

EWOS AS' report under the Norwegian Transparency Act

November 21, 2022

1. Background

1.1. About EWOS AS

EWOS AS (“EWOS”) is a leading and trusted supplier of feed and nutrition for the aquaculture industry in Norway. The company produces aquaculture feed, in the form of extruded pellets, for salmonids, which include Atlantic salmon and Rainbow trout. EWOS offers an extensive range of salmonid feed, from “standard feed,” which addresses the needs of salmonids at each stage of their life cycle, to “functional feed,” which supports the growth and health of salmonids in stressful/challenging situations.

EWOS was acquired by Cargill Incorporated (“Cargill”) in October 2015 and continues to be wholly owned by Cargill, maintaining the EWOS brand name and legal identity in Norway. EWOS’ business around the world was combined with Cargill’s warm water aqua feed activities to form Cargill Aqua Nutrition with the acronym CQN. EWOS applies Cargill’s corporate commitments on human rights and also some business specific approaches where required.

Cargill’s purpose is to nourish the world in a safe, responsible and sustainable way. We aspire to be the most trusted source of products and services across the agricultural, food, industrial and financial markets we serve. We have 155,000 employees in 70 countries who strive to feed the world in a responsible way and improve the communities where we live and work.

EWOS owns and operates three plants in Norway that produce extruded feed pellets for salmonids. The plants are located at Bergneset in Troms, Halså in Nordland and Florø in Vestland, with the head office located in Bergen. EWOS employs 331 people and the annual sales income exceeds the limits defined in the Norwegian Transparency Act (Åpenhetsloven) that went into effect on July 1, 2022. Therefore EWOS will follow the requirements laid out by this act and report on the due diligence processes and risk assessment performed within the operation to ensure decent working conditions and respect human rights.

1.2 Organization and reporting

In a meeting June 24, 2022, the EWOS AS board made a principal decision to comply with the Transparency Act. By July 1, 2022, we published a page on our website EWOS.no informing any person how to contact the company with questions regarding how the company addresses actual and potential adverse impacts related to decent working conditions and human rights. As of November 2022, no inquiries have been received.

As a subsidiary owned by US-based Cargill, EWOS delivers its annual report and financial statement to the authorities in English. Hence, this report on the Norwegian Transparency Act (NTA) will also be in English.

Furthermore, EWOS follows its US parent’s fiscal year, the first report on the Norwegian Transparency Act is written in the fall 2022 and presented for approval by the EWOS board November 21, 2022.

1.3. EWOS' approach

The Consumer Authorities which oversee the work and reporting on the Transparency Act expect the efforts of the companies reporting on the act to be risk based and proportional. These two principles have guided the work at EWOS along with the belief that third-party certification systems are amongst the best avenues through which to channel effort aimed at achieving industry wide and lasting change – also when it comes to human rights and decent working conditions.

Making nutritious fish feed pellets means sourcing raw materials from several continents and most world oceans. High quality feed is made from a carefully formulated mixture of fishmeal, fish oil, vegetable proteins and oils, carbohydrates and binders and micro-ingredients in order to provide the nutrients required by our customers' farmed fish. In a typical recent year EWOS might source from more than 75 suppliers and producers of raw material located in over 30 countries around the world.

Several of these countries are ranking medium and high on various risk indexes related to human rights and working conditions. Since this is the area to find where risk issues in our operation are highest, most of our efforts thus far have focused on reviewing suppliers and raw material producers from these countries.

In comparison, amongst 212 suppliers within indirect procurement, only one is listed with a product originating in Thailand. The supplier of this product is an international corporation with a subsidiary in Norway which is most likely also required to report on Norwegian Transparency Act.

The final principle for our approach to the Norwegian Transparency Act is to build on related processes already in place or about to be implemented. Over the last three years, EWOS has been working toward qualification as a feed supplier according to the requirement set forth by The Aquaculture Stewardship Council (ASC). ASC is an independent non-profit and labelling organization that establishes protocol on farmed seafood while ensuring sustainable aquaculture and provides producers with a certification of environmental sustainability and social responsibility. This has, amongst other things, meant revising EWOS Supplier Code of Conduct which is based on Cargill's Commitment on Human rights and Supplier Code of Conduct.

