



# Supply Chain due diligence process 2022

## Reporting of assessment results

## Supply Chain Due Diligence - policy statement

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### Introduction

The Transparency Act was put into force on July 1st 2022. The purpose of the act is to promote businesses' respect for basic human rights and decent working conditions and ensure the public's access to information.

The Transparency Act imposes a duty to conduct a due diligence assessment on human rights and working conditions. Information found in this assessment then needs to be made available in a report on the company's website or provided in response to requests for information.

The due diligence assessments must be carried out regularly and be in relation to the size of the business, the nature of the business, the context within which the business takes place, and the severity and likelihood of negative consequences concerning basic human rights and decent working conditions.

# Mowi's commitment - policy statement

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## MOWIs commitment

Mowi has been concerned with social sustainability for a long time. We have a strong focus on human rights and decent working conditions within our own company and our suppliers. In 2021 we initiated our own [human rights program](#).

Mowi has measures in place to comply with the requirements of The Transparency Act and are working systematically to identify and mitigate any adverse impact our business has on human rights and decent working conditions. Mowi's code of conduct is also an important framework we use to secure compliance with the Transparency Act.

There is still work to be done, however Mowi is committed to implement the processes of The Transparency Act and secure basic human rights and decent working conditions in its business operations.

Links to relevant elements of Mowi's human rights framework:

[Code of Conduct - Mowi Company Website](#)

[Mowi-Human-Rights-Policy.pdf](#)

[human rights program](#)

# Human Rights Due Diligence - policy statement

## Human rights Due Diligence process

Mowi is committed to our efforts to ensure human rights and decent working conditions in our supply chain and within our operations. We recognize however, that this is a continuous process.

Mowi's Human rights program aims to create a strong framework for ethical conduct with Human rights at the core. Through our Human Rights Due diligence process, we aim to identify, assess and respond to most significant risks and adverse impacts of our operation and supply chain. The Due Diligence process is based on industry best practice and is aligned with the OECD Due Diligence Guidance for responsible Business Conduct.

The Due diligence process is visualized in the figure below and describes the process of identifying, assessing and mitigating risk, as well as tracking and communicating results.

This process forms basis for the Supply chain due diligence we are performing in the Mowi Group.



# Supplier Relationship Management System

## Human rights Due Diligence and implementation of The Transparency Act

A key part of the Human Rights Due Diligence process is performing risk assessments of our supply chain, concerning human rights and decent working conditions.

To secure our ability to perform efficient risk assessments we utilize a partly automated system, analyzing several key factors.

All critical suppliers have to perform a self-assessment, based on principles underpinning the Mowi Code of Conduct. The self-assessment poses specific and detailed questions regarding, among other topics, human rights and decent working conditions.

All suppliers are assessed in this process and given a risk rating. Based on the rating we prioritize our efforts towards the relevant suppliers.

Mowi has an internal governance system in place to evaluate and handle adverse impact and potential risks detected in the due diligence process. This helps ensure that we are able to implement appropriate measures and track both the process and the results.

### Supplier Relationship Management Platform



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# Supply Chain Due Diligence Process

2022

**MQWI<sup>®</sup>**

# Supply Chain due diligence process - 2022

- In 2022, Mowi has implemented a standardised due diligence process for suppliers.
- **All suppliers** have been risk assessed in this process and given a risk rating in the **Country Risk Assessment**.
- **All critical suppliers** have been risk assessed in the **Mowi Risk Assessment**, based on principles in the Mowi Code of Conduct including sustainability, human rights and decent working conditions.

Risk areas assessed:

## Country Risk Assessment:

- Human rights
- Labour rights
- Environmental performance
- Business ethics and anticorruption
- Political stability and rule of law
- Tradeability
- Currency
- Economic Stability

## Mowi Risk Assessment for critical suppliers:

- Governance management
- Business Management
- Information security and privacy (GDPR)
- Quality management
- Supply chain management
- Environmental management
- Health and safety management
- Labour rights compliance
- Human rights compliance
- Business ethics, anti-corruption management



## Global Risk ratings of Mowi`s suppliers

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- Mowi has implemented a standardised due diligence process for suppliers, which consist of 2 different Risk Assessments, the Country Assessment and the Mowi Risk Assessment.
- All suppliers are included in the Country Risk Assessment in the 2022 Due Diligence Process.
- The Mowi Risk Assessment was in 2022 used to assess the group defined as Critical Suppliers.
- The split into the two categories of suppliers was done to enable a step wise implementation, follow-up and supplier engagement process.

### **Definition of a critical supplier:**

- A critical supplier is defined as a supplier where there is a significant business risk, meaning a unique dependency where the supplier cannot be easily replaced and may lead to business disruption and/or highly impact customers. For critical suppliers a business continuity and disaster recovery plan is needed.



