

A large salmon is the central focus, swimming upwards towards the surface. The water is a deep blue-green, filled with bubbles. Several other salmon are visible in the background, some swimming in different directions. Overlaid on the image are white technical graphics: concentric circles, radial lines, and arrows pointing in various directions, suggesting a radar or tracking system. The text is positioned at the top and bottom of the image.

# SALMAR ASA

# GREEN BOND FRAMEWORK

6 APRIL 2021

**PASSION  
FOR  
SALMON**



**SALMAR**

Passion for Salmon

# Contents

Background	1
Green Terms	4
Use of Proceeds	5
Green Project Categories	6
Green Project Evaluation & Selection Process	11
Management of Proceeds	11
Reporting and Transparency	12
External Review	14



# Background

## About us

Since our inception in 1991, SalMar has developed into an integrated aquaculture enterprise with a production ranging from broodstock and smolt to value-added products and sales with presence along the Norwegian coast, in Iceland through our subsidiary Icelandic Salmon and in Scotland through our associated company Scottish Sea Farms. As one of the largest salmon farmers in the world, we have a responsibility to take care of the environment and to produce food in a sustainable manner. SalMar continuously strive to be better than yesterday, an ambition we also hold for our work on sustainability.

## SalMar's sustainability strategy

"Sustainability in everything we do" is an important pillar of SalMar's strategy and operational focus. As one of the world's leading producers of farmed Atlantic salmon, we must take care of the environment and the ocean and ensure that it is managed in a way that benefits future generations. Meeting the demand for protein from a world population that is growing in both size and wealth will require a significant increase in global food production in the coming decades. Farming of Atlantic salmon is one of the most environmentally friendly ways of producing food, with substantial savings in land use, freshwater consumption, resource utilization and greenhouse gas (GHG) emissions. Going forward, aquaculture will therefore have a crucial role in the efforts to feed future generations while also reducing the environmental impacts of food production.

SalMar aims to be in the forefront of developing an even more sustainable aquaculture industry. Our objective is to produce sustainable and healthy proteins for an ever-growing global population, while also caring for the health of the salmon. We have a strong focus on innovation, sustainable and healthy fish feed, fish welfare, pollution prevention, circularity and sustainable fish farming. Innovation for the long term is a key focus for SalMar, and our main objective is to design a habitat where the salmon can thrive, but with a minimal impact on the environment.

We developed Ocean Farm 1 ("OF1") based on this vision, making salmon farming possible offshore, outside of the areas closer to the coast where today's production is typically located. The success of OF1 has allowed SalMar to expand on its offshore strategy. Such facilities use technology specifically designed for deeper open-ocean environments and for withstanding the rougher weather conditions offshore. For this purpose, SalMar has developed Ocean Farm technology for use in exposed areas offshore and Smart Fish Farm technology for use in the open ocean.

Offshore salmon farms allow for production in the natural habitat of the salmon with optimal temperatures, stronger currents, and deeper waters. These features contribute to significant environmental advantages, including lower sea lice levels, improved water quality and reduced impact on the benthic ecosystem. Last but not least, offshore farming provides optimal biological conditions for the salmon and results from our first production trials show superior performance on several key indicators for improved fish welfare.

## Fish welfare

Fish welfare is high on SalMar's agenda and we work systematically on measures and routines linked to fish welfare. The best indicator for fish welfare is the survival rate of the fish and we are continuously working to implement appropriate measures to increase the survival rate. The production of Atlantic salmon in Norway has one of the lowest uses of antibiotics among all sources of protein. SalMar has for many years worked actively to reduce the use of antibiotics and our target is an annual antibiotics use of zero. Sea lice is another challenge in the salmon farming industry and we are working preventively to keep the levels down and apply treatment methods that minimize the negative impact on both the salmon and the environment. We have dedicated fish health personnel, who work locally, regionally and at the company level to implement the appropriate measures.