2. Cargill on Human Rights

2.1. Commitment on Human Rights

Cargill and EWOS acts on the belief that doing the right thing sets the foundation for long-term success. Our Code of Conduct outlines our company's ethical and compliance standards for conducting business. The Code of Conduct is grounded in our seven Guiding Principles, which serve as the foundation for the behaviours expected from all our employees in all parts of the world.

Cargill's people are our greatest asset. We provide an equitable, safe and supportive workplace. Every employee receives an introduction to the Code of Conduct and Guiding Principles, which is followed by regular training to help ensure that employees' actions align with the company's commitments on business conduct and human rights.

Our Commitment on Human Rights further frames and articulates Cargill's approach and standards across our diverse business lines. Cargill does not use or tolerate the use of human trafficking, forced labour or child labour. In particular:

- the recruitment, harbouring, transportation, provision, or obtaining of a person for work or services through force, fraud or coercion for the purpose of involuntary servitude or slavery;
- any work or service not of free will, exacted under threat of penalty, including practices such as restricting movement or imprisonment, withholding wages or identity documents to force a worker to stay on the job, or entangling workers in fraudulent debt;
- any work or service by children exposing them to risks that can harm physical, mental or educational development.

Migrant or temporary foreign workers are accorded treatment and protection equal to other workers. We support the UN Sustainable Development Goals' ambitions to promote decent work for all around the world. We are also a signatory to the UN Global Compact.

2.2 Code of Conduct

Cargill's Code of Conduct outlines our company's ethical and compliance standards for conducting business throughout the world and serves as a guide for employees when they face challenging dilemmas. Our Code is grounded in our seven Guiding Principles, which are ingrained in our culture and serve as the foundation for the behaviors expected from all of our employees in all parts of the world.

2.3 Supplier Code of Conduct

Cargill's purpose is to nourish the world in a safe, responsible, and sustainable way. We understand that supply chains that support the global food system must be sustainable – balancing the needs of today with the needs of future generations. We can achieve our purpose only by working closely with our Supplier Partners. Our Supplier Code of Conduct explains how we expect farmers, producers, manufacturers, and others to work with us to fulfill that purpose — ethically and in compliance with applicable laws.

2.4. Ethics Open Line

Cargill's Ethics Open Line is available 24 hours a day, 7 days a week worldwide. Employees and third parties can submit questions or share concerns by scanning a QR code on a mobile device, completing an online form, or calling a country-specific phone number. Access is provided in many languages and anyone making a report has the option to provide contact information or to remain anonymous (where allowed by country law). We respond to all questions and take reports of potential misconduct seriously, and we handle investigations promptly, fairly, and as confidentially as possible.

3. EWOS' social risk assessment

In 2008, EWOS began to utilize a Supplier Self-Assessment Questionnaire, intended to share EWOS's expectations and assess suppliers' behaviours against those expectations. Since then, a Supplier Code of Conduct has been implemented and revised several times with ever more specified expectations towards our suppliers, human rights and working conditions included.

Implemented in January 2021 the current Code of Conduct was renamed the Cargill Animal Nutrition and Health Sourcing Policy, to differentiate clearly from the Cargill Supplier Code of Conduct. This Sourcing Policy is harmonised with the requirements in the ASC Feed Standard regarding human rights and labour conditions and is specifically referencing ILO International Labour Standards. There is a requirement for suppliers to sign to declare compliance, or to provide documentation to demonstrate at least equivalent approaches.

The Sourcing Policy has been rolled out to existing suppliers through the DocuSign system over the last year; to date, 68 suppliers to EWOS have signed, and 7 are remaining. We also have used the Sourcing Policy with new supplier approvals since January 2021.