## Results and Follow-up from Mowi`s supplier due diligence process

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- Based on the risk rating Mowi **prioritize the efforts** towards the relevant suppliers.
- Mowi has defined a **supplier engagement process** to follow up the results of the risk assessment.
- Adverse impacts and potential risks detected in the due diligence process are evaluated and handled in Mowi`s **internal governance system**.
- Suppliers rated lower than «Good» (>75%) are followed up according to the agreed supplier engagement procedure in the relevant Business Unit.
- The risk assessment, evaluation and governance process ensures our ability to implement **appropriate measures**, and **track** both the process and the results.
- Going forward, Mowi aims to increase the number of suppliers to be assessed in the Mowi Risk Assessment



# Supply Chain Due Diligence Process

Critical and non-critical suppliers

2022

# Global Country Risk ratings of Mowi`s suppliers

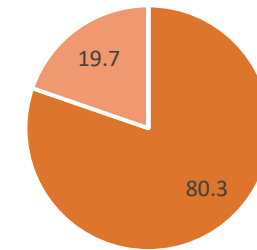
## Risk Assessment results

- All Mowis suppliers are risk assessed in the Country Risk Assessment.
- More than 80% of Mowis suppliers are rated «Good». (>75%)
- Close to 20% of the suppliers are rated in “Early Warning” category.
- No suppliers are rated “Excellent” or “High Risk”.
- Critical suppliers are rated at 76% in the «Good» category.

## Follow Up

- Suppliers rated in the Early warning category are followed up according to the defined procedure in the relevant Business Unit.

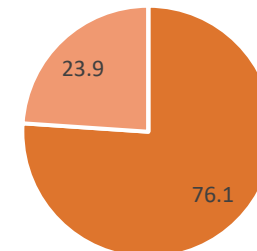
All suppliers  
Country risk rating



Excellent: > 95%	0
Good: > 75%	80 %
Early Warning: > 40%	20 %
High Risk: ≤ 40%	0

■ Excellent: > 95% ■ Good: > 75% ■ Early Warning: > 40% ■ High Risk: ≤ 40%

Critical suppliers  
Country risk rating



Excellent: > 95%	0
Good: > 75%	76 %
Early Warning: > 40%	24 %
High Risk: ≤ 40%	0

■ Good: > 75% ■ Early Warning: > 40%

# Country Risk Assessment ratings of Mowi`s suppliers – Early warning category

**Critical Suppliers** in the “Early Warning” category has a risk distribution as follows:

**Supply Chain:** Does the supplier have processes and measures in place for supplier management. For example: how do they approve/ risk assess suppliers, do they conduct supplier assessment, audit or monitoring. Do the supplier have a traceability system?

**Environmental:** Does the supplier have environmental management system, environmental policy and do they have process and measures in place with regards to environmental impact? Do they have processes/ plans on monitoring and reducing emission, water, waste and climate impact

**Labor Rights:** Does the supplier have a certified social compliance management system, and can they ensure that all employees have written contracts, that wages and benefits meet the national legal level. Do all all workers have the freedom of association.

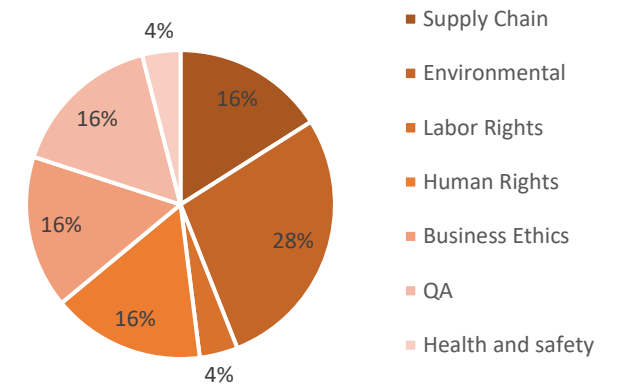
**Human Rights:** Does the supplier have a human rights policy and do they have processes, measure, awareness program for human rights? Can they ensure that their company or their suppliers do not employ workers under 15, or use forced, bonded or illegal labor. Do they have whistleblowing procedures.

**Business Ethics:** Does the supplier have a business ethics and anti-corruption policy, or do they have processes and measures in place. Are they subjected to financial audits.

**QA:** Do the supplier have certified quality management system and do they have a crisis plan.

**Health and safety:** Do the supplier have a certified occupational health and safety management system, and processes and measures in place regarding occupational health and safety of employees.

Country Risk Assessment -  
Early warning - Distributions of risk





Human, Labor and Health & Safety Risk assessment

# Supplier Human Rights Due diligence assessment – Introduction highlights

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## Introduction:

- All Mowi's suppliers are risk assessed on Human Rights in the Country Risk Assessment.
- All critical suppliers are risk assessed in the Mowi Risk Assessment.
- The Risk Assessments gives the suppliers a risk rating and place them in different risk categories.
- Risk categories:
  - Excellent: > 95%
  - Good: > 75%
  - Early Warning: > 40%
  - High Risk: ≤ 40%

The Human Rights Due Diligence include elements of Risk Assessments on:

- Health and safety
- Labour rights
- Human rights

# Supplier Human Rights Due diligence assessment –results highlights

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## Country Risk Assessment:

- 82% of Mowi's total suppliers are rated "Good" on Human rights (> 75%)
- 67,5% of Mowi's suppliers are rated "Good" (> 75%) or "Excellent" (>95%) on Labour Rights

## Mowi Risk Assessment:

- 77% of Mowi's suppliers assessed on Human rights are rated "Good" on Human rights (> 75%)
- 88% of Mowi's suppliers on Labour Rights are rated "good" (> 75%) or "Excellent" (>95%) on Labour Rights
- None of Mowi's suppliers risk assessed in the Mowi Assessment are rated "high risk".

