Mowi ASA
Transparency Act Statement
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Mowi

Mowi is the world’s largest producer of farm-raised salmon measured by both volume and turnover. We offer seafood products to more than 70 countries, are represented in 26 countries and employ 11,500 people.

Scope and responsibility according to the Transparency Act

The Transparency Act and the OECD guidelines for multinational enterprises support the United Nations Guiding Principles (UNGP). The Transparency Act imposes a legal obligation to conduct a due diligence process and recognizes the need to have processes in place to identify, prevent, mitigate, and account for how the impact on human rights and decent working conditions are addressed. It is understood that this is an ongoing activity, as risks may change over time in line with operational changes or external influences.
Corporate Governance

Organization
Mowi is organized in three business areas: Feed, Farming and Sales & Marketing.

Feed
Comprises our feed plants in Norway and Scotland.

Sales & Marketing
Includes our secondary processing, value added operations and the sales and delivery of our products in Europe, the Americas and Asia.

Farming
Incorporates our farming operations and some primary processing and filleting activities in Norway, Scotland, Canada, Chile, Ireland, the Faroe Islands and Iceland.

The business areas are run by COO’s represented in Group Management. All business units reports to the COO’s and are individually responsible for complying with group policies. It is the business unit management that is responsible for systematically follow up risk in the supply chain and take necessary actions.
Policies and procedures

Through our policies and procedures, Mowi have set a clear tone from the top. Ethical business conduct is a core element in our ability to engender trust and is an integral part of the Mowi Way and our core values.

To achieve these goals, Mowi have implemented several policies on group level to mitigate potential risks and ensure our focus on human rights and decent working conditions.

• Mowi Code of Conduct
• Mowi Sustainable Salmon Feed Policy
• Mowi Emerging Feed Raw Materials Policy
• Mowi Human Rights Policy
• Mowi Diversity and Inclusion Policy
• Mowi Procurement Policy
• Mowi Health and Safety Policy
• Mowi Whistle Blower Policy
• Mowi Community Engagement Policy

Policies regarding human rights and decent working conditions

Human rights are at the core of a sustainable business. Our commitment to human rights in our operations, as well as our supply chain, is held in close collaboration with our vision Leading the Blue Revolution, our Sustainability Plan, our Code of Conduct, and the business strategy as a whole.

Mowi’s commitment on human rights is based upon internationally recognised human rights principles, such as the Universal Declaration of Human Rights, the United Nations Global Compact, The United Nations Guiding Principles on Business and Human Rights and the International Labour Organisation’s Core Conventions. The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human and labour rights, the environment and anti-corruption.

There are several internal programs in Mowi that are important elements in identifying, preventing, mitigating and remedying adverse human rights impacts within our operations and in our supply chain. This includes our Code of Conduct and business ethics efforts, our global policies, employee surveys, health and safety programs, the privacy program, whistleblowing and grievance mechanisms, monitoring of fair working conditions, collaboration with labour unions, the diversity and inclusion program, learning programs, local community engagement efforts and interaction with indigenous people.
Due Dilligence process

Supply chain management
Mowi have a risk-based approach towards our supply chain. Country risk has been a central part of this mapping. To do this efficiently, thoroughly and transparently a standardised due diligence process is implemented, using a system to perform risk assessments on suppliers across the group by analysing several key factors. Through this process, all suppliers have been assessed and given a risk rating, and based on these ratings we prioritise our efforts towards the relevant suppliers. Mowi have 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.

Onboarding of suppliers
All new suppliers are classified as either critical or non-critical, and the scope of the onboarding process is determined by the supplier’s classification, and the supplier’s country risk rating.

Mowi operates with four risk categories, based on the supplier’s self-assessment and the external risk rating:

- **Excellent** > 95% (GREEN) (LOW RISK)
- **Good** > 75% (BLUE) (LOW RISK)
- **Early Warming** > 40% (AMBER/ORANGE) (MEDIUM RISK)
- **High Risk** ≤ 40% (RED) (HIGH RISK)

Critical suppliers must complete a full Mowi risk assessment before approval. Non-critical suppliers will first be assessed and risk rated using global indices to determine the risk level.

- Non-critical suppliers rated as a Low risk (Good and Excellent), may be approved by accepting the Mowi Code of Conduct (“fast track”).
- Non-critical supplier rated as Medium or High risk (Early warning or High) must complete a Mowi full assessment before approval.
Mowi conduct a broad due diligence in accordance with the Transparency Act and the OECD guidelines. Our process follows the six-step process of OECD and is a project in continuous development. The due diligence process is based on the following risk ratings and procedures for risk assessment and follow up.

- **Country based risk assessment** is based on recognized global indexes. This score indicates geographical risk connected to human rights and decent working conditions.

- **Mowi full assessment** - risk is assessed through a self-assessment by the Suppliers based on Mowi specific questions and engagement with suppliers.

- **The Self-Assessment** includes the following steps:
  1. Mowi Code of Conduct compliance (required for all suppliers)
  2. Specific topics related to Environmental, Social and Governance (ESG)
  3. Industry/product specific topics
Business Unit Governance Groups

Business Unit Governance Groups creates a follow up plan for suppliers with a high risk, red flag or medium risk. Based on the results from the follow up plan the Business Unit Governance Groups may approve or reject the supplier. The follow up plan consists of actions such as, but not limited to, risk assessment, investigation, audit, mitigation, remedy or review, that are considered reasonable for the business to take to confirm facts or details before approving or rejecting the supplier.

