

CORPORATE SOCIAL RESPONSIBILITY AT HOFSETH BIOCARE ASA

Our shared future is a profitable and sustainable usage of Norwegian seafood.

Hofseth BioCare (HBC) is founded on sustainability and utilization of by-products from the Norwegian biomarine processing industry. HBC exercise social responsibility by developing and conducting business in a manner that is consistent with fundamental ethical values, respect for individuals, society and the environment. This approach is also dialogue with its key stakeholders and that the consideration of these matters when the business is run and decisions are made.

Hofseth BioCare is a Norwegian biotechnology company that provides high-value bio-marine ingredients and finished products for humans and pets. The company is founded on the core values of sustainability, traceability and optimal utilization of natural resources. Through innovative hydrolysis technology is Hofseth BioCare able to preserve the quality of the oil, protein and calcium from fresh fish trimmings. HBC to promote effective utilization of marine resources and deliver quality products for ingredients and finished consumer products in the nutrition market.



Good contact with the various stakeholders around the company is important to build confidence and understanding of HBC in the local environment and community, and is a key part of the company's social responsibility. The company shall identify the relevant issues in the relationship between business

and society, facilitating a dialogue and effective management of all types of feedback and requests from customers, suppliers and the local community. Through continuous improvement, the company must deal with the various challenges that arise.

Social responsibility is the responsibility of HBC. This means that CSR should be integrated into the management of the company and the various units and departments in the group. The company has developed a model for the objectives and strategies that include targets for corporate social responsibility. It is the responsibility of management to pursue its ambitions, actions and results in this area.

The core in HBC's sustainability is that the company processes marine products to high - value products for the dietary supplement and nutrition market. The business model supports the use of whole fish by the processors take out portions of food and HBC refines the raw material. Fresh head, backbone and skin goes into valuable raw material in the production of HBC products. In this way, HBC has positioned itself as a contributor to help in the fight against the lack of protein and effective nutrition.

We are utilizing by-products, that previously only were used for animal feed, and develop them for human consumption. In the future this will be essential for the widening gap between demand and supply of nutrition.

Central to the HBC's strategy and business model lies in the innovation and development of processes and utilization of several types of marine resources. Innovation and development helps to strengthen the company's long-term goal of being an active provider of nutrition for the developing world. The continuous efforts to make improvements and research will have positive effects both for the environment (less energy consumption and emissions) and economy. The company is actively working to develop new products from new and

renewable sources of raw materials. Research and development is a high priority, and the company has committed considerable resources to this area.

Reporting on CSR in an early phase of HBC, but the company through 2013 outlined a new strategy and a business model that supports efforts to build a strong responsibility in the company.

Through business partners, customers, suppliers and other stakeholders, HBC has established long-term relationships that extend over several years. HBC wants contact and cooperation shall be characterized by trust, orderliness and mutual respect and that transactions and business practices are in line with laws, regulations and recognized ethical standards. Guidelines have been established to regulate and assist employees to good relations and sound business practice through general code of ethics that includes several themes, including anti-corruption.

Profitable and sustainable jobs is a prerequisite for the welfare and social security. It manifests itself through income and meaningful activity for the individual, and the financial contributions as taxes from companies and its employees and to the communities in Midsund, Berkåk and Ålesund. In the communities where HBC has manufacturing, there are also significant social effect for vendors and other activities around the factories. At the end of 2013 HBC had 33 employees; 11 employees (9.2 FTEs, 2 women and 9 men) at Berkåk and 18 employees (17.7 FTEs, 4 women and 14 men). In the administration is 4 men employed.

COMMON INTERESTS WITH LOCAL COMMUNITY

HBC's operations affect and interact with the local communities. On Midsund and Berkåk is HBC significant cornerstones and plays an important role in the region as an employer, local suppliers and as a economic contributor. HBC's activity thus contributing with many man-years both within the company and with our suppliers.