## Country Risk Assessment vs Mowi Risk Assessment

- The results of the Mowi Risk assessment in **high-risk countries** shows a significantly lower risk / reduction of risk compared with the Country Risk Assessment, in relation to Human Rights and Labour Rights .

# Supplier Human Rights Due diligence assessment –results highlights

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## Adverse impact risks:

- High-risk ratings on **Human rights** are related to access to education, freedom of association and gender development.
- High-risk ratings on **Labour rights** are related to working hours and gender inequality.



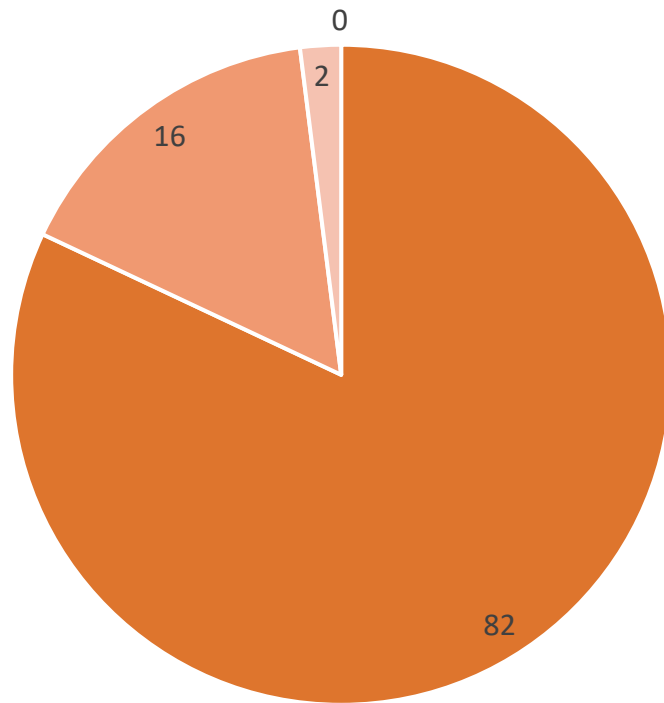
## Follow-up initiatives and next steps - highlights

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- Mowi aims to increase the total number of suppliers assessed in the Mowi Risk Assessment, to ensure a comprehensive overview of the Human Rights risk in the supply chain.
- Mowi will include suppliers in high risk and early warning ratings in the defined supplier engagement process in the relevant business unit.
- Mowi will address the adverse impact risks seen in the high-risk areas of our Country Risk Assessment, through our defined steps of our Due Diligence process, including mitigation, remedy and tracking of progress.

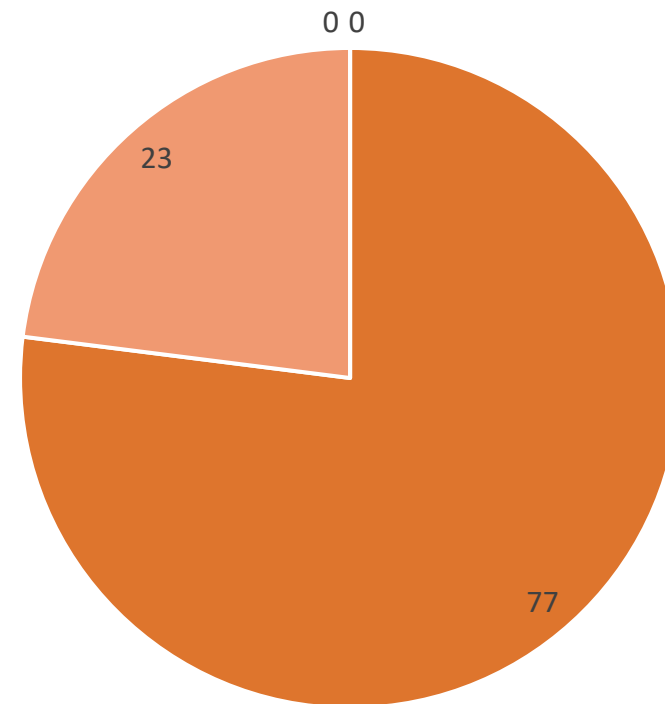
# Human Rights Risk Assessment: Risk rating of all suppliers - in categories

Country Risk Assessment,  
Human Rights risk (in %)



■ Excellent ■ Good ■ Early warning ■ High Risk

Mowi Risk Assessment,  
Human Rights Risk (in %)



