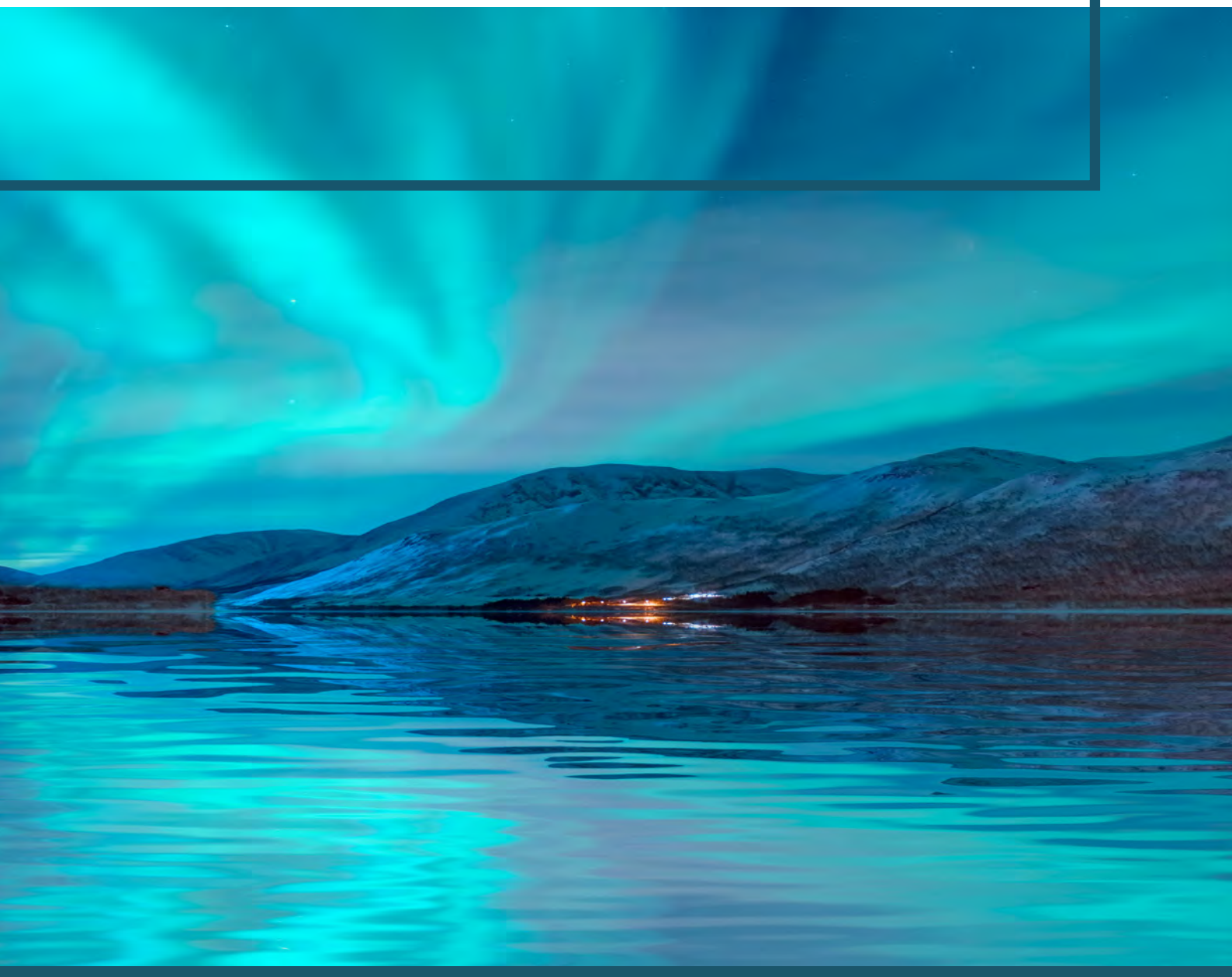
SMART SALMON

ESG & IMPACT REPORT



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ABOUT THIS REPORT

Smart Salmon ESG & Impact Report (the Report) details our ambitions, goals and targets on environmental, social and governance (ESG) policies. Data in this Report covers the stage of the Smart Salmon business operations by March the 1st of 2022.

As we navigate the rapidly evolving space of ESG frameworks, standards and guidelines, we have leveraged the advice and guidance of an independent organization, Hatch Blue, a company active in venture capital and innovation consulting in the aquaculture sector. With the support of Hatch Blue, we have identified issues to prioritize our disclosures and effectively communicate to our stakeholders our goals and targets for Smart Salmon ESG reporting. We will continue to evaluate these topics in the future and, accordingly, our ESG disclosure may evolve over time.

CEO STATEMENT

“Sustainability is an integrated part of Smart Salmon’s business strategy for land-based salmon production. Supplying the world’s fast growing population with sustainable, protein rich and nutritious food is a growing challenge. As the world looks for different ways dealing with this challenge, we are quite convinced that land-based farming is clearly part of that solution”

The salmon farming sector has experienced a ten-fold growth since the start in the late seventies. We, the Smart Salmon founders, were part of this development almost from inception and formed part of a small group of early pioneers who were quite literally testing the waters of farming Salmon as a business.

My brothers, Stig and Ole started in the salmon farming industry in the late 80’s and by the 90’s they were running farms. I worked at my brothers’ farms on weekends and holidays and after a career in finance, I joined my brothers’ farming business again from 2004. Since back then, the aquaculture industry has grown to be the second largest industry in Norway and positioned Norway to be the world´s second largest seafood exporter in the world.

It is today a multi-billion dollar sector and a multi-billion dollar supply chain has evolved with it. More so, Norway has exported that Salmon farming knowledge around the world and Chile, Scotland, Canada and Australia are now major producing countries themselves. However, we acknowledge that this expansion came at a price: Salmon farming impacts the environment.

While considerably less than other livestock production, the potential to make aquaculture more sustainable is still high. In a world where resources are becoming scarce, global population is increasing and the food production sector is responsible for almost 25% of greenhouse gas emissions, we have to reprioritise our values: Including responsible aquaculture practices to ensure long term value to our shareholders and contributing to reducing our environmental impact to ocean ecosystems and local communities.

Moreover, thinking sustainably needs to become part of our DNA and virtually every business decision we make, we have to include social and environmental outcomes as equally important factors next to profit. When we think “return of investment”, we think so not only in a monetary sense but equally in an ecological and sociological sense and within the planetary boundaries that will keep our oceans healthy and provide prosperity for future generations.

Smart Salmon was founded on the objective to push the boundaries of sustainable fish farming. We are incorporating responsible practices across our entire value chain. We are tackling Salmon farming´s biggest ecological challenges, whether it is the sea lice parasite, the impact of farm-effluent water on coastal ecosystems or lowering its carbon footprint.

We are combining unparalleled expertise and decades-long experience in farming with state-of-the-art, land-based recirculation aquaculture system technology to become a role model of contemporary fish farming. Starting with production of large smolt in Norway is vital for the sucess of our farming operations, where fish farming and RAS expertise is prevalent. In France, we will take advantage of our learnings to successfully scale our operations abroad.

Our goal is not only to produce the least-possible footprint of salmon ever produced to date, we are also aiming to improve the value chain around us by working with partners who have a similar vision to ours. This includes first and foremost the use of sustainably-sourced feed and feed ingredients - the single largest input in fish farming. Overall we see ourselves as catalysts for a future where Salmon farming can meet the demands of modern societies in which a “license to operate” is not merely a buzzword, but an essential prerequisite for any successful business.