LOCAL INVOLVEMENT

Activities in culture and sports that help to increase the attractiveness of the region and to create interest and understanding among youth for areas that are important for HBC and community. HBC has been approved as a training company in 2013. The management and the Board has facilitated so HBC in the future will be able to provide significant funds back to the communities we are represented in.



Hofseth BioCare is in the process of implementing a new business strategy. In this strategy, sustainability will be fundamental in everything we do. Hofseth BioCare will work continuously to be a secure supplier for our customers, a safe employer, a responsible and important contributor to the communities we are a part of.

Corporate responsibility is an integral part of HBC activities. Our procedures shall comply with environmental requirements and all employees to participate in efforts to achieve this. We have ethnic policies and internal procedures on how to do this.

HUMAN RIGHTS

HBC will always respect human rights, and conducting business with due care to avoid getting involved in any violation of these. We have a special responsibility for our own operations, but the obligation to respect human rights applies to our relationships with partners, suppliers, customers and others affected by its operations. HBC defines human rights as the human rights stated in the Universal Declaration of Human rights and labor rights set out in the International Labour

Organisation's Declaration on Fundamental Principles and Rights at Work. We have a our own HBC human rights referring to this.

The work of human rights starts with understanding and respect for human rights means in practice our employees and partners. Equality, diversity, consultation and employee involvement are key values for HBC. We do not accept violations of human and labor rights.

LABOUR RIGHTS AND SOCIAL ISSUES

HBC puts a strong focus on being a safe and secure workplace for our employees. It is important that all employees are treated with equality and respect. HBC aims to be a company that provides the right and opportunity to develop their abilities regardless of gender, religion, political opinion, color, national or ethnic origin, sexual orientation or disability. All employees must have an employment contract and thus it shall ensure worker's rights. Staff Handbook that all new employees receive will contain a description of all benefits and rights as a worker at HBC.

Good internal communication and cooperation between management and employees is essential to our ability to succeed and for the employees' well-being. Diversity in terms of workers with different experience backgrounds, age and gender are important topics for HBC to ensure the widest possible recruitment base and create attractive jobs. Variation in gender, age and experience are also a appreciation of the work product and process development because it can help enhance market understanding and better perspectives. Respect, tolerance and equality are key elements in HBC 's corporate culture. HBC adheres to and respect national and international labor laws and International Labour Organization (ILO) core conventions. Cooperation between the staff and management are in addition to the Employment Act regulated agreements and collective agreements.

HBC is working actively and consciously to promote the recruitment of female managers and

employees. At the end of 2013 was 6 of 33 employees of HBC women, and the Board of Directors two of the five members are women (40 %).

WORK ENVIRONMENT AND SAFETY

HBC takes no shortcuts when it comes to safety. A safe working environment for all involved in HBC activities are crucial for sustainable value creation. The working environment also has an impact on absenteeism. It's not just about getting people back faster from illness to job, but also have a healthy working environment conducive to long-term health of employees.



It is important for HBC and create healthy and attractive jobs and manage risks accordingly.

HBC:

- Consider the impact on the environment and minimize the possible negative effects that our production can have on the local and global environment by implementing effective long-term solutions.
- Continuously improve systems for safety, as well as processes and results to create safe workplaces.
- Ensure that HSE aspects are taken into account when new products and processes are developed.
- Choosing suppliers who follow our vision and HSE requirements.
- Ensure that customers feel safe when they purchase products from HBC, with respect to origin and quality, but also their impact on people and the environment.
- Give information about HES in an open, reliable manner and maintain an active

dialogue with stakeholders on various issues related to EHS.

HBC adopts the international standards of OHSAS 18001 to make HBC able to manage operational risk and work more systematically to meet the demands at work regulations and internal control.

Risk assessment is a key element of HSE. The preventive safety work is done through continuous risk assessments, good control and regular audits, so that the safety of personnel, environment and assets are safeguarded in a good way. HBC will identify factors that can have significant consequences for the environment and the company.



We have HSE policy, HSE annual plan and risk analysis that shows this.