■ Excellent ■ Good ■ Early warning ■ High Risk

100% of Mowi's suppliers are rated in a Country risk assessment. A total of 0,6% of all suppliers are rated in the Mowi Risk Assessment

# Summary – Human Rights due diligence details – high risk countries

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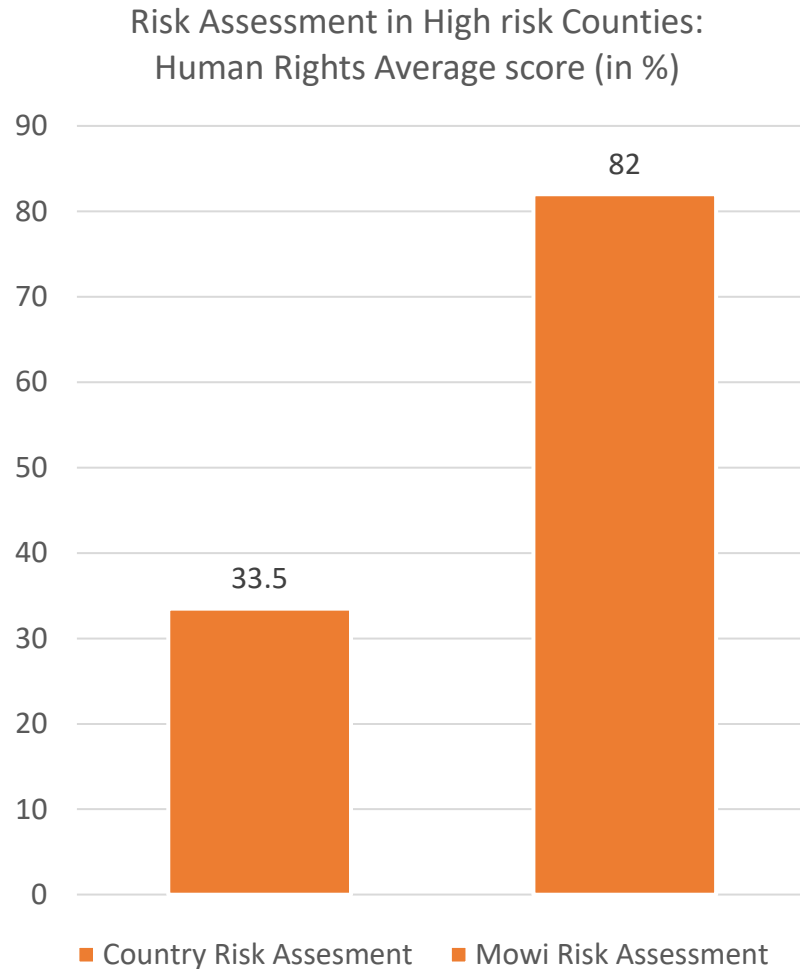
## Country Risk assessment - Human Rights:

- 4 supplier countries are classified as high risk countries on Human Rights based on the Country risk assessment.
- High-risk means a score below 40%.
- 2% of our suppliers are located in high risk countries in relation to human rights.
- The risks in high-risk countries are specifically related to access to education, freedom of association and gender development.

## Mowi Risk assessment - Human Rights:

- 100% of Mowi's **critical** suppliers in high-risk Countries have been risk assessed in the Mowi risk assessment.
- A total of 3 % of **all suppliers** in high-risk countries have been risk assessed in the Mowi risk assessment in relation to Human Rights.
- The Mowi risk assessment completed by these suppliers shows an average score of 82% on Human Rights.
- The results from the Mowi Risk assessment shows a **significantly lower risk** than in the Country risk assessment.
- Mowi aims to increase the total number of suppliers in high-risk countries assessed in the Mowi Risk Assessment.

# Average score on Human Rights Risk Assessment - high risk countries



## Country Risk Assessment:

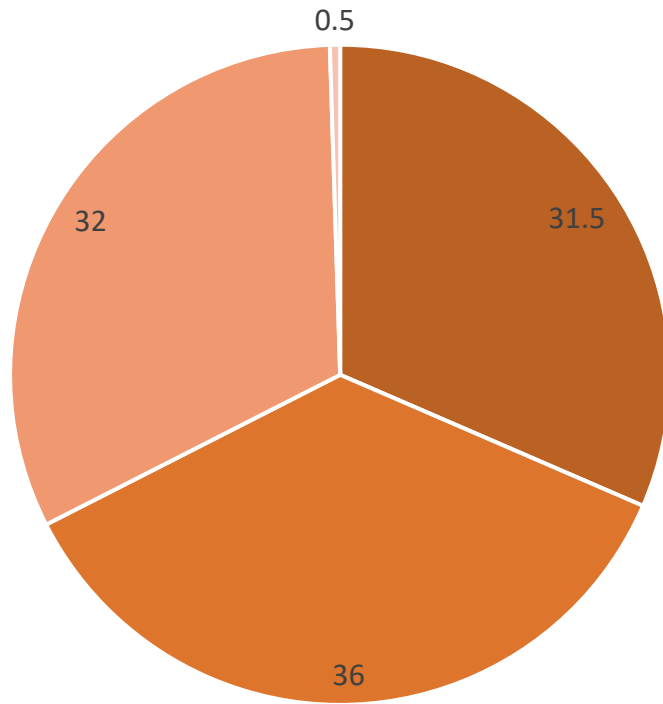
- 4 supplier countries have a high-risk rating on Human Rights Risk compliance (Score <40% or no rating available)
- The average rating on Human Rights is 33,5%.
- A total of 2 % of our suppliers are located in countries with a high-risk rating.