We created this document to highlight where we were already successful towards achieving sustainable Salmon farming, but also where we still have to improve. The document further details our ultimate ambitions that we want to get benchmarked against by our stakeholders and the public. We are proud to be farmers and excited about the future of aquaculture.

Sincerely,

PETTER BAKKE
CEO & Farmer

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INTRODUCTION TO AQUACULTURE

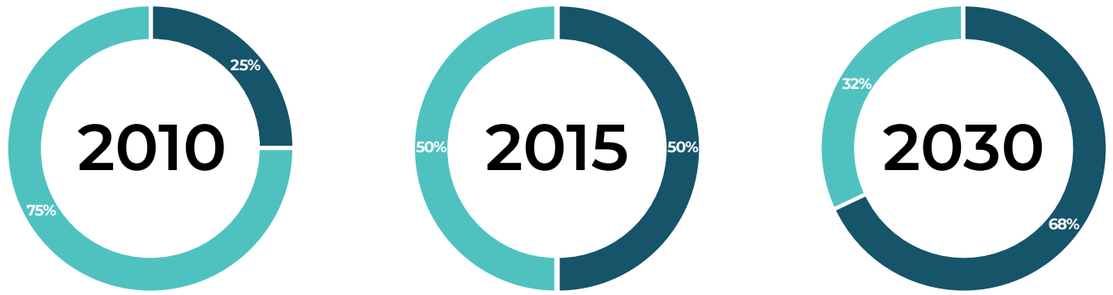
Main challenges in the food value chain

To feed a projected population of 9.7 billion in 2050, food production must increase by up to 70%. A large proportion of this demand increase will be for animal protein by an anticipated three billion new middle-class consumers. However, climate change and its effect on changing precipitation levels, rising sea levels, and higher temperatures are increasing challenges associated with food production. Sustainably meeting future food demand must include producing more seafood with less impact on natural systems, for which aquaculture will play a critical role.

Aquaculture is one of the fastest growing protein sectors in the world

In recent decades, The Food and Agriculture Organization of the United Nations have reported that many wild fish stocks are being fully exploited and average global capture trends are either stagnating or declining. Aquaculture production has grown to compensate, and now provides more than half the seafood consumed globally.

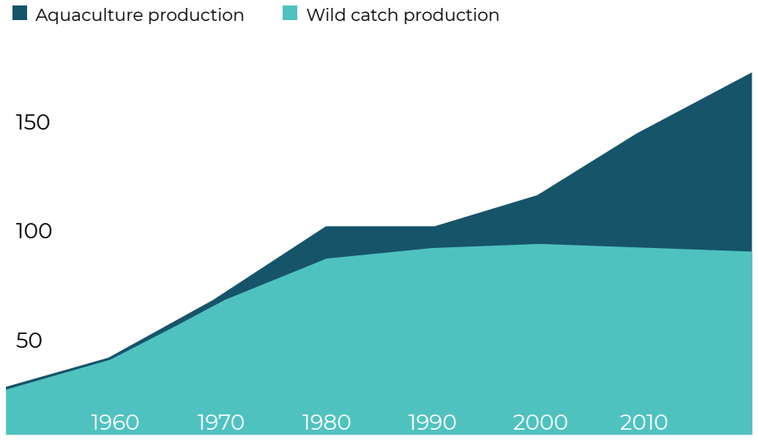
Global wild catch production vs Aquaculture production[1]



[1]World Bank; Fish to [2030] : Prospects for Fisheries and Aquaculture. Agriculture and environmental services discussion paper; no. [3].

Aquaculture has a lower environmental footprint than most meat production in terms of freshwater use, CO2 emissions, and land usage. Smart Salmon is targeting a lower FCR (which is the amount of feed needed to produce one kg of fish) < 1. In comparison, conventional fish farming FCR is close to 1.3, while chicken, pork, and beef have FCRs of about 1.9, 3.9, and 8.0, respectively.

Global Wild catch production vs Aquaculture production



Source: World Bank; Fish to [2030] : Prospects for Fisheries and Aquaculture. Agriculture and environmental services discussion paper; no. [3].

According to FAO, the World's Food Organisation, Aquaculture is considered one of the most efficient and sustainable ways to produce animal protein amid scarcity of natural land and water resources:

- Since 1990, the rise in total seafood consumption has grown by 122%. Aquaculture is the fastest growing food sector and has increased by 527% since the early 1990´s.
- World aquaculture production obtained another all-time record high of 114.5 million tonnes in live weight ("LW) in 2018, with a total farmgate sale value of USD 263.6 billion (FAO)
- In 2019, aquaculture accounted for 85 million tonnes (LW) destined for direct human food consumption, while wild capture accounted for 72 million tonnes (LW) (FAO)
- The World Bank predicts that aquaculture will continue to fill the supply-demand gap, and that by 2030, 62% of fish for human consumption will come from the aquaculture industry.

9,7 BILLION
WORLD POPULATION IN 2050

70%
POPULATION LIVING IN URBAN AREAS BY 2050

1.7
PLANETS NEEDED TO SUPPORT HUMANITY'S DEMAND ON EARTH'S ECOSYSTEMS

+70%
INCREASING FOOD DEMAND BY YEAR 2050

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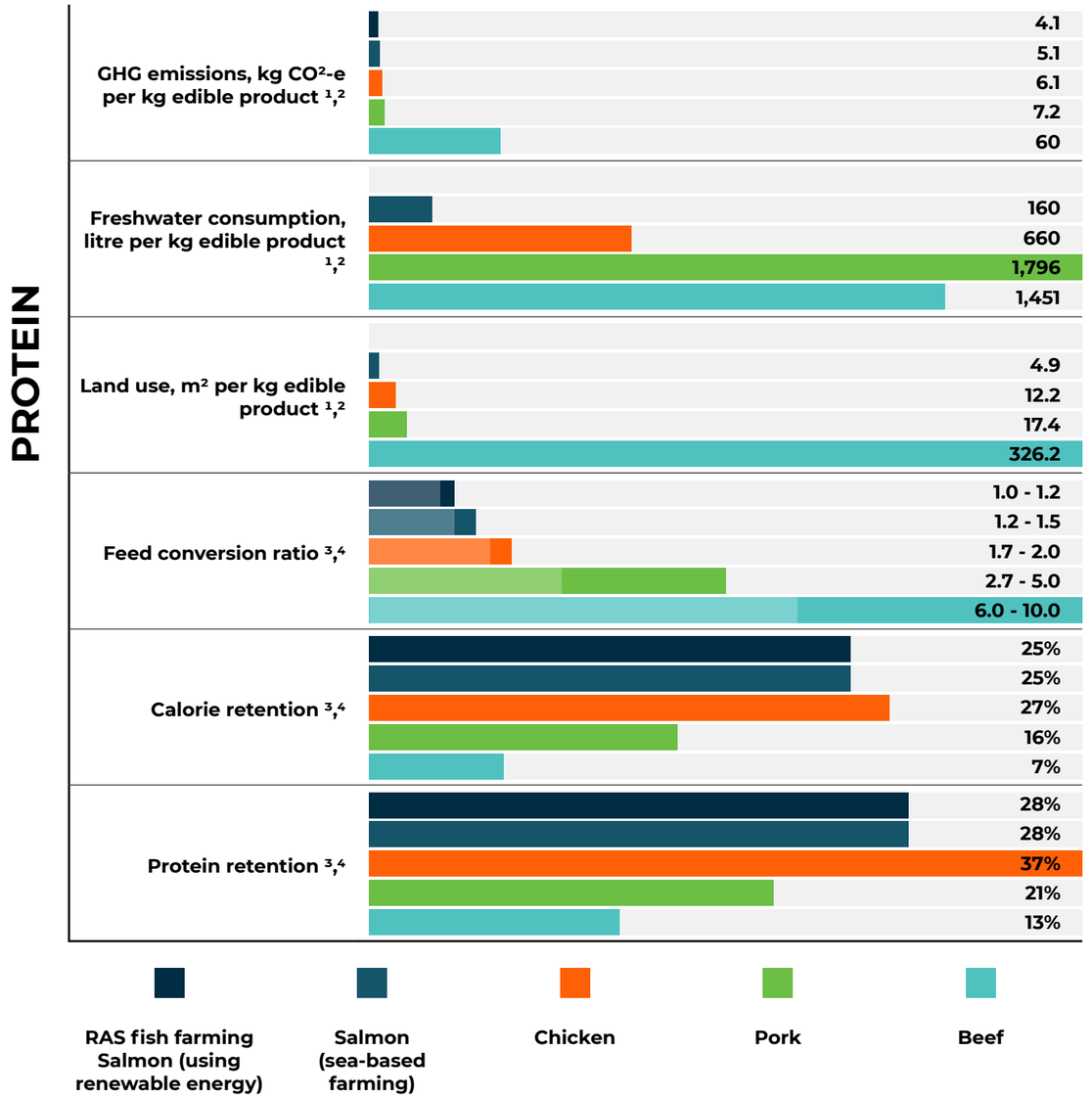


