



8F ASSET MANAGEMENT & PURE SALMON



UNEP FI SBE REPORTING

August 2022

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Introduction

8F Asset Management and its group companies (“8F”) are committed to delivering attractive risk-adjusted investment returns through responsible investment practices that consist of thoroughly considering impact of our investment decisions on society and on the planet, throughout the investment process. The aim is to achieve a wide range of positive financial, social and environmental outcomes for investors.

8F’s ESG and Impact approach is grounded on the following three pillars:

1. Seeking to contribute towards United Nations’ Sustainable Development Goals (“UN SDGs”).
2. Integrating thorough analysis of ESG factors into objectives, policies and processes is key to identify and mitigate material ESG risks.
3. Further leveraging ESG analysis to identify and capture opportunities that intentionally target environmental and societal changes through solutions that deliver demonstrable and measurable positive impacts for the world.

Pure Salmon (“PS”) was established by 8F Asset Management with the ambition of embodying and leading the transition towards sustainably farmed salmon. Pure Salmon is focused on globally scaling up Recirculating Aquaculture System (“RAS”) based salmon farms with a mission to address the global challenge of producing and delivering healthy and sustainable protein.

Sustainable Blue Economy Finance Initiative (“SBEFI”)

8F Asset Management and Pure Salmon are respectively Founding Signatory and Supporting Organization of the Sustainable Blue Economy Finance Initiative since October 2018.

Since March 2020, the Sustainable Blue Economy Finance Initiative (“SBE FI”) are lodged under the United Nations Environment Programme Finance Initiative (“UNEP FI”). The SBE FI is an UN-convened global community comprised of financial institutions and experts working together to accelerate the transition towards sustainable use of the world’s ocean, seas, and marine resources. Through close collaboration, and the development of practical actions and outputs, the SBE FI aims at ensuring that investment, underwriting, and lending activities are aligned to the UN Sustainable Development Goal 14 (SDG 14), “*Life Below Water*”, the key objective of which is to “Conserve and sustainably use the oceans, seas and marine resources for sustainable development”.



As a Founding Signatory and Supporting Organization of the SBEFI, 8F and Pure Salmon actively participate in the SBE FI committees, especially in the Working Group that focuses on the Seafood sector.

In Q2 2021, the SBE FI published its first practical guide to financial institutions: “**Turning the tide: How to finance a sustainable ocean recovery**” (“The Guide”). In 8F’s own formalization of ESG integration within our investment process, we endeavor to adopt recommendations from this guide specifically with regards to its section on seafood.

UN backed Principles for Responsible Investment (“PRI”)

The Principles for Responsible Investment, to which 8F is signatory, is the world’s leading proponent of responsible investment. Supported by the United Nations, the PRI works to understand and promote the investment implications of the analysis and integration of ESG factors and how to incorporate these factors into investment and ownership decisions. The six principles of the PRI are:

1. Incorporate ESG issues into investment analysis and decision-making processes ✓
2. Be active owners and incorporate ESG issues into our ownership policies and practices ✓
3. Seek appropriate disclosure on ESG issues by the entities in which we invest ✓
4. Promote acceptance and implementation of the principles within the investment industry ✓
5. Work together to enhance our effectiveness in implementing the Principles ✓
6. Report on our activities and progress towards implementing the Principles ✓



United Nations Sustainable Development Goals (“UN SDGs”)

The UN SDGs provide a comprehensive and broadly recognized framework with a set of meaningful and pragmatic objectives towards which 8F steers Pure Salmon, its portfolio company. 8F firmly believes that companies which aim to advance towards one or more of the UN SDGs are better positioned to deal with global challenges deriving from the reality that the world’s resources are limited, that stricter regulations are required to mitigate climate change related risks, and that facing these challenges, key stakeholders including end consumers are becoming rapidly and increasingly demanding regarding sustainable development issues.

There is a global pressing need for sustainable sources of food and healthy protein production and salmon is the most efficient source of protein with lowest Feed Conversion Ratio (amount of feed needed to produce 1 kg of biomass). Food security is increasingly important as climate change and global warming have adversely affected conventional fish farming methods. Biosecurity issues have also been on the rise, making sustainable food production even more urgent. Pure Salmon’s chosen RAS technology addresses all of the above issues and RAS is strongly supported by environmental agencies/NGOs worldwide.