# Background

## Sustainable and healthy feed

SalMar has partnered with our feed suppliers to ensure that sustainable ingredients are used in the feed. All our feed suppliers are required to buy marine raw materials that are either MSC<sup>1</sup> certified or comply with the MarineTrust standard (or equivalent scheme), while soy ingredients should be certified according to ProTerra or the Round Table on Responsible Soy Association (or equivalent scheme).

As a measure of feed sustainability, we use the Fish Forage Dependency Ratio (FFDR), which quantifies the dependency on wild fish stocks, and the Economic Feed Conversion Ratio (eFCR), quantifying the amount of feed required to produce 1 kg of fish. In recent years, SalMar has reached significantly lower FFDR levels than the thresholds that the ASC<sup>2</sup> scheme defines as sustainable<sup>3</sup> and we are currently the only company that publicly report on the eFCR Ratio.

## Pollution prevention & circularity

Pollution prevention and limiting any negative effects on surrounding ecosystems and biodiversity are our common responsibility. SalMar focuses on continuously improving our equipment and day-to-day routines to prevent fish escapes, with a clear goal of zero escapes. We also strive to reduce our GHG emissions and have committed to setting science-based emissions reduction targets, aligned with the scale of reductions needed to meet the goals of the Paris Agreement<sup>4</sup>. SalMar is taking active measures to reduce emissions through improvements in energy efficiency, use of onshore power at sea farms and through hybrid and electrically powered farming vessels. In addition, we strongly believe that increased processing is key to achieving emission targets – local processing of the salmon reduces the weight and volume of products shipped out for transport, which in turn cuts GHG emissions.

Reducing water consumption and waste are also critical tasks on the path towards sustainability. Salmon farming generally has a low freshwater consumption compared to other types of food production.

Recirculating aquaculture systems (RAS) technology filters and recycles around 97% of the production water. It is an important part of SalMar's sustainability path to further reduce the volume of freshwater consumed at our smolt facilities. Waste management and circularity are also integral parts of SalMar's operations. Used fish farming equipment (collars, nets, mooring etc.) is reused and we are working on developing packaging solutions of reusable and recycled material aiming to reduce food waste. All by-products (including off-cuts, offal etc.) from our harvesting and processing activities are utilized in the production of ingredients for aquaculture feed and the wastewater from our hatcheries is sent to external facilities for use in the production of fertilisers and biogas. SalMar aims for further improvements in our own waste handling and work continuously to reduce the use of plastic in our value chain.

## Sustainable fish farming

High business ethics and standards are key values to SalMar. We select all new farming locations based on environmental impact assessments, survey the seabed beneath all locations regularly, and climate risk is an integral part of our risk management process. Our value chain is certified according to the strictest requirements and guidelines for sustainable aquaculture, including the ASC and Debio<sup>5</sup> certification schemes.

We have also devised our own standard for best practice to ensure that our salmon are healthy and thriving by using internal audits and monitoring, in addition to external certifications. Each year we produce an environmental balance sheet that shows the changes in our operations' impact on the environment. We also report climate and environmental data to the Carbon Disclosure Project and our annual sustainability reports are prepared based on the GRI framework.

<sup>1</sup> The Marine Stewardship Council

<sup>2</sup> The Aquaculture Stewardship Council (ASC) is an independent, international non-profit organisation with the mission of bringing aquaculture one step closer to the sustainable, environmentally and socially responsible production of salmon. This is achieved through strict and effective market mechanisms that create value along the entire value chain.

<sup>3</sup> According to the ASC standard, feed is deemed to be sustainable if its FFDR (fish meal) is <1.2 and its FFDR (fish oil) is <2.52.

<sup>4</sup> Subject to approval from the Science Based Targets initiative.

<sup>5</sup> Debio is a certification scheme ensuring compliance with the regulations for organic production and meet the requirements for marketing organic products under Debio's Ø-label, including verification throughout the value chain and regular inspections.

## 2 Zero hunger and 3 Good health and well-being

SalMar shall contribute with sustainable food. Salmon is a healthy source of protein, an important source of omega-3 and a good source of vitamins and minerals. By exploiting the potential of the sea, we also contribute to security of food supply.



