



TCFD REPORT

2021



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT 2021

Mapping of climate-related risk and opportunities in accordance with the recommendations of the TCFD.

The Task Force on Climate-Related Financial Disclosures (TCFD) was established by the Financial Stability Board to improve companies’ disclosure of climate-related financial information. The TCFD’s recommendations are summarized in a framework for disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change. The recommended disclosure includes critical questions relating to how climate risks are addressed by companies’ boards and managements, and how climate-related risk management, strategy revisions, and targets are structured. In preparing this report, we have disclosed our climate-related risks and opportunities, including our corresponding climate-related risk management, and we have adhered to the TCFDs seven Principles for Effective Disclosures.

We have worked systematically to reduce our environmental impact for several years, and we consider ourselves well positioned to manage stricter climate requirements. However, due to the increasing pace of change in climate-related expectations, there is a need for a more systematic and strategic approach to climate-related risk and opportunity management, and a better understanding of the possible financial impacts of climate change in different emission pathways and time horizons. We see this as a requirement to ensure our position as a future-proofed, sustainable, and circular company.

OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

ACUTE PHYSICAL RISKS	<p>Extreme weather events: More frequent extreme weather events, such as storms, waves, and ice, have several potential impacts on our fish production sites in the ocean:</p> <ul style="list-style-type: none">• Damage to production facilities and infrastructure.• Increase in accidents for employees.• Increase in downtime due to harsh weather.• Higher risk of fish escapes due to facility impairment. <p>Relevant studies done by the Norwegian Environmental Agency (2017, M406 report) shows an increase in extreme weather events with storms and increased precipitation of snow and ice. We already experience extreme weather situations, amongst others in Finnmark, where severe wind, snow and ice can occur at the same time. The risk of extreme weather will increase, and future weather events will become more extreme. An example is that a massive amount of ice on our pens, which are already heavy, reduces the floating capacity and the pens may sink. Extreme wind and waves may cause challenges for our employees to enter our sites to care for the fish. We might have situations where the fish manage to escape due to damages on the constructions. Overall, these risks might result in decreased harvest due to loss of fish, or lost opportunity to farm in the most exposed areas.</p> <p>Availability and cost of raw materials from suppliers: Extreme weather in locations where our suppliers source feed raw materials may impact the price and availability of fish feed. For example, higher temperatures may impact supply of fish meal and fish oil in Peru, potentially increasing the cost of these raw materials globally, hence increasing the cost of our salmon fish feed. Droughts and floods may impact land-based inputs (soy, wheat, etc.) for fish feed. Corresponding cost increases will be passed on to Grieg Seafood.</p>
CHRONIC PHYSICAL RISKS	<p>Increased water temperature: Higher average temperatures in seawater can cause damage to salmon health. Temperature increase can lead to elevated risk of algae bloom, which leads to lower oxygen levels, which can cause higher levels of fish disease and mortality.</p> <p>Extreme variations in water temperature: One study (Falconer et al 2020) shows that the industry is facing an increased risk of higher temperature variety within each day, which possess a higher treat on salmon production than the average increased temperature.</p>
REGULATORY RISKS	<p>Carbon tax: Grieg Seafood is increasingly transporting products by air freight, particularly to new markets. Any carbon taxes may have a significant financial impact and make our products less competitive. The Norwegian government has, through the Norwegian Climate Act, ambitions to reduce overall emissions by 55% by 2030 (with 1990 as a basis year). In order to reach these emission reductions, the government has established a series of taxation on fuels, including a consumption tax and a CO2 tax. This will increase our cost of consumption of fossil fuels in Norway, impacting our operating cost. We use diesel for feeding processes, lighting and other energy related activities. Even though we are testing out new technologies to reduce our overall carbon footprint from these sources, such as switching diesel engines used on sites with battery packs, electricity from grid or hybrid solutions, our largest direct source of emissions is still coming from the use of fuels for our boats, vehicles and on-site energy production from generators. Hence, if we do not substitute our fossil fuel consumption with renewable energy technologies, we will be taxed in the future.</p> <p>Increasing cost of carbon may change market dynamics in favor of local, land-based production or closed-containment technologies, leaving us with an obsolete business model and mode of production. Our own resilience to emerging climate-related regulations is also dependent on our suppliers’ ability to adapt to new climate-related regulations that affect them. If they are not prepared to face these risks themselves it is highly likely that their increased operating cost would be passed on to us. Currently, our suppliers’ ability to quickly adapt to changing regulations or market demands may be limited.</p>

