

MOWI[®]



**GREEN
BOND
IMPACT
REPORT
2020**



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Executive summary

- Mowi's inaugural EUR 200 million green bond was issued in January 2020, the first green bond issued by a seafood company, and the full amount was allocated to refinancing of green projects during 2020.
- Our Green Bond Framework, published in January 2020, sets out the criteria by which green bond proceeds are allocated and how each green project's environmental impact is measured. [The Green Bond Framework](#) was reviewed by CICERO Shades of Green and received a Medium Green Shading together with the highest governance rating.



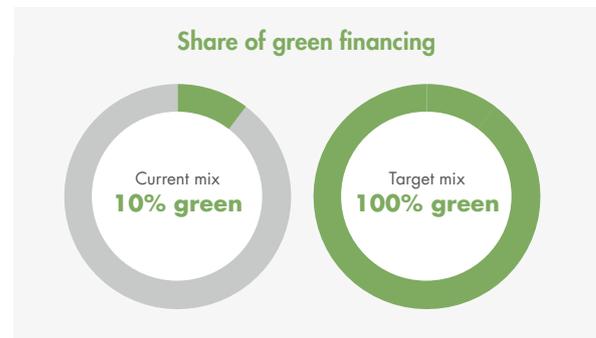
°CICERO
Medium Green

- In June 2020 Mowi's green bond was listed on Oslo Børs and in December 2020 it was admitted to the Euronext ESG Bonds section.
- Ensuring that feed ingredients are sourced sustainably is key to reducing the carbon footprint of our salmon and Mowi is taking active measures in this area. The majority of proceeds from our green bond have been allocated to Kyleakin, Mowi's newest feed mill on the Isle of Skye in Scotland, which uses only sustainably sourced, certified deforestation-free soy to produce sustainable fish feed for Mowi's farming operations.
- The remaining proceeds have been allocated to investments in hatcheries and smolt facilities that use recirculation technology to drastically reduce dependency on external freshwater resources. This technology also enables more of the production cycle to take place in a controlled environment on land, thereby shortening the salmon's time in sea by up to six months and reducing biological risk and environmental footprint.

Learn more about Mowi's sustainability strategy, [Leading the Blue Revolution Plan](#)



- Our green bond accounts for 10% of our total debt financing. Mowi is targeting a transition to more than 80% sustainable financing by 2022 and 100% sustainable financing by 2026.



- With the allocation of our green bond proceeds, we support the Paris Agreement and progress towards UN Sustainable Development Goals #6 on clean water and sanitation, #13 on climate action and #14 on life below water.



Allocated proceeds account for 121 million m³ per year of freshwater savings compared with equivalent-sized flow-through facilities.



95,354 tonnes CO₂e emissions avoided per year by use of segregated deforestation-free soy at Kyleakin.



Expansion of smolt facilities using RAS technology has the potential to allow for reduction of time in sea by up to six months for larger postsmolts.

- Mowi was ranked the most sustainable animal protein producer in the world for the second year in succession in the 2020 Collier FAIRR Protein Producer Index, leading the world's largest animal protein companies on critical environmental, social and governance issues.

Green bond impact overview

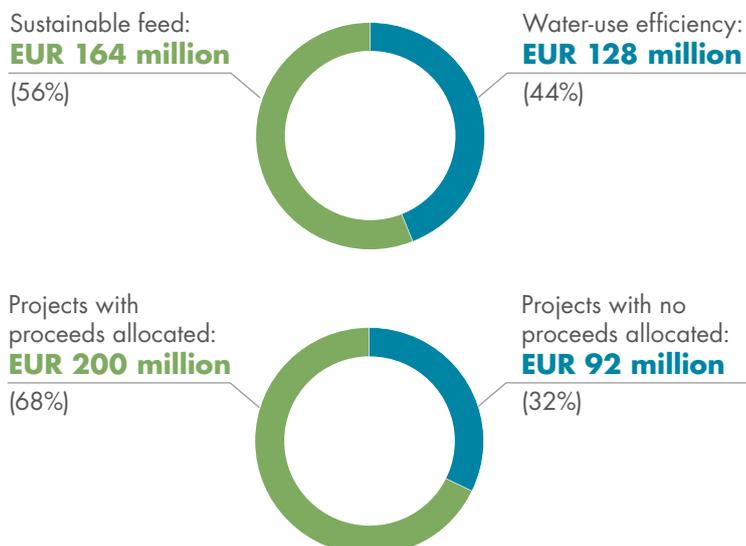
Project Category	Allocated Proceeds, EURm	Avoided emissions attributable to allocated proceeds, tonnes CO ₂ e/year	Impact: Avoided emissions per EUR 1 million invested, tonnes CO ₂ e/year	Water saving attributable to allocated proceeds, million m ³ /year	Impact: Water saving per EUR 1 million invested, million m ³ /year
Water-use efficiency ⁽¹⁾	35.8	n/a	n/a	121.0	3.4
Sustainable feed	164.2	95,354	581	n/a	n/a
All categories	200.0	95,354	477	121.0	0.6