Supplier approval

Approval of suppliers is done on the basis of the supplier risk assessment and rating and the input from the Business Unit Governance Groups.

- Suppliers with a risk rating of Excellent and Good can be approved without further follow-up.
- Suppliers with a risk rating of Early Warming and High Risk require a plan for further supplier engagement prepared by the local Business Unit Governance Group, involving relevant resources dependent on risk area. All engagement and outcome should be documented.

Suppliers not complying with Red-flag questions should not be approved as a supplier. “Red flags” are questions where Mowi requires the supplier to comply. An example is compliance with Mowis Code of Conduct.
Identify and mitigate potential risk and adverse impacts

Overall findings based on country risk assessment

Mowi source from suppliers in 66 different countries, and all these countries have a country risk assessment.

Our findings show that 65% of our suppliers are located in countries with low risk, based on overall country risk rating, and 35% of our suppliers are located in countries with a medium overall country risk rating. Mowi have one supplier in a country with a high country risk rating, and this supplier has been through a full Mowi risk assessment.

Full Mowi risk assessment

All critical suppliers have completed the full Mowi risk assessment. For the suppliers with high risk as a result of this assessment an engagement process has been initiated.

Actual adverse impacts on human rights or decent working conditions have not been identified linked to these suppliers. However, potential risks have been identified and in some cases a lack of barriers mitigating such risk. In these instances, we are engaging with the supplier.

Human rights and labour rights based on country risk assessment

Country risk ratings on human rights and labour rights indexes are used to identify adverse impacts on human rights and decent working conditions in the supply chain.

On human rights the risk assessment is based on average human rights score for the country. This average score is based on eight different indexes: access to education, civil and political rights, freedom of association, freedom of press, gender development index, human development, human rights and well-being (life expectancy).

On Labour rights our assessment is based on the average labour right score for the country. This average score is founded on seven indexes which includes free of child labour, gender inequality, global slavery, labour rights, workers’ rights,
working hours, working poverty. In addition to the average score, we have also paid close attention to the child labour index and global slavery index since they are assessed as the most critical risks due to the potential impact if this occurs.

Suppliers in Mauritania, India, China and Vietnam have been identified with a high-risk rating on human rights risk with an average human rights score on 40 or below despite the overall higher country risk rating. Another finding was that out of these four human rights high risk countries, one country (India) also has a high risk score on labour rights. Thus, it is the suppliers in India that have the highest salient risk on human rights and decent working conditions.

High-risk ratings on human rights indexes in the mentioned countries are related to access to education, freedom of press, gender development, human development and life expectancy. High risk ratings on labour rights indexes are related to global slavery, child labour, and working hours.

One of the suppliers in India is defined as a critical supplier and have completed the Mowi full risk assessment. The supplier has documented internal policies related to human rights, prohibition of child labour, prohibition of slavery and freedom of association (to mention some). Human rights compliance and labour rights compliance are confirmed and at a considerably lower risk compared to the country score.

Feed raw material suppliers

Through the ongoing due diligence, and follow up actions described above, Mowi found that there is a significant risk of adverse impact on human rights and decent working conditions in the sourcing of feed raw materials.

Investigations identifies five high risk countries for feed raw material suppliers: China, India, Mauritania, Peru and Brazil. Initially these five countries were prioritised in implementing engagement plans, and currently Mowi is also engaging with all other feed raw material suppliers to create engagement plans to improve their risk rating.

All existing feed raw material suppliers and manufacturers are requested to complete the Mowi Risk assessment. For all new suppliers of feed raw materials Mowi requires them to undergo a Mowi Risk assessment, and formal approval is carried out before contracts are signed.

All suppliers with low scores or red flags based on assessment are included in an engagement process. Follow up activity depends on supplier and assessment score and can be email, specific actions, physical or digital meetings and audits by Mowi or 3rd party if required. The aim is to ensure common understanding, avoid misunderstandings and agree on an improvement plan or action for further cooperation. All engagements are documented. There are examples of suppliers being temporarily blocked pending implementation of an agreed improvement plan or feedback on specific topics. If the supplier is not willing to partner with Mowi to improve the supplier is kept in blocked status.
If the continent has below 1% of our global suppliers it is not shown in the map.
Way forward

Going forward Mowi have identified further actions to continuously improve our process of identifying and mitigating potential risks and adverse impacts. One key element is to secure that our local teams can identify risk and partner with suppliers and local stakeholders to mitigate risk.

Our goals

- Identify risk in the supply chain, especially related to human rights and labour rights.
- Mitigate risk and adverse impact with the goal of a supply chain with a low risk profile.
- A unified understanding of supply chain risk across the Mowi group.
- All engagement results are documented.

To achieve these goals Mowi have defined the following action points

1. Optimize the structure where local business units have the responsibility to identify and follow up on potential risk and adverse impacts and secure continuous development of the work of the Business Unit Governance Groups.

2. Refine guidelines and training for how to manage and document risk in the supply chain.

3. Partner with suppliers and other stakeholders to improve on human rights and labour rights due diligence.

4. Include more Mowi suppliers to the group that receive the full Mowi risk assessment.

5. All suppliers with a high country risk on labour rights and human rights index will complete the full Mowi risk assessment.