Resource efficiency in terms of feed use and freshwater consumption for salmon, chicken, pork and beef.

Source: [1] Hannah Ritchie and Max Roser ([2021]) - "Biodiversity". Published online at OurWorldInData.org,
[2] Hannah Ritchie and Max Roser ([2020]) - "Environmental Impacts of Food Production". Published online at OurWorldInData.org,
[3] Fry JP, Mailloux NA, Love DC, Milli MC and Cao L. [2018]. Feed conversion efficiency in aquaculture: do we measure it correctly?. Environmental Research Letters. [13(2):024017],
[4] Alexander P, Brown C, Arneth A, Dias C, Finnigan J, Moran D and Rounsevell MD. [2017]. Could consumption of insects, cultured meat or imitation meat reduce global agricultural land use?. Global Food Security. [15:22_32].

Environmental benefits with closed-environment aquaculture

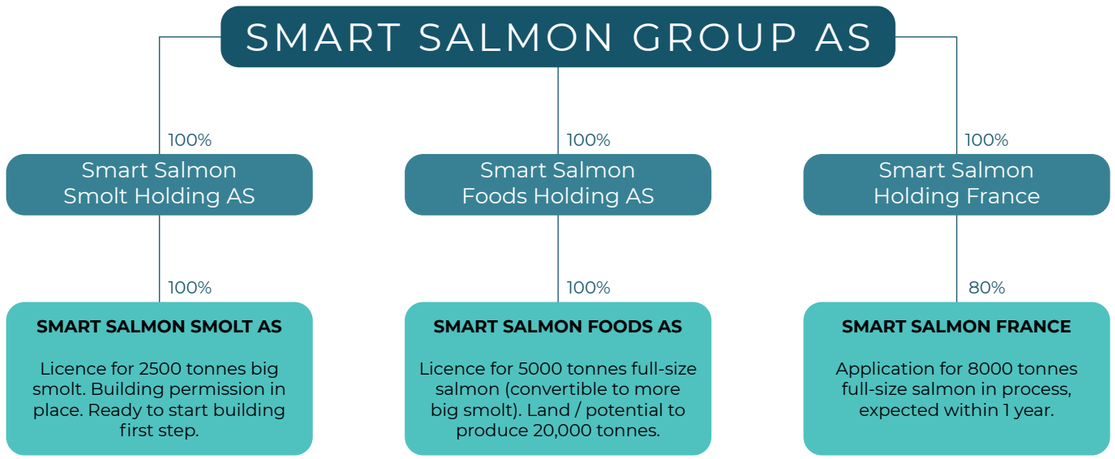
We see the tide turning for controlled environment aquaculture using recirculating aquaculture systems (RAS) as it represents a food production system that can use scarce natural resources in more efficient ways. Currently, salmon-farming is primarily carried out in open-net pens or cages in coastal zones. While the global demand for salmon continues to increase despite high salmon prices, growth in conventional salmon-farming in the sea is seen as limited, mainly due to licensing constraints and biological challenges. Consequently, limited supply growth is the main push driver towards RAS projects globally.

Smart Salmon´s sustainability strategy with farming large smolt and later full cycle in RAS is to limit the exposure to marine environments. The controlled and closed production system reduces the risk of disease outbreaks and protects farms from sea lice, algae blooms and eliminating fish escapees. The potential impacts of climatic conditions are also eliminated with this system. The whole environment is controlled from water temperature to oxygen levels, which, in turn, positively impact fish health and growth rates. The closed system also leads to more efficient use of feed, as direct feed loss can be prevented. The other sustainability advantage of Smart Salmon is the possibility to have production close to the end markets, where local supply is not possible. Smart Salmon will be producing salmon close to the major markets lowering the environmental footprint due to reduced transportation costs. RAS close to markets enables fresh supply, and the value chain gets shorter, making traceability and digitalization easier to adopt.

Emerging and innovative aquaculture production systems have significant potential to meet our growing global food security challenges and human nutritional needs with improved environmental performance. Specifically, land-based recirculating aquaculture systemsoffer an alternative to traditional, coastal net pen finfish production with better environmental outcomes, higher production capacities per unit area, reduced mortality, and greater control over production.

INTRODUCTION TO SMART SALMON

We are motivated by a mission of pushing the limits for what sustainable salmon production means. To accomplish this mission, Smart Salmon has three stages of development. The first stage is a large smolt facility centrally located within Norway's aquaculture industry with a projected production start near the end of 2022 and a capacity of 2,500 tonnes. We will then expand this facility to produce both large smolt and grow out with a production capacity of an additional 5 000 tonnes. By the end of 2024, our facility in Norway will have full production of 7 500 tonnes. The third stage of Smart Salmon is the construction of a grow out facility in France, strategically located four hours from Paris, one of the largest salmon markets in the world. Our facility in France will be a grow out facility with a production capacity of 8 000 tonnes. Construction for this facility is planned to begin spring 2024.



PROJECT NORWAY

MORE SUSTAINABLE FARMING WITH LARGE SMOLT

A 7.500 t flexible post-smolt and full-size Atlantic salmon farm in the western fjords of Norway

PROJECT FRANCE

A HIGHLY SUSTAINABLE & CARBON NEUTRAL SALMON FARM

A 8.000 t salmon farm 4 hr from Paris and close to markets in central Europe.

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More sustainable farming with large smolt

The environmental reduction of time for salmon to spend in open net pens in sea is central to Smart Salmon´s sustainability strategy to reduce the environmental impact, improve fish welfare and increase biological control in the salmon farming industry.