⁽¹⁾ Proceeds allocated to the water-use efficiency category will also have a positive biological impact as increased freshwater capacity contributes to reduced production time in sea, thereby reducing the number of sea-lice treatments, and exposure to other external risks.

Allocation of proceeds to green categories



Green Register of approved project expenditure



Partnerships and external ratings

Sustainability ratings and awards

Rating agencies	About the rating	Score
 A COLLER INITIATIVE	Mowi ranked as the most sustainable animal protein producer in the world (amongst the largest 60 animal protein producers in the world) for two consecutive years.	 1st place
 DISCLOSURE INSIGHT ACTION	Mowi recognized as a global leader in climate action for two consecutive years.	 A
	Supplier Engagement Rating	 A
 MSCI	ESG Rating designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. Mowi in the Leader category.	 AA
 Farmandprisen	Mowi awarded the best Annual report in Norway three times in the last four years. Sustainability and sustainability reporting is a key part of the evaluation.	 1st place
 World Benchmarking Alliance	Mowi ranked the second most sustainable seafood company (amongst the 30 largest seafood companies in the world).	 2nd place
 SUSTAINALYTICS	ESG Rating to assessing financially material Environmental, Social and Governance (ESG) data.	Medium-Risk
 THE GOVERNANCE GROUP	ESG reporting amongst the 100 largest listed companies in Norway	 A

Partnerships

Working in collaboration is key to Mowi's vision of Leading the Blue Revolution. We believe that we can accelerate progress by working together with peers in the seafood sector and other players that share our common interest of using the ocean to add value to humankind.

Details of the various partnerships in which Mowi collaborates can be found in our [Annual Report](#).

Leading the Blue Revolution

Food security and climate change are two of the most pressing challenges facing humanity. As a seafood producer, Mowi is unlocking the potential of the ocean to produce healthy and climate-friendly food for a growing world population. In 2020, we have seen the importance of producing food from the ocean being recognised as part of the solution to climate change by world-class scientists and heads of government around the world. In fact, sustainable aquaculture is considered an ocean solution that benefits people, nature and the economy.

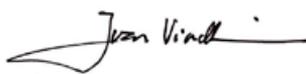
We remain committed to the principles of the United Nation's Global Compact and to our goal of maximising our contribution to its Sustainable Development Goals (SDG). At Mowi, we pursue an integrated sustainability strategy where long-term targets have been established for all our guiding principles: Planet, People, Product and Profit. Transparent reporting according to global standards such as the Global Reporting Initiative (GRI) is, and will continue to be, an important part of our sustainability work. In 2020, we continued the implementation of our sustainability strategy, Leading the Blue Revolution Plan, and demonstrated significant progress in key strategic programmes such as our climate footprint, responsible use of plastics, freshwater management and sustainable sourcing of feed. In 2020, 100% of our harvested volumes were 100% certified as sustainable by independent standards recognised by the Global Seafood Sustainability Initiative (GSSI).

Behind every healthy product there must be a viable supply chain. In 2020 Mowi produced 540,300 tonnes of sustainable fish feed from its two feed mills in Norway and Scotland, using 94,000 tonnes of certified segregated deforestation-free soy. Looking beyond Mowi's own supply chain, we continued working with our suppliers to promote environmental stewardship in their entire value chain, and our Brazilian suppliers have now committed to implement a 100% deforestation- and conversion-free soybean value chain with 2020 as their cut-off date.