MARKET RISKS	<p>Supply: We rely heavily on access to good quality, sustainably sourced raw materials for our fish feed. If climate change causes acute or chronic physical changes, the availability of these raw materials may become scarcer and hence more expensive. We are also reliant on our suppliers as invested partners to find more sustainable production and transportation methods as these could become more heavily regulated in the future.</p> <p>Demand: Climate change and increased consumer attention to climate-related issues can have a multitude of effects on the demand for protein sources. One of the main changes we monitor closely, is the risk from shifts in consumer preferences of preferring certified fish. This could potentially have a substantive financial impact if we are not able to meet these demands. Increased demand from grocery stores for environmental/climate-related certified products can already be observed in the market, not just in Norway but in the rest of Europe and throughout North America. We have been contacted by clients who want or even demand this. Certified products, such as ASC certified fish, can become a common customer demand, and the risk of not receiving the certification may impact our revenues. However, we are committed to expand the number of ASC certified locations, and at year-end, 62% of our net production was ASC certified.</p>
TECHNOLOGY RISKS	<p>Developments in land-based fish farming: If land-based fish farming increases in markets such as China and the US, we may be at a great disadvantage, particularly as we currently use air freight to reach some consumer markets. R&D efforts in land-based farming technologies may increase as the cost of carbon rises, making land-based fish farming more competitive, and placing us at a competitive disadvantage. If the transport of fish could be accomplished at low carbon emission levels, however (i.e. via alternative freezing methods), we would still be well positioned.</p> <p>Developments in alternative protein: Climate change and a growing awareness of the meat industry’s substantial carbon footprint is boosting efforts to develop alternative proteins, plant based or lab based. If alternative protein can be produced at a competitive cost and quality, it could affect demand for farmed fish. Grieg Seafood has not yet explored options related to plant-based, alternative proteins.</p>
REPUTATIONAL RISKS	<p>Business models based on extensive use of air freight may see growing reputational pressure as climate awareness increases. This may impact our attractiveness to consumers, employees, and investors.</p> <p>Investor interest may decrease if we fail to develop a convincing narrative on our approach to sustainability (i.e. how we are going to cut emissions in line with the Paris Agreement).</p> <p>Consumer interest may also decrease if we fail to effectively communicate our dedication to sustainable and climate-friendly solutions. We provide certified fish as a part of our climate-related focus on offering more environmentally friendly and climate conscious products. With the growing focus on certified seafood from the public, this can be even more relevant for our future reputation.</p>
OPPORTUNITIES	<p>Low-emission protein source: Farmed salmon has a substantially better carbon footprint than meat-based protein, making it more resilient to climate-related regulations and shifts in consumer preference away from carbon-intensive protein sources.</p> <p>Renewable energy: Grieg Seafood sees opportunities in shifting from fossil fuels to electrical power at our locations in Norway in order to reduce emissions and lower our cost. Fuels from generators from on-site energy production is one of the largest direct sources of emissions in our sector, and we are testing new technologies to reduce the carbon footprint from these sources, such as switching diesel engines used on sites with battery packs or hybrid solutions. These are great opportunities which can also be beneficial economically in the long run. With the passing of the Norwegian Climate Act, there is a great opportunity for Grieg Seafood to reap the reputational benefits of eliminating fuel-related emissions because we still use fossil aggregates in several locations along the coastline of Norway. By switching our locations from diesel to electricity, we will reduce emissions from these locations by 90%, and even more in the future with more renewable sources in the power grid in 2050 than in today’s Nordic mix. We have already implemented initiatives to switch from diesel to electricity by installing off-grid electricity in some locations. Additionally, this activity is not only beneficial for the climate, but also has further environmental, pollution and water benefits. We have a policy that emphasizes our responsibility as to protect the biodiversity in the ocean.</p> <p>Early adaptation to climate changes: Grieg Seafood BC has adapted its operations to the consequences of a changing climate (i.e. increased algal blooms, various types of algae, and lower oxygen levels). This knowledge should be easily transferable to other areas.</p> <p>Innovation: Grieg Seafood have tried to find more sustainable ways to store our fish for transportation. The opportunity to reduce the amount of ice in boxes that we transport fish in, can decrease both cost and emissions. Sub- chilling entails bringing the salmon to low temperatures without freezing more than 20% of its water. Approximately 10% of the overall weight in salmon transport is ice. Sub-chilling makes ice redundant, and reduces emissions and transportation cost. Sub-chilling does not just have economic benefits with a longer shelf life, but also gives the opportunity to transport the fish in shipping containers instead of airfreight, which is considerably cheaper and more environmentally friendly. Increased shelf life provides further market opportunities. This technology challenges existing regulations and definitions of fresh and frozen fish.</p> <p>New business regions due to ice cap melting. If the northern ice cap continues to melt, the North-East passage to China from Finnmark in northern Norway might open. In that case, Grieg Seafood Finnmark might benefit from transporting products to Asia with a low carbon footprint, given that appropriate freezing methods have been developed.</p>