## 12 Responsible consumption and production

Sustainable and efficient exploitation of our natural resources is a precondition for our operations. We will contribute to responsible production by reducing our consumption of resources and minimising food waste.

## 14 Life below water

We will utilize the sea areas we operate in a sustainable manner. We will contribute to the reduction of marine waste, both by reducing and handling our own waste properly, but also through our engagement in all the local coastal communities of which we are a part of.

## 13 Climate action

Food production accounts for a large part of the world's greenhouse gas emissions. Salmon has a low carbon and water footprint compared with other sources of protein. We will contribute to further reductions in our supply chain's carbon footprint. SalMar will take its share of the responsibility by ensuring that climate considerations become an integral part of our strategy and planning processes.

# Green Terms



SalMar intends to secure long-term profitability and growth by operating all aspects of our fish farming and processing activities in a sustainable manner. By setting up this document (the “Green Bond Framework”), SalMar aims to mobilize debt capital to promote the transition towards a low-carbon and environmentally sustainable society. SalMar secured a five year sustainability-linked revolving credit facility in the beginning of 2021, tied to several sustainability targets defined for each year in the period. This Green Bond Framework will support further achievements towards our targets. The Green Bond Framework is aligned with the Green Bond Principles published in June 2018 by the International Capital Market Association (ICMA) and defines the investments eligible for financing by green bonds issued by SalMar (“Green Bonds”).

The Green Bond Framework also outlines the process used to identify, select, and report on eligible projects and the set-up for managing the Green Bond net proceeds. The terms and conditions of the underlying documentation for each Green Bond shall provide a reference to this Green Bond Framework.

CICERO Shades of Green has provided a second party opinion, which is publicly available at our website. SalMar will assign an independent external auditor to provide an annual verification that Green Bond net proceeds has been allocated to projects in line with the Green Bond Framework.

6 April 2021

Gustav Witzøe  
*Chief Executive Officer*

Trine Sæther Romuld  
*Chief Financial Officer & Chief Operating Officer*



# Use of Proceeds



## Allocation of net proceeds

An amount equal to the net proceeds of the Green Bonds will finance or refinance, in whole or in part, investments undertaken by SalMar or its subsidiaries that promote the transition towards a low-carbon and environmentally sustainable society ("Green Projects"), in each case as determined by SalMar in accordance with the Green Project categories defined in the next pages. Green Projects will form a portfolio of assets eligible for financing and refinancing by Green Bonds.

## Financing and refinancing

Net proceeds can finance both existing and new Green Projects financed by SalMar or its subsidiaries. New financing is defined as the financing of Green Projects that will be completed or taken into use during or after the reporting period. Refinancing is defined as the financing of Green Projects completed or taken into use prior to the reporting period. The reporting period refers to the period subject to SalMar's annual Green Bond report (the "Green Bond report"), and the distribution between new financing and refinancing will be disclosed in this report.

Investments qualify for refinancing with a maximum 5 years look-back period prior to the Green Bond issuance.

## Exclusions

Green Bond net proceeds will not be allocated to operating expenditures. Moreover, investments related to fossil energy production, fossil fuel machinery and/or equipment, nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco are not eligible for Green Bond financing.

## The UN SDGs

SalMar supports the UN's Sustainable Development Goals (SDGs) and is working systematically on relevant initiatives. SalMar's approach is that efforts to promote sustainability are an integral part of everything we do and part of our continuous improvement. SalMar is implementing initiatives and activities relating to most of the 17 SDGs, though some of the goals are highlighted more clearly and will be focus areas in which the Group can make the largest contribution (outlined on p.3). In this Green Bond Framework, each Green Project category has been mapped against the SDGs in accordance with the [High-Level Mapping to the Sustainable Development Goals published by ICMA](#).

# Green Project Categories

## Sustainable food production

### Sustainable coastal fish farms<sup>6</sup>

Investments in fish farms certified, or in preparation to become certified, by the ASC or Debio salmon standards.