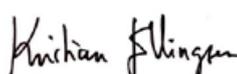
We are proud that Mowi was the first seafood company to issue a green bond and are pleased that our commitment to sustainable and environmentally friendly salmon production is shared by investors, achieving our ambition to mobilise debt capital to promote the transition towards a low-carbon and environmentally sustainable society. As well as producing green bond impact reporting for the first time, this year also sees our first Task Force on Climate-Related Financial Disclosures (TCFD) reporting.

We are delighted that our sustainability performance is recognised: Mowi has been rated the most sustainable animal protein producer in the world by the Collier FAIRR index, and rated in the Leadership category (A) by the CDP on both climate change and supplier engagement. We also hold the view that the aquaculture industry should be classified as green in the EU's Taxonomy framework; here at Mowi we produce healthy and delicious food in the most sustainable manner and we passionately believe that we are part of the solution.

Bergen, March 2021



Ivan Vindheim
Chief Executive Officer



Kristian Ellingsen
Chief Financial Officer



Catarina Martins
Chief Sustainability Officer &
Chief Technology Officer

Allocated proceeds

Green bond proceeds of EUR 200 million were allocated to refinancing⁽¹⁾ of approved green projects in 2020.

ISIN	Bond type	Issue date	Outstanding amount, EURm	Proceeds allocated to refinancing, EURm	Proceeds allocated to new financing, EURm	Unallocated proceeds, EURm
NO0010874050	Senior unsecured	31 Jan 2020	200	200	—	—
Total			200	200	—	—

Category: Sustainable feed

Green bond proceeds amounting to EUR 164.2 million were allocated to the sustainable feed category.

Project	Location	Last project expenditure	Sustainable feed produced, tonnes/year	Emissions avoided, tonnes CO ₂ e/year
Kyleakin	Scotland	2020	150,576	95,354
Total			150,576	95,354

Category: Water-use efficiency

Green bond proceeds amounting to EUR 35.8 million were allocated to the water-use efficiency category.⁽²⁾

Project	Location	Last project expenditure	Water saved, %	Water saved, million m ³ /year
Nordheim RAS III	Norway Region Mid	2019	99.9 %	115.5
Fjæra	Norway Region South	2018	98.4 %	40.0
Laxa	Faroese	2018	99.4 %	88.5
Inchmore	Scotland	2018	99.9 %	105.0
Dalrymple	Canada West	2018	99.4 %	42.7
Big Tree Creek	Canada West	2018	98.9 %	41.5
Total			99.5 %	433.3

⁽¹⁾ Refinancing is defined as financing for projects taken into operation more than 12 months prior to approval by Mowi's Green Bond Committee.

⁽²⁾ Proceeds allocated to the water-use efficiency category are allocated across all approved green projects pro-rata based on project expenditure. Expenditure on individual green projects is not disclosed in this report for commercial reasons.

Kyleakin in focus



Mowi's newest feed plant at Kyleakin in Scotland began operations in 2019 and manufactures a range of feed products, satisfying our requirements for freshwater, seawater and organic feed in Scotland, Faroes and Ireland.

Sustainable feed ingredients

Feed accounts for the majority of greenhouse gas emissions in the production of farmed salmon, and working with suppliers to ensure feed ingredients are sourced sustainably is essential in order to reduce the carbon footprint of feed manufacturing. In 2020, the sourcing of our marine and vegetable raw materials was 100% compliant with our the [Mowi Sustainable Salmon Feed Policy](#), details of which can be found on the Mowi website.

The total volume of soy protein concentrate (SPC) consumed at the Kyleakin feed factory in 2020 was 23,116 tonnes, all of it certified to be 100% segregated, deforestation-free by ProTerra (22,900 tonnes) or Naturland (216 tonnes), the latter being an organic certification standard equivalent to ProTerra. This resulted in approximately 95,400 tonnes of CO₂e emissions avoided during the year compared with using uncertified soy, sourced from deforested land.

Furthermore, Traceability Certificates of Compliance (TCCs) were issued in 2020 to provide further documentation of origin (down to municipality level). In addition, a study was initiated on the carbon footprint of Brazilian soy from ProTerra-certified sources.

The ProTerra Standard is based on ten principles, focusing on biodiversity conservation, environmental management and effective environmental services, the protection of Amazon, Cerrado and Chaco biomes, the protection of community rights and the promotion of working and agricultural best practices especially related to sustainable land use and reducing the application of pesticides. Land areas converted after 2008, be it by human intervention or natural causes, are not eligible for certification under ProTerra under any circumstances.