TCFD MATRIX: RESULTS 2021			
#	DISCLOSURE	RESPONSE	REFERENCE
GOVERNANCE			
1	Describe the board’s oversight of climate-related risks and opportunities.	The Board exercises oversight of strategic, operational and financial matters, including the nature and extent of major risks. Therefore, the Board also has the highest-level responsibility to oversee developments in climate-related risks and opportunities. On the Board, the Audit Committee has a particular responsibility to monitor critical business risks, and address the quality and effectiveness of relevant risk reducing measures. The Audit Committee receives a risk review quarterly, and significant risks are reported further to the Board. Climate-risk has its own risk category in our overall risk management framework, and is grouped in the risk category of “Climate and Nature risk” in the Audit Committee meetings. The Board of Directors holds the group management team accountable for pursuing our strategies and for assessing risks related to climate change and the environment.	For more information about our risk management, see Part 3 – Corporate Governance and the Board of Directors’ Report in the Annual Report 2021.
2	Describe management’s role in assessing and managing climate-related risks and opportunities.	Grieg Seafood’s management level action on sustainability and climate change is led by the Chief Sustainability Officer (CSO). The CSO leads a team with one dedicated person in each farming region who is responsible for climate and sustainability issues in their own region. The CSO reports to the Chief Technology Officer, who is a member of the executive management team. In mitigating and managing overall climate-related risks, we have mapped our climate risk and opportunities. We have further set targets to reduce emissions from our operations and from our value chain. We continuously work to ensure a coherent understanding of climate risks relevant to Grieg Seafood.	For more information about our risk management, see Part 3 – Corporate Governance and the Board of Directors’ Report in the Annual Report 2021.
STRATEGY			
3	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	See “Our risks and opportunities” as presented in the table above. We have also developed a scenario analysis for climate-related risks, that analyses likelihood and impacts for different emission pathways and time horizons.	
4	Describe the impact of climate-related risks and opportunities on the organization’s business strategy and financial planning.	Examples of impact are described in the table “Our risk and opportunities” above. Overall, we expect the impacts of climate-related risks to be moderate in the short term, with no quantifiable impact as per year end 2021, but these impacts could become more severe in the medium to long term. Any significant physical change is likely to interfere with our current business model or damage our facility infrastructure, both of which could be costly. Similarly, the transitional risks related to increased climate-change regulation or significant changes in consumer preferences could likely affect our bottom line and access to capital. On the other hand, we see Grieg Seafood as being uniquely placed to mitigate these risks and take advantage of climate-related opportunities. To get a full overview over how these climate-related risks and opportunities may evolve and affect us, we will further develop likelihood and impacts analyses under different emission pathways and time horizons. We will continue to address climate-related risk and initiatives to cut our emissions as part of our strategy. We have already developed some actions plans and cost estimates, but more detailed financial planning is necessary.	
5	Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The resilience of our strategy under different emission pathways and time horizons is difficult to foresee, but we have developed scenarios analyses to ensure adequate management of and a strategic approach to our climate-related risks.	
RISK MANAGEMENT			
6	Describe the organization’s processes for identifying and assessing climate-related risks.	We have performed a workshop to identify and assess our climate-related risks, with part of the Group management team in addition to the CSO (who is the owner of climate-related risks). The process for identifying and assessing climate-related risks is similar to our general risk assessment. We identify overall company targets, and identify relevant risks linked to these targets. The risks are classified into risk categories in terms of which area of the company they are likely to affect. Each risk category has a risk owner, who is responsible for monitoring and assessing the risks that fall under their category of responsibility. On a quarterly basis we review the identified climate-risks. A risk overview, is reported to, and discussed with, the Board’s Audit Committee.	