### Sustainable offshore fish farms<sup>6</sup>

Investments in offshore fish farms.

### Local and sustainable processing

Investments in processing facilities that are certified, or in preparation to become certified, according to the Chain of Custody (CoC) standard for ASC products<sup>7</sup>.

### Sustainable facilities for smolt production

Investments in RAS facilities for smolt production and closed net pens<sup>8</sup>.

### Environmental management and fish welfare

- Investments related to the protection, restoration and enhancement of ecosystems and biodiversity, such as escape prevention.
- Investments related to improvements in fish welfare, including sea lice management.

### Research and development (R&D)

R&D investments (capitalized R&D) aimed at improving the environmental performance of feed and feed ingredients, fish farms and processing.

## Environmentally and socially responsible production of salmon

The main environmental challenges for the salmon aquaculture industry relate to the sourcing of feed raw materials, interaction with wildlife, fish health and benthic impact. National regulations are currently not sufficient to address these challenges properly and third-party certification schemes have therefore been developed to fill the gaps and set out stricter requirements for the industry. SalMar's goal is to always be in a position to deliver fish from ASC- and Debio certified farms.

### SalMar's commitments

- eFCR less than 1.13 by 2025
- 100% ASC/Debio certified farms by 2025
- Zero antibiotic use annually
- Survival rate exceeding 97% by 2025
- Share of harvest volume sent to local value added processing exceeding 42.5% by 2025



<sup>6</sup> The fish farms will use 100% sustainable and deforestation-free feed, certified through either the MarineTrust Standard or MSC (for the marine ingredients) and through ProTerra or RTRS certification (for the soy ingredients).

<sup>7</sup> The CoC standard ensures that ASC certified seafood originates from a farm certified by the ASC.

<sup>8</sup> Closed net pens are a new type of farming unit, with a closed tank placed in the sea where the water is filtrated and pumped in from below the unit.



## Renewable energy



### Electrification and renewable energy

- Investments in the electrification of fish farming sites by connecting them to onshore power.
- Investments in the installation of renewable energy technology and battery packs to power fish farms.

### Electrification of fish farms

SalMar is taking active measures to increase the use of renewable energy and improve the energy efficiency in our production and operations. We are electrifying more sea facilities via onshore power by establishing electrical cables from onshore out to the fish farms. This contributes to substantial GHG emissions and we will continue the process of electrifying our value chain.

### SalMar's commitments

- Reduce absolute and intensity based Scope 1 and 2 GHG emissions by 35% (compared to 2018) by 2030
- Reduce absolute Scope 3 GHG emissions by 35% (compared to 2020) by 2030



## Clean transportation



### Low-carbon vessels

Acquisition of fully electric or hybrid aquaculture vessels, or investments in the upgrading of vessels with battery packs.

### Low-carbon infrastructure

Investments in infrastructure supporting low-carbon transportation, such as electric charging points.

### Zero and low-carbon transport

Investing in zero and low-carbon solutions for aquaculture service vessels is important in order to reduce the carbon footprint of the industry. In 2016, SalMar put the world's first completely electric aquaculture workboat into operation. The workboat operates at one of our sites in Møre & Romsdal County in Norway and expands the range of applications for electrically powered vessels. In 2020, SalMar has also entered into agreements to lease the world's first hybrid battery wellboat.

### SalMar's commitments

- Transition towards a fleet of 100% electric and hybrid vessels
- Reduce absolute and intensity based Scope 1 and 2 GHG emissions by 35% (compared to 2018) by 2030
- Reduce absolute Scope 3 GHG emissions by 35% (compared to 2020) by 2030



## Water and wastewater management



### Wastewater treatment

Investments in measures that improve wastewater treatment, leading to reduced volumes of wastewater or improved water quality. Measures may include technical solutions leading to more concentrated wastewater to facilitate its disposal or upcycling for other productive purposes, such as fuel for biogas and soil fertilizer.