## Mowi Risk Assessment

- All **critical suppliers** in the high-risk countries have been risk assessed in the Mowi risk assessment.
- The average rating on Human Rights is 82%.
- **The results from the Mowi Risk assessment shows a significantly lower risk than in the Country risk assessment on Human Rights compliance.**

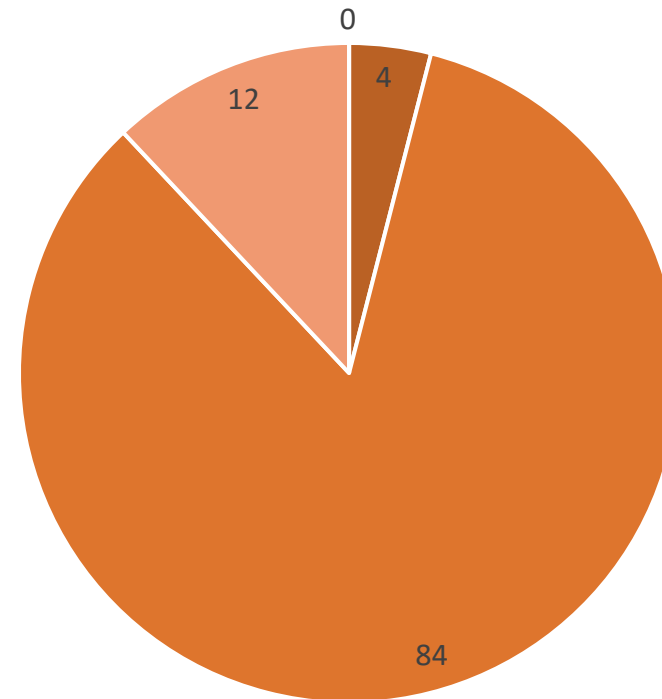
# Labor Rights Risk Assessment: Risk rating of all suppliers in categories

Country Risk Assessment of Labor Rights risk (numbers in %)



■ Excellent ■ Good ■ Early warning ■ High Risk

Mowi Risk Assessment of Labor Rights Risk (numbers in %)



■ Excellent ■ Good ■ Early warning ■ High Risk

100% of Mowi's suppliers are rated in a Country risk assessment. A total of 0,6% of all suppliers are reted in a Mowi Risk Assessment

# Summary – Labour Rights Due Diligence details – high risk countries

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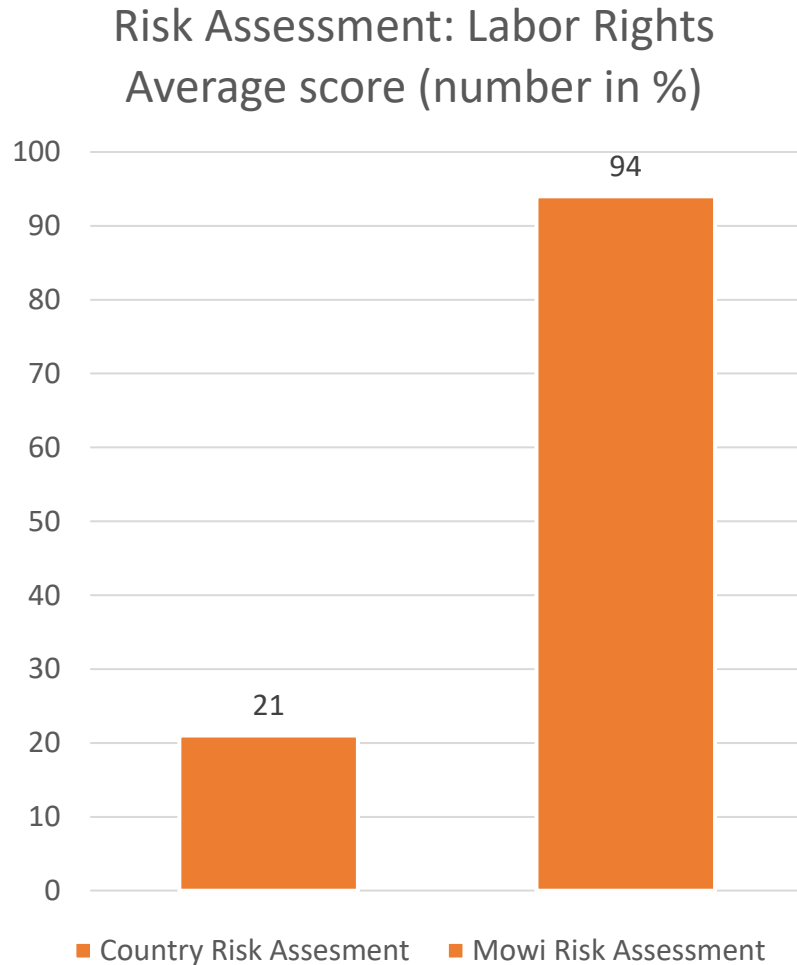
## Country Risk assessment - Labour Rights:

- 100% of Mowi's Suppliers have been risk assessed on Labour Rights in the Country Risk Assessment.
- 6 supplier countries have a high-risk profile on Labour Rights in the Country Risk assessment.
- 0,09 % of Mowi's suppliers are located in high-risk countries in relation to Labour Rights.
- A high-risk profile: a score below 40% / no rating available.
- The risks in high-risk countries are specifically related to working hours and gender inequality.

## Mowi Risk assessment – Labour rights:

- 100% of Mowi's **critical** suppliers in high-risk Countries have been risk assessed in the Mowi risk assessment.
- A total of 24 % of **all suppliers** in high-risk countries have been risk assessed in the Mowi risk assessment in relation to Labour Rights.
- The suppliers in high-risk countries that has been assessed in the the Mowi Risk Assessment, shows an average score of 94% ("Good") on Labor Rights.
- The results from the Mowi Risk assessment shows a **significantly lower risk** than in the Country risk assessment.
- Mowi aims to increase the number of suppliers in high-risk countries assessed by the Mowi Risk Assessment.

## Average score on Labour Rights Risk Assessment - High Risk countries



### Country Risk Assessment:

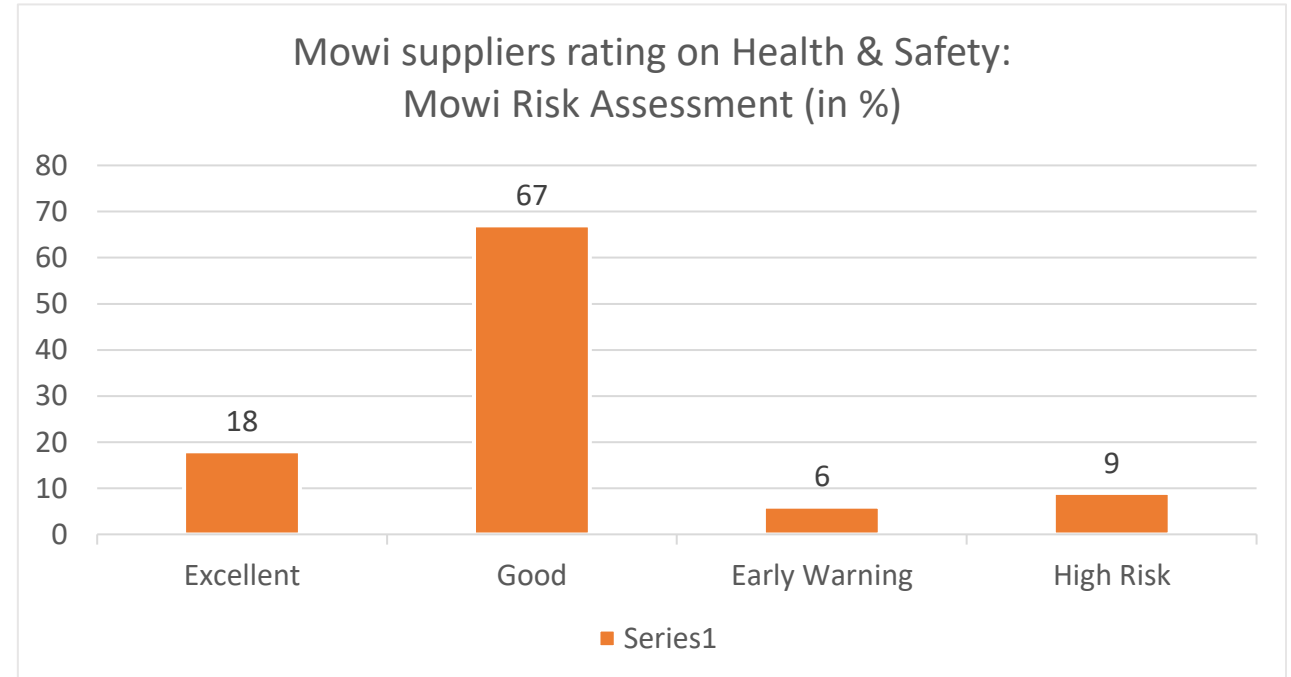
- 6 supplier countries have a high-risk profile on Labour Rights compliance. (score <40% or no rating available)
- A total of 0,09 % of all our suppliers are in countries with a high-risk rating.
- Average rating on Labour Rights is 21%.