CORRUPTION

Value creation in HBC shall be in accordance with the Code of Conduct and applicable laws. As a consequence, we have zero tolerance for corruption. HBC tolerating neither active (attempt to bribe others) or passive corruption (to let the bribe happen).

The group has a non - accepting attitude to the so-called facilitation payments, ie to pay small amount to public officials, to carry out routine services. Such requirements shall be met with a firm and clear, dismissive attitude.

Gifts should be given to transparency. It should not be administered in the form of money, have a clear legitimate grounds to local business conditions and have minimal economic value. Payment of travel

and events from customers, or others to have a clear business justification and happen in transparency.

This is implemented through the principles of good corporate governance and the Code of Conduct.

ENVIRONMENT

HBC perform an energy efficiency analysis and, through the attempt to minimize the total energy consumption to a minimum of what is possible. At the same time, emissions will be minimized at all stages of production. The global climate change is a major challenge for the world and a shared responsibility in which we all must contribute.

HBC is working to reduce the environmental impact in several areas. The most significant environmental challenges is related to the plant in Midsund. The emissions are mainly related to the process that also have an impact on emissions. Reduced emissions in particular have been the focus in 2013. In addition to ordinary emission control, HBC started a defined project to reduce emissions to air. HBC has entered into an agreement with the Norwegian company Pure Enviro AS and have made an implementation plan during the 4th quarter of 2014 that will result in HBC meeting all requirements for emissions.

HBC is " Friend of the Sea " certified. This means that we strive to make sustainability a reality, showing



social responsibility in relation to fishing practices, ecosystem and efficient operation. We sort our waste, and sends all metal, cardboard / paper and plastic for recycling. All of hazardous waste, growing media and equipment from the labs are delivered as hazardous waste.

All of the organic material that has not been heat treated goes through a wastewater treatment plant and is acid -treated to the right pH and holding time before it is released into the sea. We also have

procedures for sampling and measurement of wastewater taken to be sure we are within the given requirements imposed.

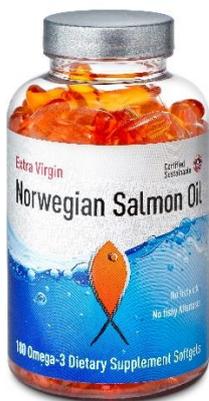
Water consumption at the factory in Midsund was approximately 450,000 tons in 2013. The company is actively working to reduce water consumption on the basis of the environmental concerns, but also on the basis of an economic aspect.

TRANSPORTATION

HBC transports mainly by road and sea. This includes transportation of raw materials in and products out to our customers around the world. Through the optimization of transport and that the company obtains its raw materials mainly in Møre and Romsdal, the company is working to reduce the need for long distance transportation. Transportation of finished products are mainly exported to Europe and the United States. In Europe by road and the USA by shipping. HBC moved in 2013 goods by boat and trucks. The company has a desire to transport more freight by rail and boat if solutions for such transport can compete with road transport in relation to speed and infrastructure.

PRODUCT AND FOOD SECURITY

Food safety is a cornerstone of the HBC, and it comes through the entire value chain from sea to finished Oil, Protein and Calcium. Traceability is our



main concept. With our optimal location it is possible to have salmon products as fresh as possible. Through our close cooperation with our suppliers we are able to track our products from fish eggs to the finished end product. We have a separate laboratory dedicated

to measuring the quality and safety of raw material to finished product. We have quality parameters on

products that meet both internal, national and international requirements for our production. All products must be approved by a separate certificate of analysis before it can be delivered, and we will constantly ensure that our production is as safe as possible. HBC has a HACCP plan that will make us able to discover all potential hazards and ensure that they will not reach into production or in the finished products.