### Water-use efficiency

Investments related to improving freshwater use efficiency through technological improvements at the hatcheries, harvesting and processing plants (minimum 30% efficiency improvement), including for example plants implementing RAS technology.

### Improving the efficiency of wastewater systems and water use

Many aquaculture systems generate high amounts of wastewater containing substances such as solid waste, nitrogen and phosphorus, and measures to improve the efficiency of the treatment systems is therefore important. Other important water-related measures are improvements in freshwater efficiency, so that water resources are not depleted. SalMar's freshwater use is mainly linked to our hatcheries and the harvesting and processing plants. The transition to RAS technology in our hatcheries has contributed to a more than 10-fold reduction in our water consumption.

#### SalMar's commitments

- Wastewater from our hatcheries is sent to external facilities for use in the production of fertilisers and biogas
- Transitioning to RAS technology is an important part of SalMar's sustainability path to improve the freshwater efficiency of our facilities





# Waste management and circular economy adapted products, production technologies and processes

## Waste management

Investments in measures contributing to an efficient management of waste. These measures will aim to:

- Improve the sorting of materials at our sites
- Reducing biological and plastic waste
- Increase the reuse of packaging and used fish farming equipment

## Circular economy adapted products, production technologies and processes

Investments in the development of resource-efficient products and solutions, such as new net and packaging designs with a significantly higher rate of recycled plastic or significantly higher rate of material with a lower carbon impact compared to conventional alternatives.

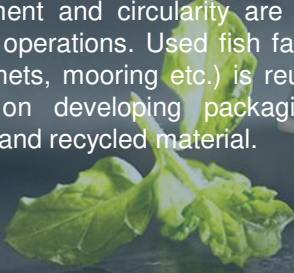


## Moving towards better waste management practices and circular economy adapted solutions

The amount of waste generated globally is rising at alarming rates, often ending up in water bodies and the oceans with a negative impact on wildlife and biodiversity. Plastic pollution has become a particularly severe problem with huge amounts of plastics released into the oceans every year. Waste management and circularity are integral parts of SalMar's operations. Used fish farming equipment (collars, nets, mooring etc.) is reused and we are working on developing packaging solutions of reusable and recycled material.

### SalMar's commitments

- We aim for further improvements in our waste management by working to reduce the use of plastic across the value chain
- By-products from our harvesting and processing activities are utilized in the production of ingredients for aquaculture feed



# Process for project evaluation and selection

## Allocation of Green Bond proceeds

SalMar's overall management of environmental, social, corporate governance and financial risks is a core component of our decision-making processes. When establishing new sites, we thoroughly assess the impact it will have on the environment and on fish welfare, and we regularly survey the seabed beneath all locations. Assessment of climate risk is also an integral part of our risk management process. The process for evaluation and selection of Green Projects will follow the same standard decision-making process.

## Green Project evaluation and selection process

Green Projects shall comply with the eligibility criteria defined under the Green Project categories. The process of evaluating and selecting eligible Green Projects as well as the allocation of Green Bond proceeds to eligible Green Projects comprise the following steps:

- i. Experts and representatives within SalMar evaluate potential Green Projects, their compliance with the Green Project categories, and their environmental benefits.
- ii. A list of the potential Green Projects are presented to SalMar's Green Bond Committee. The Green Bond Committee is solely responsible for the decision to acknowledge the project as green, in line with the Green Project categories.

Green Projects will be marked as green in a dedicated "Green Portfolio". A decision to allocate net proceeds will require a consensus decision by the Committee. The decisions made by the Committee will be documented and filed.

## Green Bond Committee

SalMar has established an internal Green Bond Committee, responsible for the process of selecting and evaluating Green Projects. The Green Bond Committee consists of members from Management, Sustainability, Operational/Technical, Quality and Finance functions. Only such assets and projects that comply with the Green Project categories defined in the use of proceeds section of this Green Bond Framework are eligible for Green Bond financing. The Green Bond Committee will keep a register of all Green Projects, and to ensure transparency and traceability, all decisions made by the committee will be documented and filed.