Consumers are increasingly concerned about the quality of the food they eat as well as about fish welfare, and this in turn is pushing for better regulation towards sustainably produced food and traceability which plays massively in PS’ favor, as its healthy, sustainably farmed and fully traceable salmon directly addresses these concerns.

With RAS-based salmon, Pure Salmon addresses all current health and sustainability issues that are related to the industry. 8F and Pure Salmon are scaling-up next generation sustainable food production and delivering clean, healthy and fully traceable salmon locally, for local consumption and creating a significant number of permanent, local jobs, while addressing the strategic food security challenge. Pure Salmon was established with the ambition of embodying and leading the transition towards sustainably farmed salmon.

Pure Salmon is inherently sustainable, and its business and products create positive environmental, human and social impacts and contribute to several of the United Nations' Sustainable Development Goals (UN SDGs) as listed below.

IMPACT OBJECTIVES		SUSTAINABLE DEVELOPMENT GOALS
	LIFE BELOW WATER	Protection of oceans and their ecosystems Non-depletion of wild fish supplies
	CLIMATE ACTION	Lower carbon footprint with reduced transport Healthier oceans are natural climate regulators
	GOOD HEALTH AND WELL-BEING	No antibiotics, pesticides, hormones or microplastics Fresh, healthy, fully traceable protein
	ZERO HUNGER	Sustainably produced food Food security
	RESPONSIBLE CONSUMPTION AND PRODUCTION	Low FCR (Feed Conversion Ratio) Reduced food waste thanks to longer shelf life
	CLEAN WATER AND SANITATION	Water recycling technology with ~99% reuse Negligible waste-water from production process
	INDUSTRY, INNOVATION AND INFRASTRUCTURE	Environmentally sound industry Local infrastructure
	DECENT WORK AND ECONOMIC GROWTH	Local employment for skilled & low skilled workforce Training, education, and local research projects

ESG Standards

8F has established the following ESG standards and objectives for Pure Salmon, its portfolio company.

Environmental Standards

- Creating value from an environmentally friendly and sustainable approach in all aspects of its business.
- Adopting a solution-driven approach to environmental issues to protect the environment and the planet, including the oceans.
- Limiting consumption of environmentally scarce, non-renewable resources and seeking to preserve natural capital and protect biodiversity.
- Seeking to use renewable energy to the extent possible and practicable.
- Limiting emissions of harmful substances and harmful waste, including greenhouse gas emissions.

Social Standards

- Promoting diversity and having a zero tolerance against any type of discrimination.
- Establishing positive involvement with all stakeholders, both internal and external, e.g., employees, customers, suppliers, and investors, as well as the communities in which they operate in order to solve social challenges.
- Respecting employees' and contractors' rights to decent working conditions, e.g., minimum wages, working hours, health and safety and right to collective bargaining.
- Addressing all customers' concerns and interests proactively.
- Comply with international conventions on human rights, including supporting the elimination of child labour and modern slavery in their own operations as well as throughout their supply and distribution chains.

Governance Standards

- Maintaining a high level of business ethics in all types of transactions and interactions.
- Complying with applicable and relevant laws and regulations, as well as being aware of future regulations, in markets where they operate.
- Establishing a defined and documented corporate governance structure with clear responsibilities and procedures and appropriate internal control mechanisms.
- Establishing and implementing ESG and sustainability principles, standards and policies.
- Integrating material ESG and sustainability factors into the company's business strategy and operations.
- Reporting transparently and accurately in a meaningful and relevant manner on all financial as well as extra-financial aspects of the business.

ESG Policies

Under 8F's initiative and with its support, Pure Salmon has started formalizing its ESG and Impact framework and objectives since mid-2021. Both 8F and Pure Salmon have been working with the advice of the Aquaculture Team of a Norwegian consultant to develop and implement an ESG/Impact framework and strategy including the formalization of ESG/Impact policies, that capture key ESG risks and opportunities that are relevant both for the short and long term. This will enable Pure Salmon to measure, monitor and report on key ESG objectives and Impact KPIs. For 2022, this exercise has enabled PS to identify four ESG policies that need to be developed as a matter of priority, and which are currently being finalized:

1. Fish Welfare Policy, including *but not limited to*:

- Replicating the positive features of the fish's natural habitat which ensures innate behavior
- Measuring, monitoring and ensuring healthy biological functions
- Minimizing fear and distress through humane handling of the fish