3.2 EWOS supplier social risk assessment

EWOS has conducted significant food safety risk assessments of raw materials and suppliers for more than 20 years. Sustainability risk assessments for suppliers of raw materials like soy and palm were introduced 15 years ago and were extended to all raw materials and suppliers 5 years ago.

At EWOS we included social risks in our supplier risk assessment in 2019 as a result both from the new UK Modern Slavery Act and the requirements in the new ASC Feed Standard.

The ASC Feed Standard specifies these social requirements for suppliers and producers of primary raw material:

Ingredient manufacturers meets following Criteria:

- *Labour regulations*
- *Forced labour*
- *Children and young workers*
- *Discrimination*
- *Grievance mechanism*

Primary raw material:

- *The risk that primary raw material is produced using forced labour or the worst forms of child labour*

3.3 EWOS Social Risk Assessment Sources

The EWOS social risk assessment is based on due diligence pathways from the ASC Feed Standard.

ASC uses a Country Score Card grading countries bases on World Bank Worldwide Governance Indicators, US Department of State - Trafficking in Persons Report, Transparency International - Corruption Perception Index, and Walk Free – Global Slavery Index.

According to the procedures in the ASC assessment, no due diligence is necessary for the countries with low risks. Medium and high-risk countries must be further assessed by other pathways.

A. Certifications:

All EWOS North Sea suppliers have some type of third-party certifications, and some have multiple types of certifications. Examples include:

1. ProTerra Standard: Human rights and responsible labour rights and practices, plus responsible relations with workers and community (detailed criteria which overlaps with ASC).
2. Europe Soy Standard: Compliance with international social and labour rights (detailed criteria which overlaps ASC).

3. Marine Trust Standard: Factory and fishery level environmental and social accountability (many detailed criteria).
4. SEDEX SMETA: Based on UN Guiding Principles on Business and Human Rights (many detailed criteria on labour rights, freedom of association and grievance mechanisms).

B. Other sources:

1. Social Programs: Ethical Trade Initiative (ETI), Social Accountability International (SA8000), Blue Star Social Responsibility.
2. Corporate Social Responsible Policy (CSR): Many suppliers have CSR Policy with human rights and working conditions and recognise the UN Guiding Principles on Business and Human Rights.
3. Statements: From some suppliers we have asked and received statements on CSR, human rights, slavery, trafficking, and related issues.
4. Supplier Audits: Human rights and working conditions are parts of the audit scope, especially for suppliers outside EU/USA/Canada.
5. Risk assessments: External or Internal risk assessments (e.g. shea olein risk assessment).

3.4 EWOS Risk Assessment Methods

All suppliers used by EWOS over the last 3 years are included in the risk assessment, including traders, distributors, brokers, exporters, agents etc., and as far as possible also the manufacturers of the raw materials sourced through these.

Suppliers have been assessed for food safety risk based on Cargill procedures. They also have been assessed with respect to sustainability risks related to manufacturing and broader environmental impacts, and for social risks based on the sources outlined above.

In the ASC Country Scorecard assessment suppliers have been assessed based on the country where the manufacturing of the raw material takes place, and also the country where the primary raw material is produced (if this is a different country). Based on this the supplier and raw material combination are scored as LOW, MEDIUM or HIGH.

The supplier and raw material combinations with Medium and High are then further assessed based on certifications and other sources outlined in point B and C above.

3.5 EWOS Social Risk Assessment Results

Until present, a total 189 suppliers, raw material producers or combinations thereof have been assessed. This is significantly higher than the number sourced from annually and represents not just the suppliers we did source from, but suppliers who we could have sourced from, but chose not to for commercial reasons. Of the 189 supplier and raw material combinations 158 (84%) are in EU/USA/Canada and 31 (16%) outside EU/USA/Canada.

From the ASC Country Scorecard assessment, the supplier and raw material combinations scored as LOW are 109 (58%), MEDIUM 42 (22%) and HIGH 38 (20%).

