



8F ASSET MANAGEMENT & PURE SALMON



UNEP FI SBE REPORTING

September 2023



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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.

Actions taken during the reporting period

In alignment with the Sustainable Blue Economy Finance Initiative (“SBE FI”) principles, we have undertaken a comprehensive range of actions, during the last reporting period, to ensure environmental sustainability, social inclusivity, and economic viability:

SBE FP 1, 2, 8, 9 – Protective, Compliant, Purposeful, Impactful

Our global investments in land-based salmon farms are designed to mitigate the environmental impact commonly associated with traditional marine aquaculture. By utilizing on-land systems, we eliminate the risks of marine habitat degradation, antibiotic leakage, fish escapes and the spread of diseases like sea lice that are prevalent in conventional offshore farms. Our investments are directly aligned with our commitment to adhering to the SBE FI principles, the Principles for Responsible Investment (“PRI”), and other relevant frameworks.

In line with them, and during the last reporting period, we have made considerable progress on the ESG front and taken numerous significant decisions, including quantifying the carbon footprint of one of our incoming projects. We now plan to extend this analysis across our portfolio of companies. We have also taken several actions enabling us to reduce our carbon footprint, such as relocating our office to a smaller one in Drammen (Norway) or incorporating solar panels and electric vehicle charging stations at our new Sandefjord (Norway) office, at Pure Salmon Technology (“PST”), one of our portfolio companies.

SBE FP 4 – Systemic

With regards to this specific principle, we engage in continuous monitoring and management of our projects to ensure their long-term sustainability and are currently actively benchmarking different ESG data/ Key Performance Indicators (“KPIs”) and reporting tools providers in view of preparing for our internal management, reporting objectives and obligations.

SBE FP 3, 5 – Risk-aware, Inclusive

Our investment strategies are guided by a robust Responsible and Impact Investment (“RII”) Policy, which is public and available on 8F’s website. This involves a comprehensive risk assessment to minimize environmental and social hazards while maximizing positive impacts. We are in the process of establishing KPIs and selecting our data aggregation and reporting tool to monitor these impacts effectively.

SBE FP 6 – Cooperative

We actively collaborate with various stakeholders, including the SBE FI for which we have actively contributed, through discussions and written works, to establish the organization’s target setting methodology. We also closely participated to the development of the sustainable finance frameworks and guidelines of the ADGM (Abu Dhabi Global Market) Sustainability Committee.

Last year, we have also presented our innovative and efficient Water Recirculating Systems at international forums like COP 27, in Sharm El Sheikh (Egypt), and are preparing for our participation in COP 28 in the UAE. We also took part in the World Ocean Summit, organized by The Economist, in Lisbon (Portugal).

SBE FP 7 – Transparent

We maintain transparency by reporting to multiple organizations and regulators such as MAS (Singapore), SFC (Hong Kong), ADGM (Abu Dhabi, UAE), the SBE FI, and the PRI.

During the last reporting period, we have also classified our first closed fund under Sustainable Finance Disclosure Regulation (“SFDR”) Article 9, indicating high levels of sustainability, and implying recurrent comprehensive ESG reporting.

SBE FP 10 – Precautionary

We are proactively assessing the direct environmental impacts of our incoming projects, adhering to the precautionary principle as a guiding ethos.

SBE FP 11 – Diversified

Our investments are globally diversified, focusing on large-scale land-based salmon projects through the establishment of local, smaller-scale companies that have a direct positive impact on both the environment and communities, by creating jobs and providing a source of sustainable and healthy protein, produced locally.

SBE FP 13 – Partnering

We are actively partnering with both public and private institutions to deliver our projects, thereby contributing to the broader goals of the Blue Economy and Sustainable Development.

Through these multifaceted initiatives, we are steadfast in our commitment to fostering a sustainable blue economy, grounded in scientific rigor and ethical responsibility.

SBE FP 12, 14 – Solution-driven, Science-led

Our projects serve as industry solutions, extending salmon growth on land beyond the smolt stage through technological adaptations. Our team of nearly 100 experts in Norway, Denmark and Abu Dhabi are continuously advancing our scientific understanding and perfecting our technology.

Governance and ESG Integration

We have institutionalized Environmental, Social, and Governance (ESG) committees at both the managerial and portfolio company levels. This dual approach ensures that sustainability measures are implemented from the top-down and bottom-up, facilitating the adoption of ESG measures at local level and the global dissemination of local initiatives.

Short- and long-term plans

In our pursuit to be at the forefront of the Sustainable Blue Economy, we have outlined both short-term and long-term strategic plans that are rooted in scientific rigor and best practices. These plans aim to integrate Environmental, Social, and Governance (ESG) considerations into our core business operations and investment decisions.