In traditional farming the salmon is hatched in fresh water facilities and transferred to seawater pens when it is about 70 – 100 grams. Smart Salmon sustainability strategy is based on keeping the salmon longer in enclosed contained systems on land using RAS technology, which improves fish health and welfare. This way, the larger smolt is more robust when it enters the seawater. Furthermore, this reduces the time of the salmon in the sea, recuding environmental impact on ocean systems as well as exposure to environmental challenges such as sea lice, harmful plankton or disease.
Smart Salmon will reduce the negative impacts on wild salmon and local marine environment associated with the seabased production.

Supplying the market with sustainable and low-emission proteins

Smart Salmon believes that full grown salmon production on land is a sustainable solution for the future. Our ambition is to have a land-based salmon production with minimal carbon footprint, setting a new industry standard for aquaculture production.

Smart Salmon RAS facility in France will be a full cycle 8.000 tonnes salmon production located only a 4 hours drive from Paris. Our facility will grow from eggs to full grown salmon and we will also have on-site processing and packaging of our branded products. These on-site operations will reduce transportation emissions and therefore reduce our carbon footprint. The facility's only outlet will be cleansed water as waste will be recycled as resources. Long term Smart Salmon will implement plans to capture CO2 and nutrients from sludge which will be used in agriculture farming.

Setting new sustainability standard with the AquaMoaf RAS technology

We are partnering with industry leaders HS BYGG and AquaMaof for construction and RAS systems, respectively. Our industry leading RAS technologies will enable us to avoid problems with sea lice , prevent escapes, and minimize pollution of the marine environment.

The RAS system will recirculate nearly all of the freshwater used and install processes to utilize waste streams as resources. The advanced AquaMaof Minimal Liquid Discharge (MLD) technology utilizes several patent-protected water treatment and filtering techniques to cut water consumption. At the core of the AquaMaof integrated RAS technology is efficient power management, dramatically reducing costs of energy. Strict biosecurity protocols and complete environmental control enable elimination of antibiotics and chemicals in the process and high survival rates. Sophisticated scalable and flexible design enables adaptation to different requirements, and integration of new technologies as they become available. Smart selection and allocation of system components result in a robust facility, requiring minimal maintenance, while optimized feeding modes and advanced feeding management system – enable reduction of the Feed Conversion Ratio (FCR) and operational costs.

Our stakeholders

We prioritize creating value for each of our stakeholders, and also understand that our relationship with each key stakeholder impacts the success of our business. The dynamic relationship we have with each key stakeholder is described below.

Employees:
Smart Salmon creates a safe working environment that empowers employees to grow and instills a sense of purpose in their work. Our employees provide the expertise and experience we need for our business to succeed.

Local communities:
Smart Salmon facilities stimulate local economic growth and offer local employment opportunities. The local communities we operate within enable us to operate our business.

Shareholders:
Smart Salmon's predictable production costs, low volatility in smolt prices, and strong market demand for healthy and sustainable proteins provide a reliable investment to minimize risks and improve returns. Our shareholders directly drive our strategic ESG priorities and execution.

Suppliers and partners:
Smart Salmon's ambition for innovative and sustainable large smolt and grow-out facilities allows suppliers and partners to further enhance their own sustainability goals. Our suppliers and partners provide vital expertise, inputs, and solutions that are directly material to the success of our business and align with our sustainability ambitions.

Customers:
Smart Salmon's large smolt presents customers with an opportunity to reduce the time their fish are in the sea, minimizing exposure to biological issues. Our customers and their needs drive the strategy and direction of our business, investments and operations.

Governments:
Smart Salmon acts as an example of how business and governments can work in conjunction to achieve smart and fair industry regulations. Regulations and legislation put into effect by governments and local authorities directly impact our operations.

NGOs:
Smart Salmon can open consistent communication with major NGOs in the industry to ensure commercial validation. Industry specific NGOs provide valuable knowledge and research to continuously improve industry practices.

SUSTAINABILITY AT SMART SALMON

Smart Salmon and the United Nations Sustainable Development Goals (SDGs)

While we have both direct and indirect impact on all 17 SDGs, the SDGs that our business can have the largest impact on are described below:

Smart Salmon's production of sustainable farmed Atlantic salmon will help meet global demand for nutritional and sustainable proteins.

According to public health authorities, a healthy and balanced diet should include at least two portions of fish a week, farm-raised Atlantic salmon is a rich source of omega-3 fatty acids, protein, minerals, and vitamins.

Our land-based farming systems uses recirculating aquaculture technology farming to produce larger smolt. At a later stage this also applies to the whole salmon life cylce, helping to minimize environmental impacts on oceans from fish farming, while high water recirculation decreases pressure on aquatic systems.

Our operations will create jobs and economic growth in local communities both in Norway and France. The inputs across our value chain as well as facility construction and ripple effects towards local service providers.

Smart Salmon is contributing to innovation and technology development by the progress, development and innovation of land based farming of RAS aquaculture and towards the development of sustainable feeds.

Smart Salmon's efficient use of natural resources during production and reuse of waste promotes consumption of more sustainable protein sources and contribution to the circular economy.

Smart Salmon aquaculture protein production has among the most climate friendly carbon footprints in animal protein production, especially with use of AquaMoaf´s low energy RAS technology and 100% renewable energy sources.

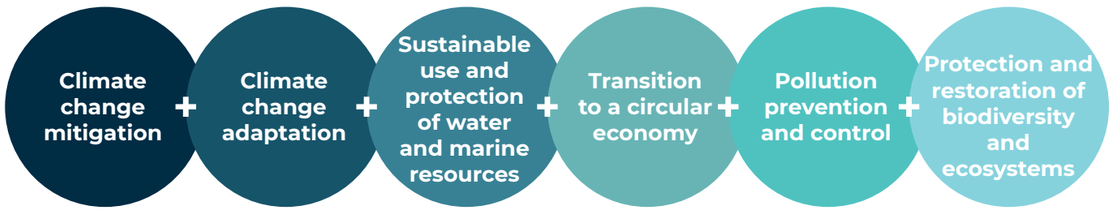
Smart Salmon helps protect wild populations of marine species from additional escapes, parasites and disease pressures with extending the life cycle of salmon on land with treatment and re-use of waste and limiting our operational impact to ocean ecosystems.

Smart Salmon's feed supplier contributes to minimal or no deforestation throughout their supply chain, and Smart Salmon will only use certified feeds without harmful impact on vulnerable ecosystems.

Smart Salmon contribution to EU´s climate objectives

The EU Taxonomy states that to be recognized as environmentally sustainable, an economic activity must:

1. Make a substantial contribution to at least one of the EU's climate and environmental objectives, including climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, or protection and restoration of biodiversity and ecosystems;
2. While not significantly harming any of the objectives; and
3. Meeting minimum social safeguards



As of today, criteria for only climate change mitigation and climate change adaptation have been published, and activities specifically relating to aquaculture were not included. A draft version of proposals for technical screening criteria for the four remaining environmental objectives was published in August 2021. While it also does not include aquaculture specifically, animal production and fishing are included as priority activities for substantial contributions to the protection and restoration of biodiversity and ecosystems, sustainable use and protection of water and marine resources, and pollution prevention and control, although the specific technical screening criteria are not outlined.