Logistical advantages

The plant's coastal location in combination with its own deepwater pier allows for efficient bulk transportation of raw materials and feed products by ship. As a result, over 8,000 individual truck journeys were avoided in 2020, equivalent to 2 million kilometres driven. All-in-all the plant is estimated to save approximately 3,000 tonnes of CO₂e emissions per year through logistical efficiencies when compared with an alternative feed plant in a suboptimal location which would be dependent on transportation by road and smaller, less efficient ships.

Fjæra in focus



The freshwater plant at Fjæra in Norway was completed in 2018, combining a high-quality freshwater source with state-of-the-art recirculating aquaculture systems (RAS) so as to control and maximise smolt production while minimising freshwater usage.

The plant has a production capacity of 1,600 tonnes per year, equivalent to between 5 and 10 million smolts, depending on size.

Water-use efficiency

A conventional flow-through plant sourcing freshwater exclusively from a lake or river is vulnerable to fluctuations in the water supply. Periods of low rainfall or snow-melt lead to disrupted freshwater availability, which can impact operations.

By recycling water after use and recirculating it back into the plant, the RAS facility at Fjæra uses approximately 98% less freshwater than a conventional flow-through facility of equivalent capacity, drastically reducing Fjæra's reliance on external water resources.

Reduced time in sea

Fjæra is able to produce smolt of up to 350 grams, compared with the more normal size range of 100–150 grams from a conventional flow-through facility.

Growing our salmon to a larger size in a controlled environment on land means that they spend a shorter time in sea before reaching harvest size. As a result they require fewer sea-lice treatments, and are less exposed to other biological risks, such as harmful algae blooms. The reduced time in sea also gives us more flexibility around when to fallow our sea-farm sites.

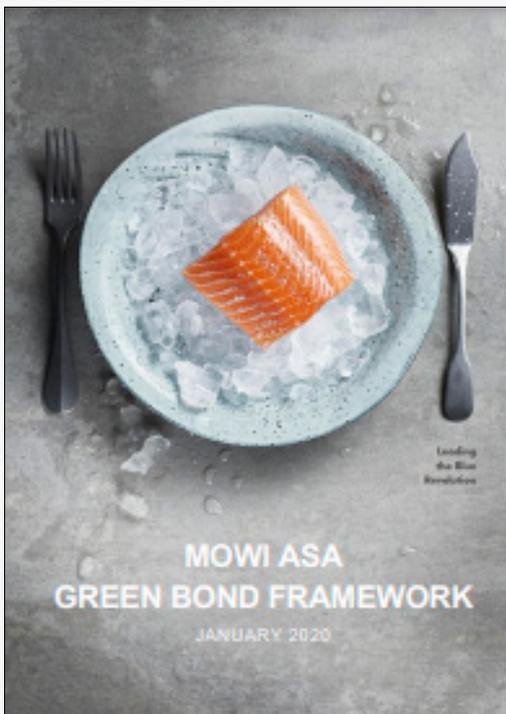
Green bond governance

The evaluation and selection process for green projects, and the rules for management of green bond proceeds are set out in our Green Bond Framework which is available on Mowi's website.

A second opinion on the Green Bond Framework was provided by CICERO Shades of Green and received a Medium Green Shading. Furthermore CICERO Shades of Green found the governance procedures in Mowi's framework to be Excellent and judged the framework to be in alignment with the Green Bond Principles.

The Green Bond Committee met twice in 2020, and approved the inclusion in Mowi's Green Register of seven green projects which meet the eligibility criteria set out in Mowi's Green Bond Framework. Green bond proceeds were then allocated to approved projects and allocations were given final approval by the Green Bond Committee in March 2021.

Allocation of funds, as described in this Green Bond Impact Report, and management of green bond proceeds have been verified by EY with limited assurance.



> [Mowi ASA Green Bond Framework \(PDF\)](#)



> [Second opinion on the Green Bond Framework by CICERO Shades of Green \(PDF\)](#)

Calculation approach

Avoided emissions

Carbon emissions avoided by sourcing only soy protein concentrate (SPC) certified by ProTerra or equivalent are calculated on the basis that sustainably sourced SPC replaces equivalent product sourced from deforested land.