After further assessing the 80 rated MEDIUM and HIGH above by looking at certifications and other sources, we end with LOW 168 (89%), MEDIUM 19 (10%) and HIGH 2 (1%).

Of the 21 rated MEDIUM and HIGH we have 11 in countries with high risk for stakeholder concerns. Below follows actions taken and status for those 11.

Guar meal in India (5 suppliers):

One of the areas identified as one that might be a cause for concern is Guar meal produced in India where we have 5 suppliers.

We are now in discussions with two third-party certifiers to do a more in-depth assessment of the risk related also to human rights and working conditions in our guar meal supply chains. In this instance a 3-year approach is considered; first to identifying risks, then working with stakeholders to determine situation on the ground, and lastly to identify potential mitigations and implement these if needed.

Shea olein in Burkino Faso, Mali, Ghana, Benin, Togo, Ivory Coast, Guinea (1 supplier)

Shea is a wild crop grown throughout many parklands in countries in West Africa. The collection of the shea nut is primarily done by women, organized in cooperative groups. They are engaged in collection and local processing of the nuts before selling on through their cooperatives to the processors. A sustainability assessment in 2021 that also looked at human rights and working conditions found that our supplier had a Labour Policy and a Code of Conduct including social issues that independent processors needed to adhere to. Furthermore, our supplier worked actively with stakeholders and employed third-party trainers that explained those topics during training sessions and quality audits. This assessment identified no need for additional follow up. We will reassess when the supplier provides results of its corporate human rights due diligence assessment planned for 2022.

Fish oil (2 suppliers)

Also flagged for further due diligence are two suppliers of fish oil, one in the Middle East and the other in West Africa. Both were audited in 2019, and no significant issues were discovered. The West African fishery is participating in a basic fishery improvement program (FIP) with third party monitoring by fisheryprogress.org. Whilst FIPs focus on improving fish stock management, this FIP also has a specific area on the impact of fishing on human rights and the local community. For the Middle Eastern fishery, a similar process is being developed.

Follow-ups are being considered for both suppliers, with a SEDEX self-assessment being a likely first step.

Pigment (1 supplier)

We also have looked into one supplier of pigment located in India. No further action will be taken, as the supplier is Sedex SMETA certified.

To be reviewed (2 suppliers)

No additional due diligence actions have been taken within the ASC framework for the remaining two suppliers. However, one of these is the supplier listed with a product originating in Thailand which was cleared as part of the initial review of suppliers in secondary procurement mentioned above. The other one will be followed up in coming reviews.

Under the requirements of Cargill's own human rights due diligence process and those of the Act, we will continue to monitor suppliers who operate in countries that are deemed at medium risk for stakeholder concerns. We will continue to review their risks and mitigations as part of future risk assessments and will conduct additional due diligence on those suppliers as appropriate.

Overall, we have discovered relatively few causes for concern when it comes to human rights and decent working conditions at present. Part of the reason is that there has been a review process in place over years that increasingly also has taken these issues into account. The fact that all EWOS suppliers are required to have some type of third-party certifications also contributes to this outcome will also have had an impact on this.

3.5 Conclusion

We are continuously enhancing our human rights due diligence program to identify, prevent, mitigate and account for human rights impacts in our operations and supply chains.

Human rights due diligence is foundational to our strategy to proactively identify and manage human rights impacts. We take guidance from the UN Guiding Principles on Business and Human Rights and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Business Enterprises. In certain countries and supply chains where we operate, there are particularly high, systemic risks of adverse human rights impacts. This means that we need to put in place heightened human rights due diligence to assess these risks and remediate, where appropriate.

EWOS uses the ASC Country Score Card pathway to prioritize suppliers for social due diligence covering human rights and working conditions as intended by the Norwegian Transparency Act. Further assessment is done based on relevant third-party certifications, participations in social programs, Corporate Social Responsibility reports and audits. From this the high prioritized suppliers are selected where mitigating actions have been completed or are ongoing.