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7	Describe the organization's processes for managing climate-related risks.	<p>The process for managing risk in general, is carried out by the group management team and overseen by the Board. The risk owners have the direct responsibility to manage risks in their risk category. They are mandated to propose/initiate measures to mitigate risks that exceed the risk appetite for the category, i.e. that interfere with the company's set targets and overall strategic goals. The CSO has a specific responsibility for climate-related risks and risk mitigation. Risk management and mitigation progress is reported to the Audit Committee and further to the Board. High risk areas will be followed up closely until the risk is reduced to an acceptable level.</p> <p>Climate-related risks are a separate category of our risk framework. This will ensure regular assessment and risk management ownership at the correct level, particularly with regard to longer-term investments and strategic decisions.</p>																					
8	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	<p>Climate-related risk is assessed as a separate risk category, and a scenario analysis has been performed to assess our management processes for climate-related risks and opportunities. We recognized the integration of climate-related risk into our wider risk framework as a positive way for climate issues to be fully mainstreamed in our strategic operations. We need to understand the specific impact climate change will have on the resilience of our strategy and operations. Climate-related risks are assessed on a regular basis, and reported to and discussed with the Audit Committee and further to the Board of Directors.</p>																					
METRICS & TARGETS																							
9	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>We have estimated cost related to selected climate-related risks and opportunities.</p> <table><tr><th>RISK / OPPORTUNITY</th><th>TYPE OF FINANCIAL IMPACT</th><th>ESTIMATED IMPACT FIGURE</th><th>EXPLANATION</th></tr><tr><td>Regulatory risk</td><td>Increased operating cost from pricing of GHG emissions</td><td>MNOK 182</td><td>If we substitute all use of fossil fuels for energy at our sites in Norway, we will save approx. MNOK 606 (over the installations lifetime of 20 years). With a 29.9% increase regulated from 2021 to 2022, this price will increase to MNOK 787. The potential financial impact figure of this risk is therefore NOK 182 million.</td></tr><tr><td>Regulatory risk</td><td>Reduced revenue from decreased demand due to shifts in consumer preferences</td><td>MNOK 75</td><td>We base the calculation of the financial impact figure of this risk on the total harvested volume in 2021 of 75 601 tonnes GWT. Given a scenario where all our customers demand only ASC certified salmon, and if it pays NOK 1 more per kg, we have calculated that this could represent a possible loss of income of NOK 75 million.</td></tr><tr><td>Acute physical risk</td><td>Reduced revenue from decreased production capacity due to extreme weather events</td><td>MNOK 200</td><td>In a scenario where our pens are damaged, and 500 000 fish close to harvest weight of 5kg (and a market value of NOK 60 per kg) escape, the impact could be a loss of revenues of MNOK150. Damages on the constructions could possibly be up to NOK 40 -50 million. The total cost of potential financial impact figure is approx. NOK 200 million.