The carbon footprint of ProTerra-certified SPC (1.93kg CO₂e per kg product) is taken from a [study by CJ Selecta^{\(1\)}](#) and is considered a conservative measure as it takes into account Land Use Change. For our calculation this is applied to all SPC with ProTerra or equivalent certification. The carbon footprint of SPC used for comparison (6.055kg CO₂e per kg product) is taken from the Agri-footprint database.

The total volume of segregated, deforestation-free SPC consumed by the Kyleakin feed factory in 2020 was 23,116 tonnes.



Water savings

Water savings achieved by installation of brand new production capacity using Recirculating Aquaculture Systems (RAS) are calculated by comparing annual freshwater use of the new capacity with the estimated annual freshwater use of a flow-through facility of the same capacity based on a full year's operation of the asset.

Water savings achieved by upgrading existing production capacity using RAS are calculated by comparing the annual freshwater use of the upgraded facility with that of the same facility before the upgrade based on a full year's operation of the asset.

Modern RAS technology typically accounts for water savings of 98–99.9%. Under normal operation the most efficient plants use external freshwater only to compensate for surface evaporation.

Project expenditure

For each green project approved by the Green Bond Committee, the Green Register records the total expenditure currently eligible to be financed by green bond proceeds. This is defined as all capital expenditure activated on that project as of 31 December 2020, adjusted to exclude any amounts relating to the purchase and installation of equipment that consumes fossil fuels. For example, a typical RAS facility is equipped with back-up diesel generators, and the feed mill at Kyleakin has a dedicated LNG power plant.

Expenditure booked in currencies other than EUR is converted to EUR using appropriate historical exchange rates.

⁽¹⁾ CJ Selecta Carbon Footprint Project, using Life Cycle Assessment. More information on the project is available on the ProTerra website <https://www.proterrafoundation.org>

Assurance report



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To the Board of Directors of Mowi ASA

Independent accountant's assurance report on Mowi ASAs Green Bond Impact Report for 2020

We have been engaged by Mowi ASA to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, on the selected information relating to the allocation of net proceeds to Green Projects as included in the Mowi ASA's Green Bond Impact Report as of 31 December, 2020 and for the year then ended against the relevant criteria in the Mowi ASA Green Bond Framework per January 2020.

Criteria applied by Mowi ASA

In preparing the Green Bond Impact report, Mowi ASA applied relevant criteria from the Mowi ASA Green Bond Framework per January 2020, available on Mowi webpage. ("the Criteria")

Mowi ASA's responsibilities

The Board of Directors and Chief Executive Officer (management) are responsible for selecting the Criteria, and for presenting the Green Bond Impact Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Green Bond Impact Report, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the allocation of net proceeds on Green Projects as included in the Green Bond Impact Report based on the evidence we have obtained. Our assurance does not extend to any other information in the report.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000')*. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the selected information in the Green Bond Impact Report is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Norwegian Law on Auditors and Auditing and other ethical requirements from the Code of Ethics of the Norwegian Institute of Public Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly

Assurance report



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maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Green Bond Impact report and related information, and applying analytical and other appropriate procedures.

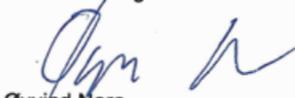
Our procedures included:

- Review of Mowi ASA's process for the preparation and presentation of the Green Bond Impact Report to provide us with an understanding of how the Green Bond proceeds have been allocated in accordance with the Green Bond Framework
- Interviewed those in charge of Green Bond Impact Report to develop an understanding of the process for the preparation of the Green Bond Impact Report
- Verified on a sample basis the information in the Green Bond Impact Report on the allocation of the proceeds against source data and other information prepared by Mowi ASA
- Assessed the overall presentation of selected information in the Green Bond Impact Report against the criteria in the Mowi ASA Green Bond Framework including a review of the consistency of information

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to selected information in the Green Bond Impact Report as of December 31, 2020 and for the year then ended, in order for it to be in accordance with the Mowi ASA Green Bond Framework.

Bergen, 23. March 2021
Ernst & Young AS


Øyvind Nore
State Authorised Public Accountant


Trine Hansen Bjerkvik
State Authorised Public Accountant



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March 2021