2. Sustainable Feed Policy, including *but not limited to*:

- Monitoring the origin and species of marine ingredients to be sourced from regulated fishing
- Refusing to purchase feed from IUU sources and requesting raw materials from certified IUU-free sources

3. Circular Resource Usage Policy, including *but not limited to*:

- Minimizing unnecessary consumption and waste by optimizing inputs to PS' activities
- Finding circular solutions to PS' resource usage and waste streams

4. Climate Change and Energy Usage Policy, including *but not limited to*:

- Measuring PS' energy usage and evaluating PS' corporate greenhouse gas ("GHG") emissions
- Working together with PS' suppliers to minimize the climate impact of the feed used
- Seeking to make all PS' facilities highly energy efficient

The objective of these four prioritized ESG policies is to establish a set of principles and targets that will enable Pure Salmon to reach highest ESG standards and processes to minimize any negative environmental and human impact, while maximizing positive impacts across all stages of operations. Each of these policies include specific targets to be formally committed to and reported on by Pure Salmon once its large-scale RAS salmon facilities are fully operational.

Sustainability Certifications, Memberships and Ratings

Pure Salmon France is ASC (Aquaculture Stewardship Council) and IFS (International Featured Standard) certified for its operational processing activities. The ASC certifies aquaculture farms that contribute to the preservation of biodiversity and water resources, protect fish welfare, create many direct and guaranteed long-term jobs, and stimulate the economy and well-being of local communities. The IFS is a Global Food Safety Initiative that benchmarks standards for manufacturers, wholesalers, distributors, agents and brokers. IFS addresses food safety and management of product quality in food and ingredient manufacturing as well as in storage, distribution, transportation, and logistics. The IFS standard includes requirements for senior management responsibility, quality and food safety management systems, resource management, production process, measurements, analysis, improvements and food defense.



In July 2021, Soul of Japan (“SOJ”), Pure Salmon’s name in Japan, has received the highest SU1(F) rating from Japan Credit Rating Agency (JCRA) for its RAS Atlantic Salmon plant in Mie. SU1(F) is the highest rating that is given to a company within the Sustainable Finance & ESG Framework in Japan (the “F” stands for Framework). It has two components, the ESG component and the Management & Governance component, that JCRA uses to evaluate if a company or project suitable for sustainability rating. SOJ scored the highest points in both categories.

JCR Sustainability Finance Evaluation Matrix

		Administration and Governance, Transparency Evaluation				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Environment and Social Impact Evaluation	gs1(F)	SU 1(F)	SU 2(F)	SU 3(F)	SU 4(F)	SU 5(F)
	gs2(F)	SU 2(F)	SU 2(F)	SU 3(F)	SU 4(F)	SU 5(F)
	gs3(F)	SU 3(F)	SU 3(F)	SU 4(F)	SU 5(F)	Not Applicable
	gs4(F)	SU 4(F)	SU 4(F)	SU 5(F)	Not Applicable	Not Applicable
	gs5(F)	SU 5(F)	SU 5(F)	Not Applicable	Not Applicable	Not Applicable

Turning the Tide - Implementation

The environmental urgency of protecting the oceans and preventing further damage on marine ecosystems is now on top of political and social agendas globally, and Pure Salmon is fully aligned.

In essence, and through the implementation of RAS aquaculture, 8F and Pure Salmon solve most of the problems linked to the industry that are pointed at by The Guide. Indeed, the basic premise of full-cycle RAS production is to significantly improve the salmon industry's overall sustainability and carbon footprint by addressing the most pressing issues that are directly mentioned in The Guide.

For example, fish escapes can impact the biodiversity. The use of antibiotics, pesticides and chemicals can cause damage to marine ecosystems. Long-haul transportation by plane from current production hubs in the Northern and Southern hemispheres to end-consumer markets can bear a high carbon footprint. The recognition of these key issues enabled Pure Salmon to define the prioritized four ESG policies mentioned above.

In addition to these four ESG policies, PS has already started working on estimating the carbon footprint of its future facilities currently being built. While this exercise remains hypothetical at this stage, it has enabled Pure Salmon to identify the main components that would contribute to the carbon footprint of its future facilities.

For example, as PS' Scope 1 energy/electricity usage in RAS salmon farms could be high, Pure Salmon is already focusing on maximizing renewable sources of energy within its power mix and minimizing fossil-based sources of electricity, with a pragmatic approach that fits specific local conditions.