</td></tr><tr><td>Opportunity</td><td>Reduced exposure to future fossil fuel price increases by switching to lower-emission sources of energy</td><td>MNOK 787</td><td>If we substitute all use of fossil fuels on our sites in Norway, it will save us MNOK 606 (over the installations lifetime of 20 years). The total saving by realizing this opportunity is MNOK 787, including 29.9% increase on the taxation of fuel.</td></tr></table> <p>Going forward, we will continue developing key metrics to track risk management, including developing our scenario analyses. We will also consider the development of an internal carbon pricing scheme.</p>	RISK / OPPORTUNITY	TYPE OF FINANCIAL IMPACT	ESTIMATED IMPACT FIGURE	EXPLANATION	Regulatory risk	Increased operating cost from pricing of GHG emissions	MNOK 182	If we substitute all use of fossil fuels for energy at our sites in Norway, we will save approx. MNOK 606 (over the installations lifetime of 20 years). With a 29.9% increase regulated from 2021 to 2022, this price will increase to MNOK 787. The potential financial impact figure of this risk is therefore NOK 182 million.	Regulatory risk	Reduced revenue from decreased demand due to shifts in consumer preferences	MNOK 75	We base the calculation of the financial impact figure of this risk on the total harvested volume in 2021 of 75 601 tonnes GWT. Given a scenario where all our customers demand only ASC certified salmon, and if it pays NOK 1 more per kg, we have calculated that this could represent a possible loss of income of NOK 75 million.	Acute physical risk	Reduced revenue from decreased production capacity due to extreme weather events	MNOK 200	In a scenario where our pens are damaged, and 500 000 fish close to harvest weight of 5kg (and a market value of NOK 60 per kg) escape, the impact could be a loss of revenues of MNOK150. Damages on the constructions could possibly be up to NOK 40 -50 million. The total cost of potential financial impact figure is approx. NOK 200 million.	Opportunity	Reduced exposure to future fossil fuel price increases by switching to lower-emission sources of energy	MNOK 787	If we substitute all use of fossil fuels on our sites in Norway, it will save us MNOK 606 (over the installations lifetime of 20 years). The total saving by realizing this opportunity is MNOK 787, including 29.9% increase on the taxation of fuel.	
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10	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We calculate emissions in Scope 1, 2 and 3. For details regarding our emissions, please see Annual Report 2021. Our emissions in 2021 are:	See our Scope 1, 2 and 3 emissions in Part 2 – Sustainable Food – Reducing carbon Emissions, in the Annual Report 2021.										
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11	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<p>We target a 35% reduction of total Scope 1, 2 and 3 emissions by 2030 (from a 2018 base year), and 100% reduction (Scope 1, 2 and 3) by 2050.</p> <p>Our Greenhouse Gas (GHG) emission reduction targets are classified as well-below 2°C (2030) and 1.5°C (2050), aligned with the Paris Agreement. Our emission targets have been approved by the Science Based Targets initiative.</p>											