### Mowi Risk Assessment:

- 100% of the Critical suppliers in high-risk countries have been assessed in the Mowi risk assessment.
- Average rating on Labour Rights is 94%.
- **The results from the Mowi Risk assessment shows a significantly lower risk than in the Country risk assessment related to Labour Rights.**

# Health and Safety Compliance

- All Critical suppliers have been risk assessed on Health and safety Compliance in the Mowi Risk Assessment\*.
- A total of 67% of the suppliers are rated “Good”. (>75%)
- A total of 6% of the suppliers are rated early warning (40-75%)
- A total of 9% of the suppliers are rated high risk. (<40%)





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**appendices**

# Human Rights assessment - background

- Average Human Rights score on Safe Source (country rating) and Mowi Risk Assessment

	Safe source rating on Human Rights (Country rating)	Mowi Assessment rating on Human Rights
Excellent: > 95%	0	
Good: > 75%	31 043 (82%)	175 (77%)
Early Warning: > 40%	6 168 (16%)	51 (23%)
High Risk: ≤ 40%	864 (2%)	
	38 075	226

# Labour Rights assessment - background

- Average Labor score on Safe Source (country rating) and Mowi Risk Assessment

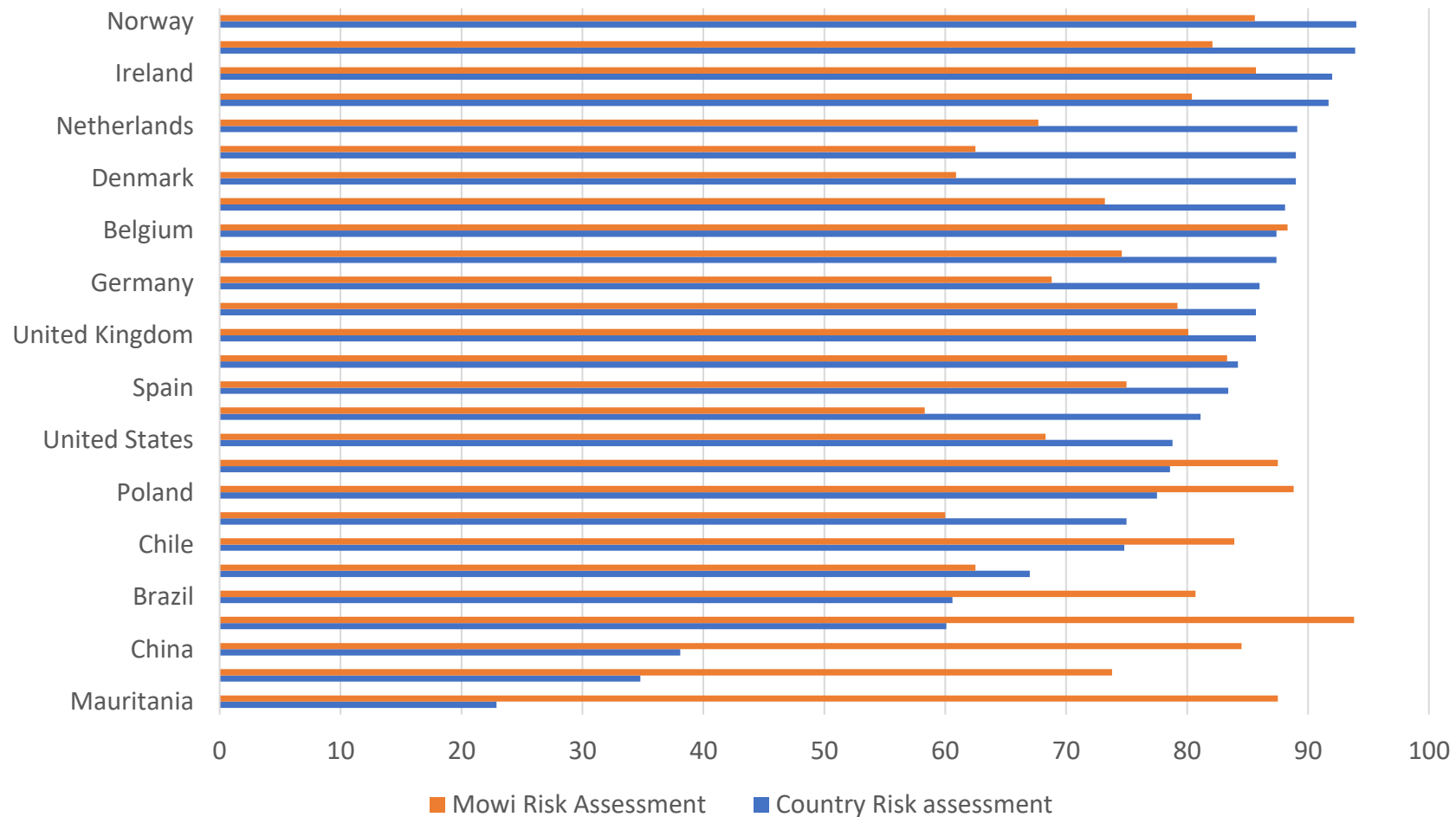
	Safe source rating on Labor Rights (Country rating)	Mowi assessment: supplier rating on Labor Rights
Excellent: > 95%	11997 (31,5%)	8 (4%)
Good: > 75%	13849 (36%)	190 (84%)
Early Warning: > 40%	12191 (32%)	26 (12%)
High Risk: ≤ 40%	38 (0,5%)	
	38 075	224

# Human Rights - background

Average score on Human Rights: Country risk assessment vs Mowi Risk assessment.