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Smart Salmon will be closely monitoring future publications of technical screening criteria and their applicability to business operations. To ensure preparedness for future publications, **Smart Salmon is positioned to make substantial contributions to the following EU Taxonomy targets without causing harm through the outlined environmental objectives:**

Climate change mitigation:
Smart Salmon's ambition is to achieve a carbon neutral production. Production of salmon is among the lowest greenhouse gas emitting proteins of all animal proteins, which will have an immediate impact to limit the increase in temperature to 1,5 degrees Celsius globally. Smart Salmon is working on a sustainable feed strategy for novel feeds to significantly reduce the GHG emission of its value chain.

Climate change adaptation:
Smart Salmon's will be farming salmon with RAS land-based technology that enables a low carbon footprint on production, highly competitive FCR and the RAS facilities´closed and contained design reduces exposure to external physical climate risk, reductions in available farmland and freshwater availability.

Sustainable use and protection of water and marine resources:
Smart Salmon's RAS technology recycles freshwater which allows for more efficient water withdrawals from European waters, contributing to goals for achieving and maintaining good ecological, hydro-morphological, and chemical status of all water bodies in Europe. Smart Salmon's salmon production will substantially contribute to the sustainable development and growth of aquaculture without increasing pressures on marine species.

Transition to a circular economy:
Smart Salmon is focused on circular economy solutions and business models to manage resource consumption. For example Our goal is to refine, collect and reuse all organic waste.

Pollution prevention and control:
Smart Salmon's cutting edge RAS and wastewater treatment technologies will ensure that effluent discharge and waste are monitored, regulated, and treated to control pollution in accordance with the lowest possible thresholds.

Protection and restoration of biodiversity and ecosystems:
Smart Salmon will be producing large smolt and salmon in a RAS, a land-based fish production system that increases the seafood supply without harming ocean ecosystems. Smart Salmon's sustainable feed strategy and inclusion of novel ingredients will also prioritize reducing pressures on land and wild fish stocks from traditional feed production.

Major Sustainability Themes

Smart Salmon reports on sustainability through three major sustainability themes. Within those three themes, we have evaluated fifteen areas for our ESG & Impact analysis.

For *Environment and Climate Impact* we have considered greenhouse gas emissions; energy use; deforestation and biodiversity; water use and scarcity; waste, pollution and circular economy; sustainable feed; supply chain transparency and control; and sustainable proteins.

For *Ocean Ecosystems and Fish Welfare* we have considered fish health and welfare, and food safety.

For *People and Local Communities* we have considered working conditions, occupational health and safety; community engagement and local value creation; corporate governance and ethical business conduct; and sustainability certifications.

SMART SALMON ESG GOALS AND TARGETS

Environment and Climate Impact

Our approach

Smart Salmon is committed to reducing the climate impact of food production. COP 21 and 26 adopted ambitious climate targets to limit the global average temperature to well below 2 degrees Celsius. Food production accounts for around a quarter of the world's greenhouse gas emissions, but seafood production is in general emitting relatively low amounts of CO2, and Smart Salmon recognises the considerable opportunity to further minimise carbon dioxide (CO2) emissions using state-of-the-art, land-based farming technology. Smart Salmon will be farming salmon in enclosed, water-recirculating systems, contributing to the production of low carbon proteins, while protecting our oceans. Our goal is to be a carbon neutral fish farm, targeting zero emissions throughout Smart Salmon´s value chain. We are committed to support the development of sustainable feeds and only using renewable energy sources across the entire production and value chain. Our waste management and responsible recycling of waste contributes to a circular economy approach and thus reduces the overall carbon footprint from our fish farming activities.

Category	Smart Salmon goals and target
FEED	Achieve a consistent feed conversion ratio that is significantly lower compared to current industry standards. The latest industry data for Fish In Fish Out ratio (FIFO) for salmonids has fallen to 0.93. Smart Salmon will strive to exceed this level through our sourcing practices using feeds that contain minimal fishmeal and fish oil in favor of more sustainable ingredients. Partner with a feed supplier only using sustainable and traceable sourcing and certification practices that minimize deforestation and land use change. Support the development and inclusion of novel low carbon feed ingredients.
ENERGY	For our facility in Norway; 100 % use of renewable energy sources using a "green certificate" in addition to solar. For our France facility we will be using an energy mix of renewable sources such as solar, nuclear and biogas. Reducing energy consumption to 3,5 kWh/kg live-weight smolt as compared to the industry average of 8,8 kWh/kg.[5]

[5] FHF project 901441; Analyse av landbasert oppdrett av laks: produksjon, økonomi og risiko NTNU Ålesund, SINTEF Ocean and SNF

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Category	Smart Salmon goals and target
CO2 REDUCTION AND ACCOUNTING	Utilize lower emitting materials, technologies, and processes during each construction phase, following EUs standards of min of 70% recycling of materials. Begin carbon accounting on direct and indirect emissions, targeting scope 1 & 2 emission goals. Create a supply chain transparency map. Reducing the number of sea lice treatments (50%) and use of wellboats in that respect.
FRESH WATER	Recycling of 99-99,5% of all freshwater.
CIRCULAR ECONOMY	Smart Salmon has the ambition to contribute to the circular economy with plans to install systems to turn the sludge into biogas and fertilizer. Smart Salmon will together with Sekkingstad Seafood focus on sustainable solutions both for by-product and offcut utilization and innovative sustainable packaging solutions.
TRANSPORTATION	Smart Salmon is targeting a zero emission value chain. Together with our suppliers of fish, feed, eggs and products, we are exploring zero emission transportation alternatives, for both transportation on land and in sea.

As a land-based RAS aquaculture company, our facilities will reduce aquaculture's impact on the environment. Our large smolt will reduce the time that our customers will have their salmon in the sea. This results in a reduction in the prevalence of problems from lice and delousing, a reduction in the impacts on wild fish populations, a reduction in the level of escapes, and an increase in overall fish welfare.

Smart Salmon is dependent on the health of natural ecosystems, so it is important for us to proactively minimize our environmental footprint. Smart Salmon has completed environmental risk assessments and environmental impact assessments as required by Norwegian law. These provide a baseline understanding of the environmental impacts of the Company's future business operations.

Smart Salmon's operations will still impact the environment through direct and indirect greenhouse gas emissions. As our operations scale, we will engage in carbon accounting to monitor our direct and indirect emissions. Through a preliminary analysis, we have identified the most significant processes and inputs in the aquaculture value chain contributing to total emissions to be feed efficiency and feed composition, energy use, and transport of fish.

With a planned FCR of 1, our facilities will be among the lowest emitting aquaculture systems. The RAS technology with low mortality and very good water parameters helps drive down Smart Salmon's economic FCR and thus decrease emissions. The latest industry data for Fish In Fish Out ratio (FIFO) for salmonids has fallen to 0.93.[6] Smart Salmon has set this ratio as our target that we strongly believe will support a sustainable use of marine resources but also ensure a diet that is healthy for fish and humans. This is crucial for the salmon industry as it now produces more farmed fish than it uses wild caught fish for feed.

Feed ingredient production and its associated land use change contributes to a significant proportion of greenhouse gasses in aquaculture. We commit to purchase feed from a supplier that has achieved certifications on sustainable sourcing with minimal deforestation and land use change. We will also work directly with our feed supplier in support of the development and inclusion of new novel feed ingredients, such as alternative omega 3 and alternative protein ingredients, that will significantly lower the carbon footprint of salmon feeds and contribute to a circular economy approach. To further drive down the emissions associated with our feed, we are working on a sustainable feed strategy and will work with our supplier to transport the feed by specialized feed vessels powered by alternative and renewable energy sources. Smart Salmon´s potential feed suppliers have all achieved Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP), and GGN by Global GAP certifications, ensuring that their practices are reliable, have a level of transparency, and are not fraudulent.