CLIMATE-RELATED SCENARIO ANALYSIS

UNDERSTANDING THE FINANCIAL IMPACT

Our scenario analysis helps Grieg Seafood to understand the potential impact of climate change on our core business for the future, and is used to stress-test our strategical and financial planning. Grieg Seafood has performed a thorough assessment of 2C and 4C global warming impact on our salmon production, based on van Vuuren et al (2011) representative concentration pathways RCP 2.6 and RCP 4.5. We aim to meet the Paris Agreement criteria to reduce global warming below 2C pre- industrial levels, but assess the risks involved in a scenario where we fail to meet our ambitions. For more information, please see our efforts on climate action in the Annual Report 2021. We are currently increasing our production volume, and the assessments for 2030 and 2050 is based on our 2025 business strategy and the targeted production volumes.

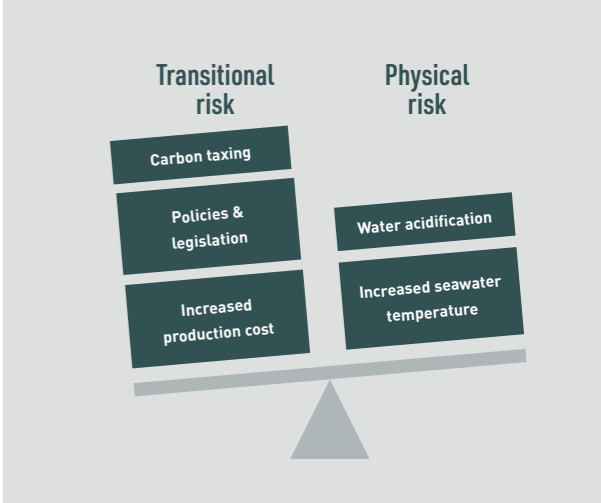
SIMPLIFYING ASSUMPTIONS

2 degrees global warming (RCP 2,6)

In this scenario, we assume an orderly pathway (SSP1) according to Riahi et al (2017), where we expect that humanity will meet the Paris Agreement, low-carbon initiatives will be implemented, and the suppliers and intergovernmental policies that affect our business adapts to our common terms on reducing fossil dependency and emissions. We assume production of 2025 target volumes until 2030. How our production change towards 2050 is difficult to assume, but many initiatives and forecasts looks towards the ocean and aquaculture to provide more food for the future. With a 2C global warming, our business is well positioned to seize this opportunity for sustainable growth.

Main impacts

- Higher risk from transitional risks.
- Carbon taxing.
- Deforestation reduction initiatives increases cost on raw feed materials.
- Increased cost in procured aquaculture equipment.
- Policies and legislation that restricts production.

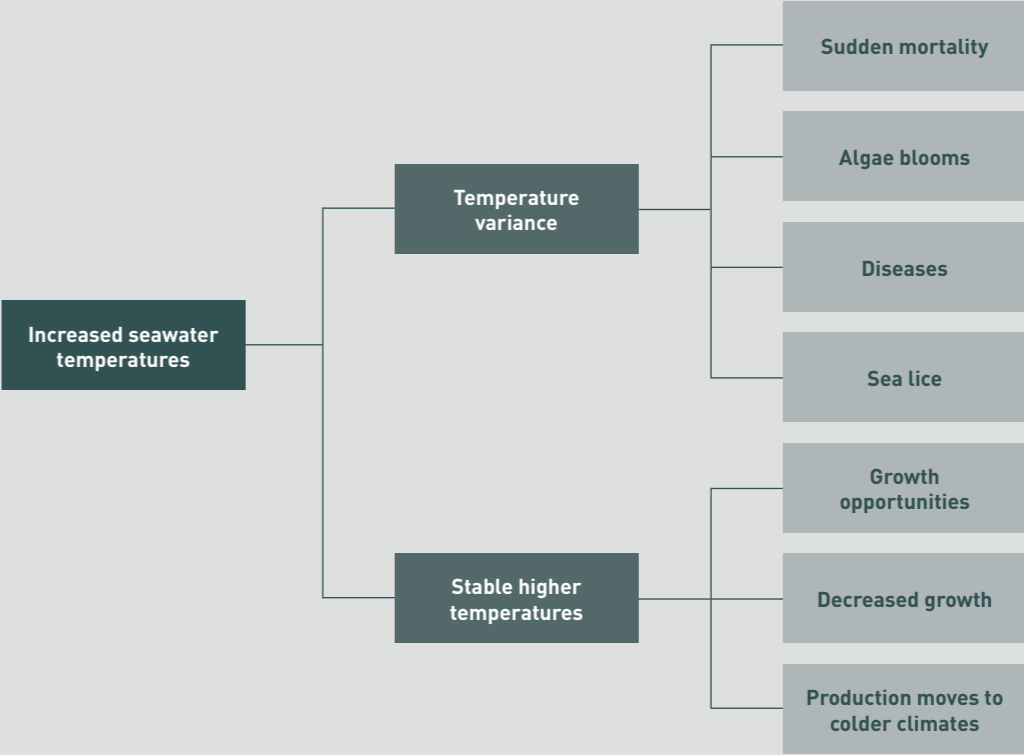


4 degrees global warming (RCP 4,5)

