HAMPIÐJAN

SUSTAINABILITY REPORT 2023

1 Message from the CEO

Over the past years, individuals, companies, and nations have faced increasing challenges due to climate change and social matters, leading to a growing demand for solid governance policies. In 2023, we have seen another year characterized by elevated temperatures, extreme weather, and an increased focus on resilient and transparent value chains. These challenges go beyond a single company, industry, as well as national borders, and can only be solved if we work together. In Hampiðjan Group (hereafter: Hampiðjan) we are both motivated and committed to do our part.

Hjörtur Erlendsson,
CEO of Hampiðjan Group

For the last few years, we have had four different focus areas within the field of sustainability:

- **Climate emissions.**
  Mapping our GHG emissions has been an important focus area for us to be able to fully understand our impact and to set efficient reduction strategies. In 2023, we reached a key milestone in this work, reporting for the first time on the group as a whole.

- **Fishing gear design and product development.**
  We have a strong tradition for product development, especially focused on fishing gear design, in Hampiðjan. In 2023, we are proud to have participated in an innovative project aiming to develop circular fish farming nets.

- **Recycling and circular value chains.**
  We are continuously working to increase focus on recycling within the group. Hampiðjan Iceland alone shipped a record 51 containers (1.128 t of material) of customer waste to dedicated recycling and sorting companies while other companies within the group have also increased their recycling efforts.

- **ISO 14001 certification.**
  We take pride in operating our business according to the standards set out in ISO 14001. It has therefore been an ambition to have more of our subsidiaries obtaining this certification. In 2023, three new companies have become certified.

This report marks an important milestone for the company, as it is the first sustainability report for the consolidated group. At the time being, we are not able to report on all topics for all subsidiaries, due to lack of accurate and complete data. However, we attempt to be transparent in our reporting and will work to fill the identified gaps moving forward.

In 2023, Hampiðjan has also reported on the EU Taxonomy for the first time. A summary of the report can be found in Section 8, and we will continue to closely monitor the developments of the taxonomy. Next year, we will adapt our sustainability reporting to better meet the demands of EU's new Corporate Sustainability Reporting Directive (CSRD). As a leading industry actor, we want to take a proactive role in meeting these new requirements and strive to do so in a way that creates additional value for our investors, customers, employees, and other stakeholders. A decision was therefore made to strengthen Hampiðjan's ESG efforts by bringing on board an ESG Director and, thereby, expanding the group's ESG team. In 2024, we will continue to expand our efforts in this area by establishing Hampiðjan Sustainability Group, a committee of employees who will work to increase awareness on environmental and social matters within the group.

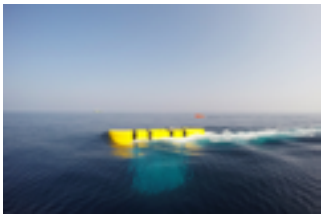
In Hampiðjan, our motto is that "relentless product development is the essence of our being." By this we mean that we will always strive to innovate, to raise the bar, and to do better. This way of thinking is integral to the Hampiðjan culture and shall also be a guiding star for our work within the field of sustainability.

2 Hampiðjan at a Glance

Hampiðjan has its main operations in three sectors:

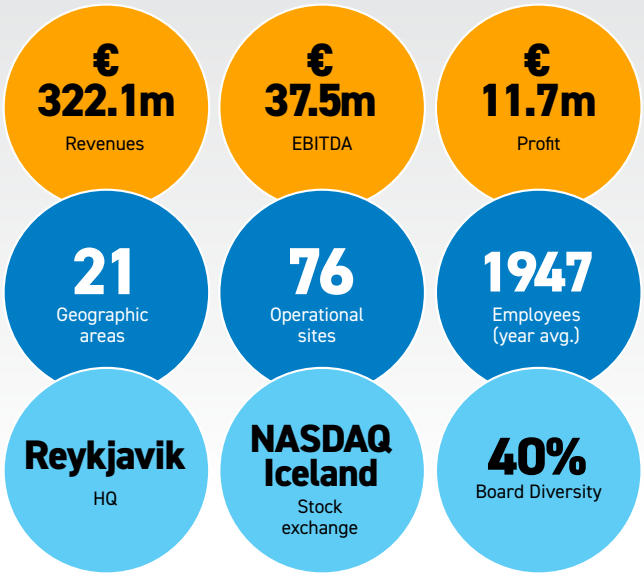
Fisheries
Production of materials for fishing gear, nets, and ropes, construction of trawls, both bottom and pelagic, purse seines, and maintenance and service in specialized netlofts.