Smart Salmon has set a high ambition to achieve carbon neutrality of our facilities. Energy requirements and subsequent emissions are higher in RAS systems than in other forms of aquaculture. Our facilities in Norway and France will be using renewable energy sources that will significantly minimize the emissions associated with energy consumption. The main energy consuming units in a RAS facility are the recirculation pumps, the oxygenation units, the heat pump and CO2 degasser, and the treatment and drying of sludge. We've chosen to partner with AquaMaof because their RAS technology systems consume the lowest amount of energy in the market today. With AquaMaof's systems, Smart Salmon energy consumption will be 3,5 kWh/kg live-weight salmon, as compared to the industry average of 8,8 kWh/kg. Smart Salmon will continuously monitor the use of energy across our operations to find new opportunities to implement energy efficiency measures and further reduce our energy consumption.

The Company will utilize standard wellboats, trains and trucks initially for transportation, aiming for the gradual use of transportation utilizing renewable energy for both Norway and France. The location of the facility in Smørhamn provides an ideal location with short transportation distance to key customers of smolt. From Smørhamn, 30-40% of the Norwegian production is within one day of transport (260km), thus limiting transportation of fish and minimizing the associated emissions.

Another consideration around emissions, especially for land-based facilities, is the contribution of construction and the associated cement production. The Company will proactively work with our construction partner HS BYGG to utilize lower emitting materials, technologies, and processes during each construction phase. Following EU requirements, a minimum of 70% of all waste from construction will be recycled.

[6] IFFO – The Marine Ingredients Organization (2020) FIFO Data. https://www.iffo.com/fifo-data

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Smart Salmon has all licences and permits in placed for our operations in Norway. This required several environmental assessments that have been approved by the local authority ensuring that our operations do not cause any harmful environmental impact on marine and freshwater ecosystems.

Freshwater is a renewable but limited natural resource, and Smart Salmon will only use freshwater for the production of smolt in phase 1 in Norway, in phase 2 we will use a mix of freshwater and saltwater. Production of farmed Atlantic salmon requires on average 2 000 liters of freshwater per kg of edible meat, which is significantly less compared to any other animal proteins. Smart Salmon has initiated several actions to ensure a responsible and low use of freshwater getting this number down to 63 litres per kg of edible meat for our first phase of 2500 tonnes of smolt production down to 22 litres for our full cycle production for phase 3 in France. The Company will employ one of the most freshwater efficient technology systems for land based aquaculture from AquaMaof. Fresh water consumption during normal operation is planned for a maximum of 0.5 m^3/minute, and a maximum water emission of 0.5 m^3/minute has been outlined, with a maximum is 604 m3/day – 7l/sec and average of 350m3/day for phase 1 and 604 m3/day for phase 2. Regarding phase 3; our project in France, the freshwater consumption will be 600 m3/day. Additionally, the facilities are planned to use between 25 – 60 L water/kg feed. Smart Salmon is positioned to be one of the most water efficient animal protein production systems ever to exist.

For the first two stages in Norway, Smart Salmon will use fresh water from Ryland, which is part of the public freshwater supply of the local municipality and supreme saltwater from the sea “Frøysjøen”. This freshwater source is regulated by The Norwegian Water Resources and Energy Directorate (NVE) under the Ministry of Petroleum and Energy. This source has undergone a series of environmental impact assessments to ensure that there are no local pollution sources or any harmful impact to local habitat and biodiversity from the water withdrawals. For the final stage in France, Smart Salmon will use fresh water from the local municipality of Guingamp. This is a regulated freshwater source that is of drinking water quality.

Smart Salmon will operate the RAS system with at least 99% water recycling. The remaining 1% will be discharged to the sea Frøysjøen. For the first stage in Norway approximately 430m³ per day of purified wastewater will be discharged into Frøysjøen, about 300 meters from land at a depth of 200 meters. The second stage will discharge 1200m³ per day. AquaMaof’s water treatment technology adheres to discharge regulations in Norway and concentrations of nitrogen, phosphorus, and suspended solids will adhere to monthly limit levels. The discharge permit for these organic substances from Smart Salmon has already been assessed against an environmental impact assessment and has been approved to not have any harmful impact on Frøysjøen. A separate environmental impact assessment was also conducted on Frøysjøen, and all samples showed positive environmental conditions.

Smart Salmon has a plan for the collection and storage of all organic waste, and this plan will be submitted to the relevant authorities before the production in the facility is started. Organic particles are filtered out of the wastewater as sludge that is transported to its own silo. The wet sludge is then dried, to be handled as its own wastestream. Drying and then disposing of the sludge is the extent of the process for the first large smolt stage. However, Smart Salmon has the ambition to contribute to the circular economy, and during the second stage, we plan to work with AquaMaof to install systems to turn the sludge into biogas and fertilizer. In France for the final stage, we will convert the sludge into biogas and nutrients into agricultural fertilizer.

Odors may be generated from production and from the sludge taken out in the cleaning processes. Smart Salmon has done several odor assessments for the planned facility in France as well as risk assessment on noise, sludge, soil and waste. Based on the findings from these reports Smart Salmon has mitigated these factors in the design of the facility. The sludge consists of feces, feed residues and chemically precipitated phosphorus. The facility is located in an industrial park and is considered to be low risk of creating negative odors to the local community. Smart Salmon will prepare an operating plan that ensures that odor nuisances are limited, keep an operating log which, among other things, include odor, and prepare an odor management and communication plan.

Smart Salmon understands and recognizes that we possess a level of accountability for the environmental impacts that occur throughout the entire life cycle of our products, not just what occurs in our direct operations. We rely on third-party suppliers for production and distribution so we are exposed to those additional risks and opportunities in our supply chain. All suppliers and business partners are screened for risks related to environmental, social and governance issues. We expect a level of transparency to exist in our supply chains, and commit to providing adequate supply chain mapping.

Ocean Ecosystems and Fish Welfare

Our approach

Smart Salmon is committed to mimimise the environmental impact on ocean ecosystems. The salmon farming industry provides healthy and nutritious food for millions of people globally, and represents an important solution to produce sustainable proteins. Preservation of biodiversity and ocean ecosystems is of greatest importance to Smart Salmon. In Norway, our goal is to limit the environmental impact from fish farming by farming large smolts (500-1000gram) that will limit the time the salmon spends in sea. Shortening the lifetime of the salmon in the sea will reduce the environmental impact of fish farming and prevent harmful diseases, algae blooms, escapees and sea lice to our salmon. Smart Salmon will be using the latest RAS technology with multiple internal RAS systems with optimal densities ensuring high quality of water, fast growth and optimum disease control. Our goal is to ensure high fish welfare while protecting our ocean ecosystems.