Society goes the “highway” (SSP5) or the “... road divided” (SSP4). Grieg Seafood sees the necessity to differentiate our product to prove its sustainability value. This comes with an increased cost and risk of lower earning potential. Meeting our Paris agreement has probably given a higher margin for our competitors, and we must base our business viability on specific consumer groups. An increasing divide and average lower purchasing power make salmon a high-end product, probably increasing our consumer loyalty. This also comes with a higher environmental, society and governance (ESG) demand, which can be challenging to meet. We assume production of 2025 target volumes until 2030, but further increasing our volumes may be unlikely towards 2050. Pessimistic growth estimation from PwC’s seafood barometer claims a potential 29% growth increase of the total Norwegian production.

Main impacts

- Temperature increases and daily temperature variations may increase events that are stressful for the salmon.
- Increased extreme weather increases the personnel risk (HSE) of operating exposed sites.
- More droughts and floods reduce the production of land-based feed ingredients, which increases feed cost.



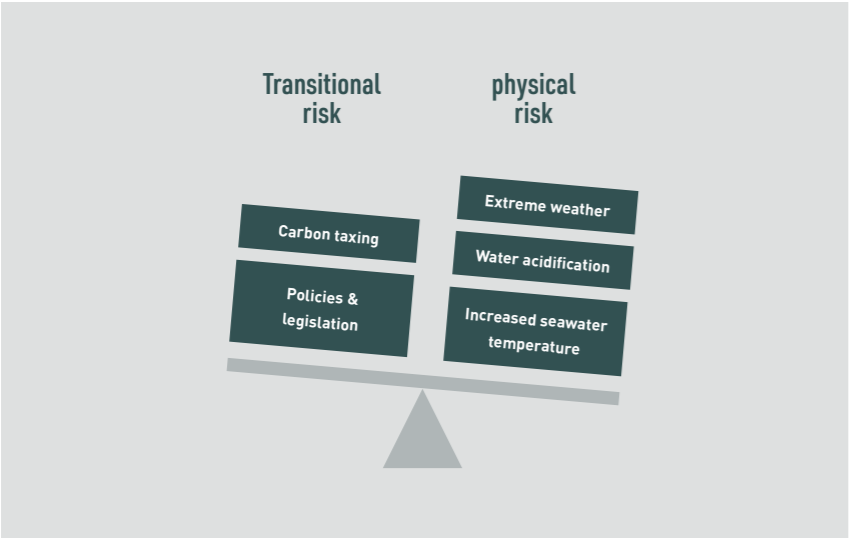
MANAGING PHYSICAL RISKS AND OPPORTUNITIES

We have decided to investigate the impact that increased seawater temperature can have on our operations.

Assessing the impact on increased seawater temperature

Sea temperatures are increasing. Climate change does not affect the ocean or coasts uniformly. The rate of change is faster in some areas than others. Falconer et al 2020 used climate models (RCP 4,5) together with industry specific site temperature measurements to forecasts how the Norwegian aquaculture industry will be affected by the rising seawater effects of global warming. The study shows that the industry is facing an increased risk of higher temperature variety within each day, which possess a higher threat for salmon farming than the average increase in temperature. Another finding is also indicating a reduced day to harvest effect, which may lead to a lower production period in the sea. There is knowledge gaps and real-world complexities of aquaculture and climate change. Climate change is more than just temperature and is affected by multiple stressors. Research related to the effect on these stressors from climate change is currently under development. The project is called “Insight into fish health under climate change” and is carried out by NOFIMA. Grieg Seafood is a partner in this project and is closely following the findings of this research.

Our analysis shows that Grieg Seafood expects increased risks and costs related to global warming. 4C is a vast higher threat than 2C. However, the risks associated with global warming indicates a shift towards the necessity of alternating sites, increasing the post-smolt production on land and investing in heavy equipment for the sites that are exposed to harsh weather. This is in line with our current strategy, where large concrete production vessels, and overlay protected work boats have been introduced to our fleet the last years. Together with increased personnel training, education and specialization, communication investments and our high focus on improving our smolt facilities, we believe that we are prepared to meet the coming challenges of the future. Lice and its implications on our future production has high levels of uncertainty and varies between regions. The future effects of increased seawater temperature on lice levels in our regions, cannot be done without performing a comprehensive analysis. This is a topic we will further pursue in the future.