ACTION AND IMPLEMENTATION OF THE ORGANIZATION

HBC has different policies and procedures that employees should follow to achieve the social responsibility that our business stands for. HBC has good training routines to introduce all employees of the HBC goals and what rules apply to our business. HBC has good procedures for monitoring and reporting of all equipment, fuel consumption and emissions as well as variances and risk analysis. This will be a continuous work to be worked on constantly to monitor and ensure that all our objectives are followed throughout the value chain in terms of both ethics and social responsibility. Our internal procedures and plans are in the company's quality system and will be available to all company employees. In this way, all employees easily identify which rules and conditions that apply for HBC.

RESULTS

We want to create confidence in the HBC Group's business through transparency and good communication.

HUMAN RIGHTS, LABOR RIGHTS AND SOCIAL ISSUES

HBC know that people prosper when they get to use their abilities, develop and be part of a great community. To facilitate this is a big responsibility, but above all, a good investment. Good results are produced when all employees master their work and develop to solve new tasks. Good education and training is something that is prioritized and scored on. Both internal and external courses were conducted in 2013 and will be focused on further in 2014. In that way, knowledge and coping abilities of the individual ladder will grow. Social events are also something management and employees will continue to work with, to create a even more positive environment in the workplace.

Diversity and a corporate culture marked by respect and equality are important for success in the competition for labor and for developing employees' potential to the benefit of the group and the individual. Through distinct attitudes, awareness of managers, and monitoring, HBC wants to avoid discrimination and promoting diversity. There were no issues relating to regulations for equality and non-discrimination in 2013.

WORK ENVIRONMENT AND SAFETY

Risk assessment forms the basis for measures to be taken to prevent damage or other adverse events to occur. This is a key element of HBC work with HSE. Understanding risk is essential to prevent dangerous situations. This will be worked on continuously and HSE training is getting enhanced. Risk assessment is a continuous work being followed up all the time. From 2014, all deviations is registered and it will be created reports referring to the type of deviation that occurs. HSE deviations will

be put into immediate action to prevent such deviations occurring again.

CORRUPTION

The business in HBC must comply with our Code of Conduct and applicable rules. As a consequence, HBC has zero tolerance for corruption. Corruption hinders economic development, inhibit competition ability and undermine both the rule of law and democratic processes in society. HBC had no issues relating to corruption legislation in 2013.

ENVIRONMENT

The challenges of global climate change is a shared responsibility in which we all must contribute. Reducing energy consumption is perhaps one of the most important climate initiatives for HBC. The management has performed an energy conservation analysis and will work on lowering energy consumption to a minimum. Air emissions were the main priority area in 2013. This is a long term project that will be completed at the end of 2014. By then, HBC shall have cleaned and reduced most of our emissions at the plant in Midsund. Emissions to water and pollutants from transport will be a focus area in 2014.

We report every week electricity, water, chemicals, emissions and deviations. We do continuous monitoring to help us do more to reduce consumption.

PRODUCT AND FOOD SECURITY

HBC takes active responsibility for food safety and traceability by conducting audits and separate controls. Through continuous testing at all levels and strict control procedures of all finished goods, all HBC products meet all given requirements.

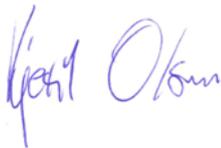


If not all requirements are met, the item will be sold for a different purpose. Regular testing on traceability show that we trace from eggs to finished product. Quarterly submitted lab reports show all results and if there are new trends on quality and properties in production. Quality is an important focus at HBC and we make weekly reports showing compliance to our strict standards for internal control.

FUTURE EXPECTATIONS

In light of the implementation of the new vision and strategy in 2014, HBC updated our core values and long-term goals. Hofseth BioCare is also considering to follow GRI or join the UN Global Compact in the future. Hofseth BioCare will continue to work on continuous improvement and this will result in building a business model that supports the areas and parameters that define our social responsibility and sustainability.

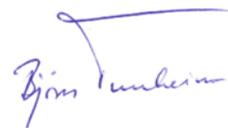
Ålesund, 30.04.2014



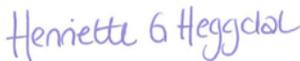
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Roger Hofseth
Board Member



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Board Member



Marit Liland Sandvold
Board Member



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