Category	Smart Salmon goals and target
FISH WELFARE	Larger smolt will reduce the salmon´s time in sea and number of sea lice treatments (+50% reduction of treatments) and improve fish welfare. Significantly reduce the mortality rates of salmon in sea (+50%) by producing larger and more robust smolt when it enters the seawater, which we believe will improve survival, fish health and welfare. Targeting low farming densities of an average of 40-55 kg/m³ to ensure high fish welfare. Continuous monitoring and report on density and mortality levels in all life stages. Ensuring that average CO2 levels are below 12mg/l in order to not cause any distress to the fish. Minimizing the risk of H2S and unforseen mortality events by proven track-record of no incidents from AquaMoaf technology, in addition to carefully monitoring water quality, particle removal, sedimentation, washing and good operating routines in our facilities. Monitoring all water parameters, such as CO2, oxygen, temperatures, salinity, pH, alkalinity, nitrate and nitrite as well as use of cameras and sensor technology to track fish behavior. Use of fish handling technology that supports fish welfare and minimizes fish losses during transfer between departments. Compliance with fish welfare regulations in Norway, both in accordance with the Act of 19 June 2009 no. 97 relating to animal welfare (the “Animal Welfare Act”, Nw: Dyrevelferdsloven).

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Category	Smart Salmon goals and target
BIODIVERSITY	Our facilities in Norway and France will be designed according to high industry standards (NS9416:2013) ensuring that no fish from Smart Salmon’s facility will be able to escape and pose a risk to wildlife and local habitats.
VACCINATION & NO ANTIBIOTICS	The correct method of vaccination has an impact on fish welfare, especially the handling of the fish. The latest vaccination methods focus on handling the fish with least possible stress and high vaccine precision. This means utilizing a smart fish pump to evacuate the fish tank efficiently without it getting too crowded, both in the fish tank and the chamber for anesthesia. The automatic vaccination system ensures the fish have as little time as possible “in air”. It also has a very high precision, so the number of incorrectly injected vaccines is held on a minimum. No antibiotics are administered to the fish hence there is no wildlife affected by antibiotics when the wastewater discharges into the local environment.

Smart Salmon firmly believes that it has a moral responsibility to care about fish welfare. The health and welfare of our salmon has been an integral part of our business strategy from the beginning as it directly impacts our productivity, reputation and profitability. The controlled environment of RAS systems minimizes the prevalence of disease, lowers mortality and eliminates escapes, exposure to sea lice and algal blooms.

Although our facilities are not yet in operation, the Company has completed substantial planning and testing to ensure our salmon have access to optimal feed for growth and health benefits, have the highest water quality, and have low stress as they move through our facility. To prepare for operations, we use sensors and digital technology for the continuous monitoring of our facility with established operational routines, alarm systems and back-up systems in case of emergencies.

Mortality rates are significantly lower in RAS systems, with an average of 1%, compared with mortality rates at an average of 15% in sea-based farming. Smart salmon will implement regular sampling, water quality monitoring, and collaborating with a veterinarian to detect and prevent mortality events. We will also contribute to lower mortality in the sea because a lot of mortality and unaccountable losses occur when fish is released at small sizes.

Fish density has a high impact on fish welfare. Smart Salmon is targeting densities with a maximum of 80 kg/m³ and an average of 40-55 kg/m³, which is positive in terms of fish welfare and also creates less risk of stressing the biofilter capacity of the system. In addition, CO2 values are monitored continuously and kept below 12 mg/l on average. Smart Salmon has chosen AquaMoaf as our trusted RAS supplier, that has a proven track record of eliminating risk of formation of H2S and unforeseen mortality events. RAS technology used by Smart Salmon has been proven to fully eliminate the likelihood of such events.

Biosecurity is a constant concern in RAS facilities as it is a unique differentiator with production of fish in open net pen systems. The monitoring of biofilter activity is essential, as any disturbance in the nitrification process can lead to an increased concentration of potentially toxic nitrogen compounds. The two main vectors of diseases are from eggs and incoming water. Adequate treatment of intake water and roe disinfection, and screening for diseases is going to be implemented. Utilizing separate and distinct departments creates additional security, which is why the first stage facility is divided into 5 departments each with separate infection zones.

As a consequence of better control of parasites and diseases, the need for medication is reduced, if not fully removed in the closed farms. Even with this knowledge, Smart Salmon will still constantly be working to eliminate the risk of parasite infections and reduce the risk of diseases.

Smart Salmon plans to vaccinate fish as a prevention of the major diseases that could occur after the fish has been transported to the sea, which is in line with industry best practices. All vaccines that will be used for large smolts will be in accordance with our customer's needs. The Company will also recommend vaccine packages to our customers buying our smolt. All our vaccines have been proven to be safe both for the fish and for consumers.

The Norwegian Food Authority granted a permit to Smart Salmon for production of salmon under the provisions of the Animal Welfare Act and the Food Act. Some conditions of the granted permit are that the roe shall be disinfected prior to entering the Facility; a specific emergency plan in case of mass death, sudden death or detection of infectious diseases must be in place before start-up; a risk evaluation of the fish health and welfare must be submitted for all steps of the production before start-up; and a binding agreement regarding health/welfare supervision with a competent veterinarian (or similar) must be signed before start-up. The granting of the permit to Smart Salmon means that the Company has met all of these conditions and approved accordingly to strict Norwegian government regulations.

People and local communities

Our approach

The future success of Smart Salmon depends on our ability to attract and retain talent and ensure a diversified and safe working environment for all our workers. Smart Salmon acknowledges that our facility has an environmental footprint to the local community. All Smart Salmon activities rely on and take place in local communities. Good communication and collaboration with the local community is of highest importance to us. In full operational stage, our facilities will employ more than 60 people in Norway and 90 people in France, supporting important local communities with jobs and prosperity, contributing with taxes to support local infrastructure to our communities. Smart Salmon has set a high standard for our employees, ensuring a working environment that is diversified and takes good care of all employees regarding health, safety and well-being.

Category	Smart Salmon goals and target
EMPLOYEES AND BOARD OF DIRECTORS	Complete employee health and safety handbook to be accessible for all employees. Conduct quarterly workplace safety inspections once operations have started. Aiming to achieve gender equality on the Board of Directors, and amongst employees.
SUPPLIERS, LOCAL AND OTHER	Complete Code of Conduct and achieve compliance with the Code of Conduct by employees and suppliers. Procurement strategy to prioritize collaboration with local suppliers supporting social economic impact on local communities, creating jobs and prosperity to our local communities.
TRANSPARENCY AND FOOD SAFETY	Improve transparency across the supply chain to equip the end consumers and local communities with trustworthy information on the environmental impacts from our operations and trust in Smart Salmon products and operations.
LOCAL COMMUNITY	Communication strategy towards our local community to foster transparency around the impacts from Smart Salmon activities.
LOCAL TALENT	HR strategy to attract and retain local talent. Smart Salmon has partnered up with Seafood People to ensure recruitment that will provide long term competitiveness.

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Category	Smart Salmon goals and target
LEARNING AND DEVELOPMENT	Work activity with local schools and universities to further develop the skills of our workforce and to attract and retain talent.
COMPLIANCE	Smart Salmon will have in place a certification strategy to ensure that our farming operations meet market certifications like the ASC and Global GAP and expect high standards to be in place for our suppliers.

Smart Salmon's employees are vital to the Company's success and essential to the value we create within the societies we operate. Healthy, meaningful and safe working conditions are critical for everyone that interacts with Smart Salmon to thrive, and the Company is crafting the optimal policies, agreements, and employee and community engagement to achieve that. All Smart Salmon employment agreements are in compliance with the Working Environment Act in Norway.