ASSESSING THE OPPORTUNITIES RELATED TO REDUCED DAYS TO HARVEST

According to Falconer et al, there is a possibility that increasing seawater temperatures may be beneficial in northern production regions⁶. The benefits are related to reduced days to harvest where we can produce the salmon in a shorter timespan than previously due to increasing seawater temperatures. There is a potential of reduced costs that we have investigated in this assessment. By comparing our regional production data, we see that there is a high variability of average number of days at sea. This has given us insights and experience in assessing the future potential

of reduced days to harvest, which we have used as a basis for our calculations. We have performed calculations to assess this opportunity and has made the following simplifying assumptions:

1. Production volume and costs are based on our 2021 data.
2. The costs related to reduced days to harvest excludes feed and smolt, and is set to 38% of our overall costs.
3. The other relevant production costs stay constant in the coming years.

Scenario scope	Reduced days to harvest	Estimated cost savings (NOK million)	Estimated reduced days to harvest (months)
2C 2030	10%	105	1.5
2C 2050	15%	158	2.4
4C 2030	20%	210	3.2
4C 2050	25%	263	4.0

By estimating the reduced costs involved in reducing our days to harvest, we find that the potential benefits are NOK 105-263 million. The estimated reduced days to harvest of this calculation is between one and a half to four months. It is highly uncertain that increased seawater temperature may reduce our production time with four months in the future, but that there are some benefits needs to be taken into our consideration.

MANAGING TRANSITION RISKS AND OPPORTUNITIES

We have decided to investigate the risks of increased cost from fishing and agricultural raw materials that are components in our fish feed.

Assessing the risks of increasing feed costs

The table below shows our estimations on future cost increase from the effects of global warming. In this analysis we have both investigated the transitional- and the physical costs. The costs are addressed to the different scenario scopes that we have defined. Estimations contains a high degree of uncertainty and the calculations are meant for illustration purposes only. The data used for cost increase estimation are based on an internal

discussion in combination with data from SSP and RCP projections previously mentioned in this analysis. Due to the high uncertainties related to the data, we have decided that it will not be used in our strategical planning. We need to perform accurate calculations with a higher degree of certainty in the future to be able to utilize this information in our planning. Calculation for feed cost is based on our 2021 costs. The cost related to feed constitutes 37% of our overall farming cost of NOK 47.2 per kg in 2021.

Scenario scope	Estimated cost increase	Estimated feed cost (NOK/kg harvested)	Estimated cost increase (NOK million)
2021	NA	17.5	NA
2C 2030	10%	19.3	132
2C 2050	25%	21.9	331
4C 2030	35%	23.6	463
4C 2050	100%	35.0	1 323

Procured feed is an important part of our business and even a minor increase in cost have implications for our production. The estimation above shows that the cost increase has a medium to significant risk impact according to our financial risk matrix. Assessing the risks related to raw material cost increases in the future scenarios is important for us.

FURTHER WORK

The work related to climate scenario analysis is in its early days which is shown by the lack of available and comparable analysis's. Due to the lack of experience and competence on this area, performing this analysis has given us some challenges in tailoring the analysis to our operations. This type of analysis is clearly a field with many pitfalls and different angles to address. We have discovered many environmental aspects that we need to research further to fully understand how our business can withstand the challenges that we will face in the future. We will continue our efforts on climate scenario analysis, which will supply our strategical management with stronger and more accurate insight in how to steer our business into the future.

FUTURE POLICY AND REGULATION

We will monitor the ongoing developments related to future policy and regulation, such as the Norwegian traffic light regulation and its implications for further growth. The European Union roll out of the financial taxonomy. The technical screening criteria for salmon aquaculture has not yet been developed and has a wide range of possible implications for our future business.

This analysis is performed by an internal task force, throughout several workshops and collaborative efforts.





TCFD REPORT

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