SHORT-TERM PLANS

ESG Financial Modeling

We are in the process of incorporating ESG criteria into our financial models. This will enable us to identify and quantify the economic risks associated with climate change, thereby making our investment decisions more resilient and sustainable.

ESG Policies Finalization

Our short-term vision includes the finalization and implementation of robust ESG policies at both the Manager's and the portfolio companies' levels, ensuring a unified approach to sustainability.

SFDR Compliance

We will work on qualifying our subsequent investment funds under SFDR, reinforcing our commitment to transparency and accountability.

ESG Committee Management

We are intensifying the efforts of both the Manager's and the portfolio companies' ESG committees to align them with our overarching sustainability goals.

Carbon Emission Assessment

We are conducting efforts to identify areas where we can reduce our carbon footprint, thereby contributing to global efforts to mitigate climate change.

LONG-TERM PLANS

Social and Governance Enhancement

We are committed to elevating our Social and Governance performance. This includes the development of a Human Capital Framework and Policy, as well as refining our governance structures at multiple organizational levels.

ESG Advisory Engagement

We ambition to engage a globally recognized ESG advisor to scrutinize our existing ESG and impact processes. This collaboration will help us identify and address any existing gaps, ensuring that our sustainability measures are both comprehensive and effective.

ESG Data Aggregation

We are currently working in identifying a sophisticated ESG data and KPIs aggregation tool at the portfolio companies' level. This will facilitate real-time monitoring and reporting, enabling us to make data-driven sustainability decisions.

ESG Reporting

In the coming years, we aim to publish our inaugural ESG reports at the portfolio companies' levels, providing stakeholders with transparent insights into our sustainability performance.

Alignment with global agreements

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.

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, including SDG 14 “Life Below Water”:

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

In our unwavering commitment to sustainability and responsible business practices, we have set forth a comprehensive plan to align with key international frameworks and agreements that serve as benchmarks for environmental stewardship and social responsibility. Our approach is deeply rooted in scientific evidence and aims to set new standards in the Sustainable Blue Economy.

Alignment with Paris Climate Agreement and COP 28 Outcomes

We are actively working to align our operations and investment strategies with the Paris Climate Agreement's goal of limiting global warming to well below 2 degrees Celsius above pre-industrial levels. This involves a rigorous assessment of our carbon footprint and the implementation of strategies to reduce greenhouse gas emissions.

Furthermore, we are keenly awaiting the outcomes of the 28th UN Climate Change Conference of the Parties (COP 28) to be held in the UAE. We anticipate that this conference will yield new guidelines and frameworks that will shape the future of sustainable practices globally. Once these are published, we plan to integrate them into our existing sustainability roadmap, ensuring that our operations are not only compliant but also contribute to global climate solutions.

Adaptation to the Kunming-Montreal Global Biodiversity Framework

In addition to climate-focused frameworks, we are also looking to align with the Kunming-Montreal Global Biodiversity Framework. This framework is expected to set new global targets for the preservation of biodiversity, an issue intrinsically linked to the health of our oceans and, by extension, to the Sustainable Blue Economy. We recognize that biodiversity is a critical component of ecosystem resilience and function, and its preservation is vital for sustainable development.

In summary, our commitment to aligning with the Paris Climate Agreement, the outcomes of COP 28, and the Kunming-Montreal Global Biodiversity Framework is not merely a compliance exercise. It is an integral part of our mission to be a leader in the Sustainable Blue Economy. Through these alignments, we aim to validate our ESG objectives and contribute meaningfully to global sustainability targets, all while setting new industry standards for responsible and sustainable operations.

SBE Targets

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 SBE FI Guide.

In our commitment to advancing the Sustainable Blue Economy, we have established specific, measurable targets that are grounded in scientific principles and ethical considerations. These targets are designed to address critical environmental challenges while ensuring responsible and sustainable operations.

Target 1: Eliminate IUU-Sourced Feed

Objective:

We are committed to sourcing feed exclusively from certified Illegal, Unreported, and Unregulated (IUU)-free sources

Strategy and Implementation:

- **Collaboration with Feed Supplier:** We are in close collaboration with our feed supplier, Skretting, to ensure the traceability and sustainability of raw materials. We are actively engaging with the ESG heads at Skretting to co-develop strategies for achieving this target.

Monitoring and Timeline:

- **Measuring and Monitoring:** We will implement rigorous tracking and auditing mechanisms to ensure compliance.
- **Timeline:** This target will be fully operationalized by the time our facilities are up and running.

Target 2: Minimize Scope 2 Emissions Through Green Energy

Objective:

Our aim is to significantly reduce our operational Scope 2 emissions by maximizing the use of green energy in our facilities.

Strategy and Implementation:

- **Engagement with Local Authorities and Suppliers:** Since the projects' inception, we have been in discussions with local authorities and energy suppliers to secure the highest proportion of green energy possible.
- **Infrastructure Planning:** For example, our Pure Salmon France facility will be powered by green energy from the grid as well as from a solar panel farm adjacent to our upcoming facility.