Smart Salmon will on a continuous basis train its employees on all aspects of working with fish welfare and RAS systems. This will be an ongoing training program together with our RAS supplier as we continue to develop our best farming practices and technology.

Our employee's health and safety is of the highest priority. Smart Salmon's goal is to have no work-related injuries. To this end, all employees will be trained in health and safety practices, procedures and policies that are currently in development. Personal protective equipment, safety equipment and rescue equipment are being properly researched, purchased, and will be in place for the construction phase and when facilities are operating. The Company has also acquired compulsory occupational pension and injury insurance to be prepared for any workplace incidents.

Especially with the effects of Covid-19, health and safety is increasingly scrutinized to ensure the safest conditions are in place for our employees. Smart Salmon will continuously monitor the latest developments and plans to follow all relevant laws, regulations and advice from national and local authorities regarding infection control and risk management.

Smart Salmon recognizes the importance of ensuring that our partners´ and suppliers' working environment is also considered when we choose to work together. We have an indirect opportunity to affect suppliers' working conditions through our contractual requirements. To that end, we are working with all key suppliers to ensure that each supplier has employment contract terms for healthy working environments without human rights abuses, a workplace health and safety policy in place, a responsible business/CSR/ESG/sustainability/code of conduct policy, and a policy in place covering modern slavery/ forced and compulsory labour within its supply chain.

The Company understands that local communities need to thrive if our business is to thrive. We create a positive impact on local communities by providing employment opportunities and enabling community development through paying taxes to local authorities and buying local goods and services. We will ensure a transparent dialogue with our local community and mitigate for any risks or concerns if necessary.

Smart Salmon is currently assessing relevant certification schemes for third party auditing to ensure transparency on sustainability metrics and food safety. The leading relevant certification schemes that the Company has identified are the Aquaculture Stewardship Council (ASC), the Best Aquaculture Practices (BAP), and the GGN by Global GAP. Certifications will ensure that Smart Salmon meet specific indicators for responsible environmental farming, social and legal compliance. ASC is a certification that Smart Salmon is poised to receive given the technology and governance structure of the Company. BAP gives certification when thresholds are met for environmental responsibility, animal health & welfare, food safety and social accountability on every step of the production chain. GGN by Global GAP gives certification when thresholds are met for legal compliance, food safety, workers' occupational health & safety, risk assessment on social practice, animal welfare, and environmental and ecological care.

Ethical business conduct is a core element that is integral to our success. We are actively creating a Code of Conduct that sets the standards of behavior which we can expect from one another and which external parties can expect from Smart Salmon. We are also committed to fostering a diverse and inclusive workplace with policies on diversity, gender equality and anti-discrimination.

The Company's governance is in compliance with the Norwegian Shareholder Act. Smart Salmon's Board of Directors consists of 6 members, 5 males and 1 female. Smart Salmon has taken active measures to increase the gender equality of the Company, in compliance with the Act of Shareholder Companies, with demands of equal representation of both genders on the board.

Smart Salmon is under the Norwegian Act relating to Measures to Combat Money Laundering and Terrorist Financing (the Anti-Money Laundering Act). This act ensures Smart Salmon to prevent and detect money laundering and terrorist financing. The measures in the Act protects the financial and economic systems, as well as the Norwegian society as a whole, by preventing and detecting the use or attempted use of obliged entities for the purposes of money laundering or terrorist financing. Norway, and its banking institutions have one of the strictest laws in the world in terms of money laundering and terrorist financing.

Smart Salmon is planning to set up a data protection policy based on Norwegian GDPR law, which implements the EU law version of the General Data Protection Regulation (EU). It will be applicable to all Smart Salmon activities, services and personnel across the world.

Smart Salmon holds the necessary licence and permits required in Norway for the planned aquaculture production in accordance with the Aquaculture Act, the Food Act, the Pollution Control Act, the Harbour Act, the Animal Welfare Act, and the Watercourses and Groundwater Act. In France we are in the process of applying for all required permits and licences.

OUR LOCAL IMPACT

While our technology has numerous sustainability advantages over conventional farming as laid out above, we also have specific impact on the local environment we are building our farms. Below laid out are impact factors that are location-specific detailing the local impact we have for Project Norway and Project France respectively.

Category	Project Norway	Project France
Sustainability case	Producing larger smolts in RAS for more sustainable and efficient farming of Salmon.	Produce full grow-out, fresh Salmon in close vicinity to market.
Technology partner	AquaMaof	AquaMaof
Tonnage Salmon produced p.a.	7500	8000
Total Land Usage	Total land usage in Norway for phase 1 of 2500 tones is 2,5 ha and for phase 2 of 7500 tons is 7,0 ha. Our RAS facility will be built on existing industrial estate with mimimum impact on our surrounding land area.	Total land usage in France is 10, 64 ha and will be built on exisding regulated industrial site with mimimum impact on our surrounding land area.
Energy source	Renewable energy mainly from hydro and solar.	Green energy mainly from nuclear and solar.
Jobs created (direct)	60	90
Transportation (Distance to market)	While the Salmon farms are immediate customers for large smolt, ultimately the end product will be exported via ship, trucks or airfreight to markets.	480km to Paris, closer to other consumer markets, can be trucked, all products consumed locally, no shipping needed.

In Norway, Smart Salmon's energy consumption will be supplied from 100% renewable electricity sources, especially hydropower sources. In France, our facility will be supplied 80% from the French electricity grid, which is powered by about 90% renewable sources, primarily nuclear. Both of our facilities will be installing solar panels to supply approximately 20% of the energy needs, resulting in energy consumption by a mix of renewable energy sources at both facilities. Smart Salmon is aiming to increase the supply from solar panels in combination with biogas production to a total of 40 % of needed energy.

In France, an independent environmental impact assessment (EIA) has been done on the footprint of the facility (See Table 5). The EIA ensures that our RAS facility does not have any harmful impact to the local communities, habitat and biodiversity. It also means that our planned production has been deemed acceptable and the requirements concerning local and regional zoning plans and conservation measures have been met. Smart Salmon is considered to not be in conflict with protected areas in accordance with regulations relating to the management of biological, geological and landscape diversity.

Spacial footprint of our 8000 ton facility in France by habitat category

Habitat	Surface (ha)	Percentage
Farming	**9,81**	**92,2**
Garden	**0,58**	**5,45**
Shrubs	**0,15**	**1,41**
Wasteland	**0,08**	**0,75**
Construction	**0,02**	**0,19**
Total	**10,64**	**100,0**

Footprint of our facility in France

CONCLUSION AND LOOKING FORWARD

We in Smart Salmon are dedicated to making a substantial contribution in supporting the future development of a sustainable aquaculture industry. Our ESG & Impact Report is our first report to identify issues we need to prioritize.

To further achieve our ambitions and goals, we will continue to grow our organization and will identify a dedicated ESG & Sustainability Manager to support the implementation and monitoring of our ESG impact areas. This role will be part of our management team, reporting directly to the CEO and Board of Directors, providing us with guidance on how to further progress and make future investments that will secure our investors not only with a monetary profit, but also a return on the ecological and sociological investment.

Moving forward, we see a great opportunity becoming a role model for the future development of the expanding aquaculture industry. We are confident that our commitments will provide returns to our investors, jobs and economic growth to local communities while securing high standards on fish welfare and minimal ecological footprint.

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