the same transportation suppliers, take part in the program. The following steps are followed:

- Selection of transportation suppliers to be audited, based on how much volume they transport for the salmon farming companies as well as where the largest perceived risk is
- Truck drivers from these companies are interviewed at the large terminals, to understand where the major pressure points are. The auditor is basing the audit protocol on the findings from the interviews.
- The third-party auditor conducts the audits and prepares a report with the findings
- Transportation suppliers make an action plan to close non-compliances. The most serious non-compliances must be prioritized. New audits may be conducted to ensure that the gaps are closed.
- Support is offered to help transportation companies to close their non-compliances.

While transportation suppliers may be excluded from our supplier pool if they do not show willingness to close non-compliances, the aim of this program is not to exclude transportation companies per se. The aim is to see them improve their standards and to prevent human rights breaches.

CASE 2

INCREASING TRANSPARENCY IN OUR FEED SUPPLY CHAINS

In the animal feed industry, the sustainability focus has mainly been on high-risk ingredients such as soy, palm oil, fish meal and fish oil. In the past, efforts to mitigate the risk of overfishing lead to less use of marine ingredients in salmon feed. Unfortunately, some of the alternatives introduced, like Brazilian soy, were later linked to new issues of concern, such as deforestation and conversion. To avoid repeating the mistakes of the past, a more holistic approach to the mitigation of sustainability linked risks in feed ingredients is needed. This is especially necessary as the seafood industry is looking at developing novel feed ingredients suitable for scale. We must ensure that a scale-up of these ingredients do not contribute to new or unforeseen ESG risks, and that they are a good fit for a future sustainable food system.

In 2020, Grieg Seafood initiated a project to evaluate environmental, social and governance risks in salmon feed ingredients in a holistic manner. We have included topics that have traditionally not been on the agenda in relation to all ingredients, like land use and biodiversity, carbon footprint and climate risk, circularity, pollution, soil health, fresh water consumption, human rights, governance risk and scaleability. The goal of the project is to increase transparency and traceability, to be able to benchmark feed ingredients on material ESG aspects and have the ability to reduce risk and drive change throughout our supply chains. The methodology is currently under review by stakeholders. Lack of transparency and traceability is today a key issue preventing the aquaculture industry from improving our feed supply chains. WWF US is our partner in the project.



MITIGATING MEASURES

This is a forward-looking report, which does not to the full extent reflect all previous measures taken to prevent human rights breaches. For instance, suppliers have previously been excluded, and leverage has been used to exclude subsuppliers further down in the supply chains. For more information on how we work to improve in environmental, social and governance areas, please see our [website](#).

GENERAL MEASURES

In order to prevent and mitigate adverse human rights impacts, Grieg Seafood will integrate the findings from the impact assessments across relevant internal functions and processes and take appropriate action.

This first year, in addition to measures related to the prioritized areas, we are increasing the standard on how we work with human rights more generally in the company:

- The following internal documents will govern our human rights approach. They will, where relevant, be reviewed to integrate findings from this assessment as well as the Norwegian Transparency Act.
 - Group Policy on Human Rights
 - Group Policy on Occupational Health and Safety
 - Group Policy on Diversity
 - Group Policy on Gender Equity
 - Group Policy on Remediation
 - Group Policy on Sustainable Feed
 - Group Policy on Procurement
 - Employee Code of Conduct
 - Supplier Code of Conduct
 - Procedure on how to follow up a human-rights breach
- An external whistleblower channel for breaches of our supplier code of conduct, which includes human rights, is established and is made available on our website.

- For procurement or sales over 500 000 NOK or the equivalent, Grieg Seafood will assess whether the supplier or customer is from a geography or industry with high risk of human rights breaches. If so, additional measures will be implemented, such as additional risk assessments or inclusion of relevant human rights clauses in the tender process and contract. Suppliers/customers with inadequate governance and who do not want to improve, risk exclusion from the tender process.
- For each year's assessment, we will seek more information from our upstream and downstream value chains compared to the previous year, to improve the knowledge and quality of the risk assessment over time and to awareness of human rights in our value chain. We will review feedback from internal and external sources, including affected stakeholders and civil society.

These measures are implemented or under implementation. They will at the latest be completed by the end of 2023.

ADDITIONAL MEASURES FOR PRIORITIZED AREAS

- We will create an action plan with each supplier who is closest to the risk of a human rights breach. The plan will be adapted depending on whether we are linked or contributing to the potential breach, leverage as well as where the risk is in the value chain.
 - The plan will be followed-up regularly throughout the year.
- Third-party audits should be conducted. They can be initiated by Grieg Seafood, by a group of industry actors or by a supplier, should the risk be further down in the supply chain.
- Where relevant and possible, Grieg Seafood will seek to communicate our whistle blower channel directly to the rightsholders.
- We will inform about the status on these measures in next year's progress report.

THE BOARD OF DIRECTORS AND CEO BERGEN, 30 JUNE 2023

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