The Green Bond Committee will convene every six months or when otherwise considered necessary. For the avoidance of doubt, the Green Bond Committee holds the right to exclude any Green Project already funded by Green Bond net proceeds. If a Green Project is sold, or for other reasons loses its eligibility, funds will then follow the procedure defined in the management of proceeds section below until reallocated to other eligible Green Projects.

# Management of proceeds

## Tracking of Green Bond net proceeds

SalMar will use a Green Portfolio to track the allocation of net proceeds from Green Bonds to Green Projects. The purpose of the Green Portfolio is to ensure that an amount equal to the Green Bond net proceeds support the financing of Green Projects or to repay Green Bonds.

The management of proceeds will be reviewed by an external auditor appointed by SalMar.

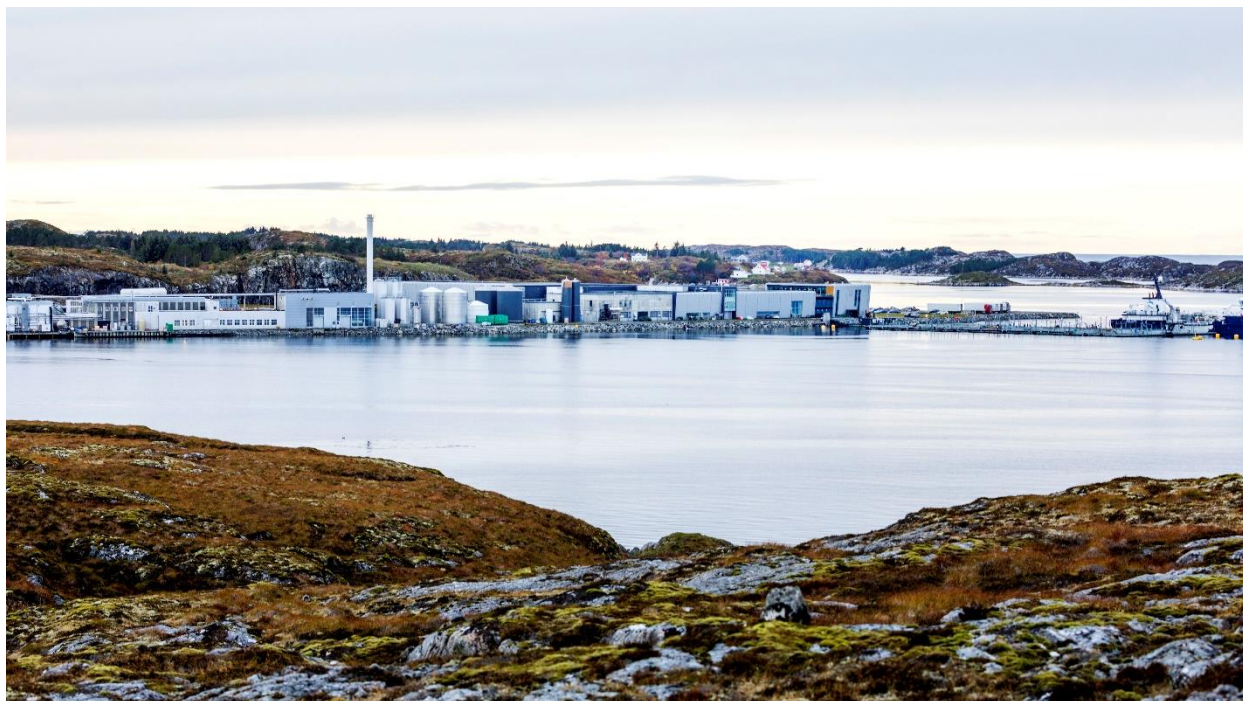
## Temporary holdings

Unallocated Green Bond net proceeds may temporarily be placed in the liquidity reserve and managed accordingly by SalMar.

