



ESG impacts through the value chain

Mørenot is driving the development of fishing and aquaculture solutions that will help ensure that the oceans can feed future generations in a sustainable manner. Mørenot’s environmental impacts mainly relate to transportation and distribution, products with chemical substances such as copper in anti-fouling treatment of aquaculture nets, waste and end-of-life products, such as used nets and ropes, and greenhouse gas emission at production and service sites.

Employees operating heavy machinery are exposed to health and safety risks. This is a key social impact and Mørenot works to continuously improve efforts made in this area. Potential governance issues are mainly related to operations, suppliers and customers in countries with high ESG risks. Diligence is needed to ensure labor and human rights, integrity, intellectual property protection, and anti-corruption.



Raw material supply

- › Waste management in supply chain (e.g. microplastic, steel)
- › Energy consumption in raw material production
- › Health and safety in supplier operations
- › Labor conditions and human rights in supply chain
- › Supply chain transparency and business ethics in procurement practices



Production

- › Local pollution stemming from own operations (e.g. copper emission from anti-fouling)
- › Waste management and recycling
- › Transportation throughout the value chain
- › Health and safety at own production sites
- › Labor conditions and human rights at own production sites



Management and marketing

- › Green innovation and marketing
- › Product safety, reliability and traceability
- › Diversity and anti-discrimination
- › Employee education and development
- › Anti-corruption and bribery
- › Anti-competitive behavior



Customer / end user

- › Water pollution and end-of-life product mgmt. (e.g. microplastic)
- › Products’ effect on marine life (e.g. bycatch)
- › GHG emissions
- › Fish welfare
- › Net robustness (e.g. prevent fish escapes)
- › HSE at fishing vessels

| Key ESG goals | Efforts 2019 | Performance | Ambitions 2020 |
|--|--|--|---|
| 1. Attractive employer | <ul style="list-style-type: none"> › Conducted employee satisfaction survey and evaluated results. › Developed and tested digital ethics training module. › Moved Head Office from Søvik to a central location in Ålesund. | <ul style="list-style-type: none"> › eNPS: -5 % › Lost Time Injury: 1.0 › Sick-leave (Norway): 5.22 % › Employee turnover (Norway): 8.7 % › 3 % of employees completed digital ethics training. | <ul style="list-style-type: none"> › Increase eNPS with focus on internal communication and responsibilities. › 100 % employees at major sites to complete digital ethics training. › 100 % employees at major sites to complete digital HSE training. |
| 2. Resource efficient operations | <ul style="list-style-type: none"> › Established 3 return points for recycling of nets. › Introduced CO₂ drying technology that reduces energy consumption when drying aquaculture nets. | <ul style="list-style-type: none"> › 2019 GHG emissions: Scope 1: 2,658 tCO₂e Scope 2: 1,169 tCO₂e › 1/11 service stations with CO₂ dryers. | <ul style="list-style-type: none"> › Implement CO₂ dryers for 3 more service stations and at the factory in Lithuania, thereby reducing Scope 3 GHG emissions. › Define KPIs to measure waste management. |
| 3. Supply chain ethics and transparency | <ul style="list-style-type: none"> › Formulated and distributed a Supply Chain Code of Conduct that all suppliers should sign up to, covering human rights, environmental impacts, money laundering and integrity. | <ul style="list-style-type: none"> › 19 % of purchasing value from suppliers that have signed the Mørenot Supply Chain Code of Conduct. › 10 supplier audits completed with no major findings. | <ul style="list-style-type: none"> › 50 % of purchase value from suppliers that has signed the Supply Chain Code of Conduct. › 20 supplier audits completed. |
| 4. Sustainable product offering | <ul style="list-style-type: none"> › Released 2 products that fulfill the company definition of <i>sustainable product</i>: Net Robot and Coated Longlines (no tarred). › In process of developing a bio-degradable net, new types of anti-fouling to help replace copper, and steerable trawl doors and deflectors to reduce fishing vessel fuel consumption. | <ul style="list-style-type: none"> › 2 products fulfill company definition of <i>sustainable product</i>. | <ul style="list-style-type: none"> › Introduce 3 new <i>sustainable products</i> to the market. |



Key risks and opportunities identified in the 2019 climate analysis

- › **Chronic physical risk:** Collapse in certain markets as fish migrate due to warming waters, however potential opportunities for increased demand in new markets.
- › **Acute physical risk:** Extreme weather events (e.g. floods and storms) causing a) physical damaged to company assets, b) supply chain disruptions, and c) increased demand for robust fishing equipment.
- › **Opportunity:** Help reduce customers' footprint by developing environmentally friendly fish nets and technical solutions that reduce fuels consumption.