Comparison only possible in countries we have suppliers that have completed the Mowi Risk assessment

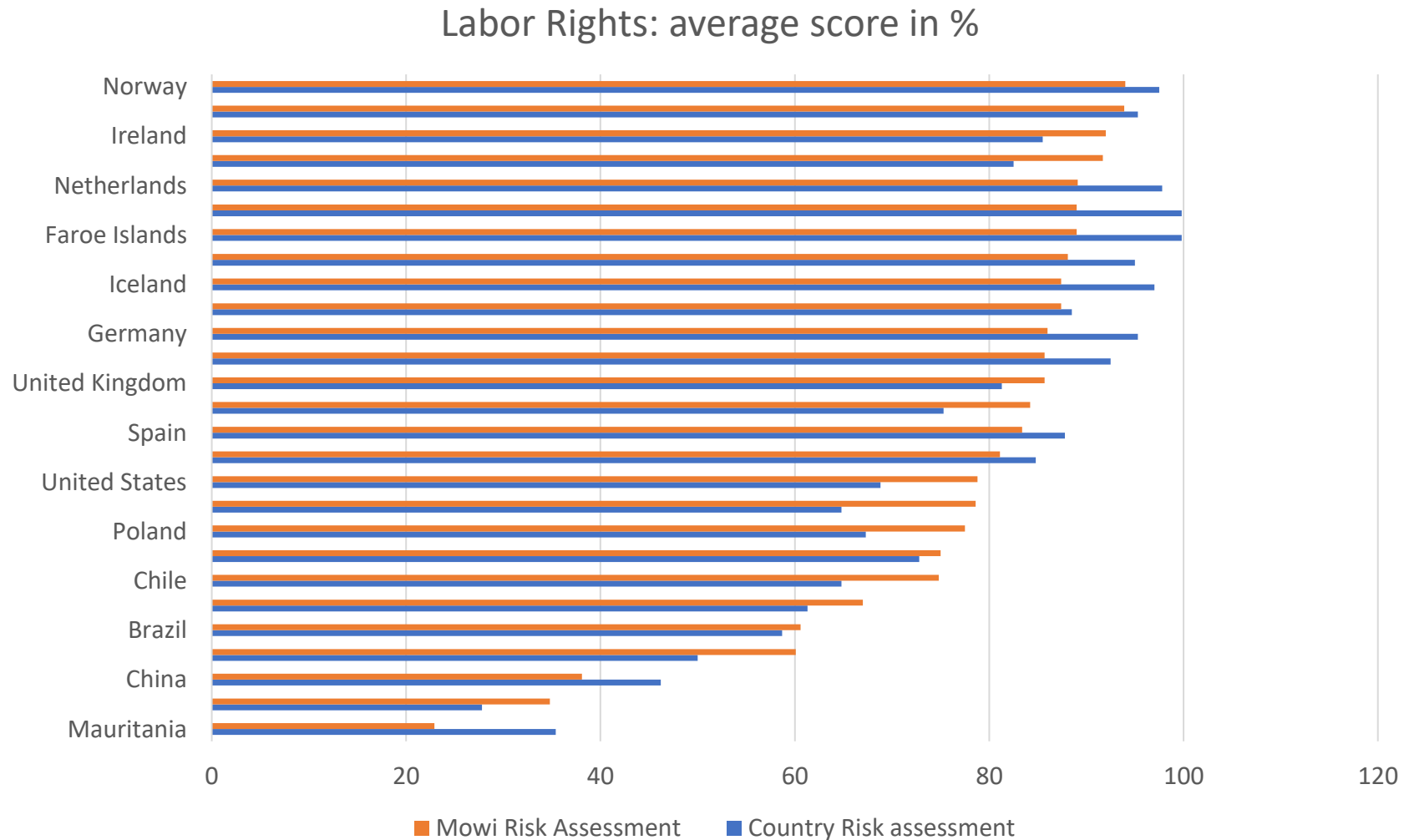
Human Rights: average score in %



# Labour Rights - background

Average score on Labor Rights: Country risk assessment vs Mowi Risk assessment.

Comparison only possible in countries we have suppliers that have completed a Mowi Risk assessment



## Transparency Act - policy statement guidance

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### **Human rights Due Diligence and implementation of The Transparency Act**

Mowi has a strong focus on communicating the results and providing information to the public and other stakeholders with an interest in our work on human rights and decent working conditions.

Questions about our work with The Transparency Act can be directed to the Group Procurement Department at any time.

Going forward, we will continue to work to standardize our Due Diligence process throughout the group.

The implementation was finalized in 2022 and we will use the first part of 2023 to make sure the output of the process is according to the expected quality and that our follow up procedures are efficient.

Updated results of the due diligence assessments will be published on our website by the 30th of June 2023.