## Exclusions

SalMar will not place any temporary holdings in entities involved in fossil energy production, fossil fuel infrastructure, nuclear energy generation, weapons and defense, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

# Reporting and Transparency



SalMar will annually and until maturity of the Green Bonds issued, provide investors with a report (the “Green Bond Report”) describing the allocation of proceeds and the environmental impact of the Green Projects. The report will be made available on our website

## Allocation reporting

Allocation reporting will include the following information:

- i. A summary of Green Bond developments.
- ii. The outstanding amount of Green Bonds issued.
- iii. The balance of the Green Projects in the Green Portfolio, any temporary investments and the available headroom in the balance of the Green Portfolio (if any).
- iv. The total proportion of Green Bond net proceeds used to finance new Green Projects (completed or taken into use during or after the Green Bond reporting period) and the proportion of Green Bond net proceeds used to refinance Green Projects (completed prior to the Green Bond reporting period).
- v. The total aggregated proportion of Green Bond net proceeds used per Green Project Category.

## Impact reporting






The impact reporting aims to disclose the environmental impact of the Green Projects financed under this Framework, based on SalMar’s financing share of each project.

As SalMar can finance a large number of smaller Green Projects in the same Project Category, impact reporting will, to some extent, be aggregated.

The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis.

The impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table on the next page.



Green Project Category	Key Performance Indicators (KPIs)	SDG
Sustainable food production	<p><b>Sustainable fish farms &amp; Environmental management and fish welfare</b></p> <ul style="list-style-type: none"> <li>• Share of ASC- or Debio certified sites</li> <li>• No. of fish escapes from the sites</li> <li>• No. of sea lice observations above threshold</li> <li>• Antibiotic use (gram active ingredient per tonne of biomass produced)</li> <li>• Survival rate (12-month rolling survival rate, %)</li> <li>• % of sites with minimum benthic impact (MOM-B score below 2)</li> </ul> <p><b>Local and sustainable processing</b></p> <ul style="list-style-type: none"> <li>• Share of harvest volume sent to local value added processing</li> </ul> <p><b>Research and Development</b></p> <ul style="list-style-type: none"> <li>• Type of project and purpose</li> </ul>	
Renewable energy	<ul style="list-style-type: none"> <li>• Share of electrical powered farming sites</li> <li>• GHG savings compared to conventional technology or compared to pre-investment situation (tonnes per year)</li> <li>• Reduction in GHG emissions from Scope 1 and 2 (kg CO<sub>2</sub>e)</li> <li>• Reduction in GHG emission intensity from Scope 1 and 2 (kg CO<sub>2</sub>e/tonnes produced)</li> <li>• Reduction in Scope 3 (kg CO<sub>2</sub>e)</li> </ul>	
Clean transportation	<ul style="list-style-type: none"> <li>• Share of vessels which are hybrid- or electrically powered</li> <li>• GHG savings compared to conventional mode of transport (tonnes per year)</li> </ul>	
Water and wastewater management	<ul style="list-style-type: none"> <li>• Share of smolt production from RAS-facilities</li> <li>• Freshwater savings (% and/or million m3 per year compared to annual freshwater use of a flow-through facility of similar capacity)</li> <li>• Volume of solid sludge collected and treated for re-use</li> </ul>	
Waste management & Circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> <li>• Volume of waste that is prevented, minimised, reused or recycled</li> <li>• Recycled plastic content in the plastic packaging (%)</li> </ul>	

# External Review



SalMar's ASC sites Indre Bringenes and Vindhammarneset in Mefjorden on Senja in Northern Norway

## Second party opinion

CICERO Shades of Green has provided a second party opinion to this Framework verifying its credibility, impact and alignment with the ICMA Green Bond Principles 2018.

## Assurance

An independent external auditor appointed by SalMar will provide, on an annual basis, limited assurance that an amount equal to the Green Bond net proceeds has been allocated to Green Projects.

## Publicly available documents

The Green Bond Framework and the second party opinion will be publicly available on SalMar's website, together with the limited assurance and the annual Green Bond Report once those have been published.