Monitoring and Timeline:

- **Measuring and Monitoring:** We will track our energy consumption and emissions to assess the effectiveness of our green energy initiatives.
- **Timeline:** Already being implemented as one of our focuses while pushing forward the construction of our facilities.

Target 3: Achieve Over 99% Water Recirculation

Objective:

We aim to achieve a water recirculation rate of over 99% in our aquaculture operations.

Strategy and Implementation:

- **Technological Innovation:** Our team at PST is continually working on refining our water recirculation technology to improve efficiency and minimize waste.

Monitoring and Timeline:

- **Measuring and Monitoring:** We will employ real-time monitoring systems to ensure that our water recirculation rates meet or exceed our target.
- **Timeline:** This target will be fully realized as soon as our facilities are operational.

By setting these ambitious yet attainable targets, we are not only adhering to best practices but also pushing the boundaries of what is achievable in the Sustainable Blue Economy. Through rigorous monitoring and transparent reporting, we aim to validate our progress and contribute meaningfully to global sustainability efforts.

Governance overview

In our quest to be leaders in the Sustainable Blue Economy, we place a strong emphasis on robust governance principles and objectives. Our governance framework is designed to be ethical and aligned with global standards, thereby ensuring that we not only comply with existing regulations but also contribute positively to global sustainability efforts.

GOVERNANCE PRINCIPLES AND OBJECTIVES

Structured Governance

We have established a well-defined corporate governance structure. This structure delineates clear responsibilities and procedures, thereby ensuring accountability and effective decision-making.

ESG and Sustainability Integration

We are committed to integrating Environmental, Social, and Governance principles, standards, and policies into our organizational DNA. These factors are not peripheral but are integrated into our core business strategy and operations.

Ethical Conduct

Our foremost principle is to maintain the highest level of business ethics in all transactions and interactions. This commitment serves as the cornerstone of our corporate culture and decision-making processes.

Regulatory Compliance

We adhere strictly to all applicable laws and regulations in the markets where we operate. Additionally, we proactively monitor emerging regulations to ensure future compliance and to adapt our business strategies accordingly.

Transparent Reporting

We believe in the power of transparency and are committed to reporting both financial and extra-financial aspects of our business in a meaningful and relevant manner. This includes detailed disclosures on our ESG performance and impact.

ALIGNMENT WITH GLOBAL STANDARDS AND INITIATIVES

While our investments are not currently aligned with the OECD Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Rights, we recognize the critical importance of these frameworks and to the need of committing to globally respected responsible investment and sustainability principles.

As a signatory of the UN-backed Principles for Responsible Investment, we ensure that both our Funds and portfolio companies integrate the above governance principles into their business models and operations. Our commitment extends to human rights, where we take guidance from multiple authoritative sources:

- UN Guiding Principles on Business and Human Rights (“UNGP”)
- International Bill of Human Rights
- International Labour Organisation’s (“ILO”) Declaration on Fundamental Principles and Rights at Work
- OECD’s Guidance on Responsible Business Conduct and Corporate Responsibility to Respect Human Rights

We actively seek to apply the applicable pillars of these frameworks, thereby contributing to relevant UN Sustainable Development Goals and advancing human rights as a fundamental aspect of sustainable development.

In summary, our governance framework is not just a compliance mechanism but a strategic enabler that underscores our commitment to ethical conduct, regulatory adherence, and global sustainability. Through this robust governance structure, we aim to set new benchmarks in the Sustainable Blue Economy, thereby contributing meaningfully to global sustainability objectives.

Conclusion

In the reporting year, we have made significant strides in advancing the Sustainable Blue Economy, underpinned by a multi-faceted approach that encompasses rigorous ESG integration, ambitious sustainability targets, and robust governance principles. From pioneering land-based aquaculture systems that mitigate environmental impact to setting industry-leading targets for green energy use and water recirculation, our actions are both transformative and measurable. Our short-term and long-term plans are meticulously designed to align with global agreements such as the Paris Climate Agreement, COP 28 outcomes, and the Kunming-Montreal Global Biodiversity Framework.

Our governance ethos, rooted in ethical conduct and transparency, serves as the backbone of our sustainability initiatives. As a signatory to the UN-backed Principles for Responsible Investment (PRI), we are committed to integrating these principles into our business models and operations, thereby contributing to relevant UN Sustainable Development Goals. Through a combination of innovative practices, strategic alignments, and a steadfast commitment to ethical governance, we are not just adhering to industry standards but are actively working to redefine them. Our efforts are a testament to our unwavering commitment to leading the way in the Sustainable Blue Economy, setting new benchmarks for responsible and sustainable operations.