Regarding Scope 2 and Scope 3 emissions, the distribution and transport-related carbon emissions of the salmon industry today is a fundamental issue. A key advantage of RAS is that it enables Pure Salmon to locate its farms closest to consumption centers globally. This allows Pure Salmon to deliver its fish mainly by road, thus significantly reducing its carbon footprint. PS' carbon footprint from distribution and transportation can thus definitely be significantly lower than the current standards of the industry.

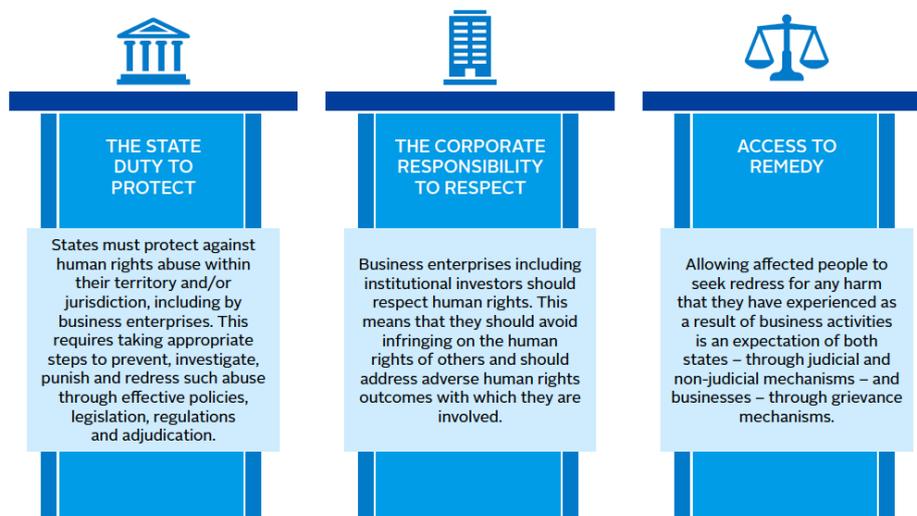
Beyond transport-related CO₂, reduction in its overall GHG emissions is one of Pure Salmon's primary impact objectives. Pure Salmon will seek to account for, and regularly report on its progress towards such emissions reduction, once each given facility is operating.

Regarding the sustainability of the feed, which is one of the major sustainability topics within the aquaculture industry (as clearly highlighted by The Guide), and as mentioned above, PS is currently finalizing its Sustainable Feed policy. This policy provides the framework and guidelines for Pure Salmon to minimize any potential negative environmental and social impacts related to the sourcing, composition, transportation, and usage of fish feed, specifically from the perspective of ingredients, formulation, manufacturing, and performance of the feed as well as from the sourcing of raw material ingredients. Pure Salmon will seek to reduce its negative impact by using high-performance fish feed and minimizing feed wastage. As Pure Salmon does not produce its own feed directly, Pure Salmon will work in cooperation with its suppliers to reduce any potential negative impacts caused by its feed value chain. PS will require sourcing of the most sustainable raw materials available, and PS will encourage, support, and cooperate in the development of increasingly sustainable solutions for the future. PS will also seek to source feed from production facilities located as close as possible to PS

facilities with a view of minimizing the carbon footprint related to feed transport. PS will refuse to purchase feed from IUU sources and request raw materials from certified IUU-free sources.

Moreover, Pure Salmon will seek to be at the forefront of feed development together with its preferred suppliers, incorporating sustainable novel feed ingredients while ensuring consistent quality and economical pricing.

Another fundamental topic emphasized by The Guide is Human Rights. Both 8F & Pure Salmon, according to the PRI recommendations, will take guidance from the UN Guiding Principles on Business and Human Rights (UNGPs), the International Bill of Human Rights, the International Labor Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD’s Guidance on Responsible Business Conduct and Corporate Responsibility to respect Human Rights across its activities. For instance, 8F and Pure Salmon will seek to apply the three pillars of the UNGP (as presented below)¹ to develop an effective framework to address human rights issues.



¹ UNGP

Conclusion

Beyond Pure Salmon's business model which is inherently sustainable and addresses the key issues faced by the industry that are emphasized in The Guide, and despite still being in construction phase, 8F and Pure Salmon are already taking concrete and pragmatic steps to integrate The Guide's principles and recommendations in establishing their ESG policies and aligning themselves with the Sustainable Blue Economy Finance Initiative.