Aquaculture
Production of nets, mooring systems, and flotation rings. Service of nets, including washing, repairing, application of anti-fouling and other general maintenance.



Offshore
Production and sale of ropes, strops, and hardware for seismic vessels. Engineered lifting slings for offshore structures and windmill installation. Equipment for deep sea research.

Key Figures, 2023



United Nations Sustainable Development Goals (UN SDGs)

Hampiðjan intends to work diligently towards the UN SDGs, a shared plan for peace and prosperity for both the planet and the people on it, now as well as in the future. As far as environmental issues are concerned, Hampiðjan has identified three of the UN SDGs considered to be especially important to the company.

9 Industry, innovation, and infrastructure
Hampiðjan shall strive to become a leader in innovation within the fishing industry, with focus on efficient fishing gear, that reduces the GHG-emissions of the vessel, and increased durability and lifetime of the gear.

12 Responsible consumption and production
Hampiðjan will aim to design and produce fishing gear that allows material recycling and supports the transition to a circular economy. Additionally, Hampiðjan will work to reduce the energy consumption during production.

14 Life below water
Hampiðjan aims to design and manufacture fishing gear that contributes to a more responsible and efficient use of marine resources. With fisheries specific targeted designs and separators, it is possible to increase species selectivity and avoid capture of undersized fish.

3 GHG Emissions

In 2023, Hampiðjan calculated its Scope 1 and Scope 2 emissions for the consolidated group for the first time. Scope 1 includes all direct emission sources: fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased, or rented assets. It also includes any process emissions, from e.g. chemical processes, industrial gases, direct methane emissions etc., as well as leakage of refrigerants. Scope 2 includes indirect emissions related to purchased energy, including electricity and heating/cooling in assets owned/controlled by the organisation.

The input for the report is based on consumption data from internal and external sources, which has then been converted into tonnes CO_2-equivalents (tCO_2e) using generic and/or specific emission factors. The report considers the following greenhouse gases, all converted into CO_2-equivalents: CO_2, CH_4 (methane), N_2O (nitrous oxide), SF_6, HFCs, PFCs and NF_3. Hampiðjan applies the greenhouse gas (GHG) inventory accounting principles throughout its reporting methodology that is consistent with the GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol). The principles are as follows: accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, verifiability.

The amount of Scope 1 and Scope 2 emissions (location-based[1]) registered for Hampiðjan in 2023 amounts to a total of 6147 tCO_2e (Figure 3.1), with a GHG emissions intensity of 19,1 tCO_2 per m€. Figure 3.2. illustrates Hampiðjan's registered Scope 1 and Scope 2 emissions for 2023 calculated with the market-based[2] method, which amounts to a total of 16 080 tCO_2e and a GHG intensity of 49,9 tCO_2 per m€.

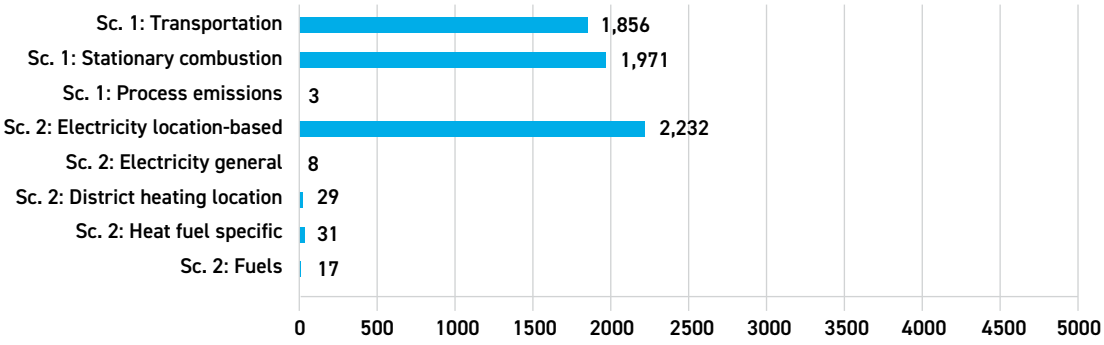


Figure 3.1: Scope 1 and Scope 2 Emissions (location-based) for Hampiðjan, 2023 (tCO_2e)

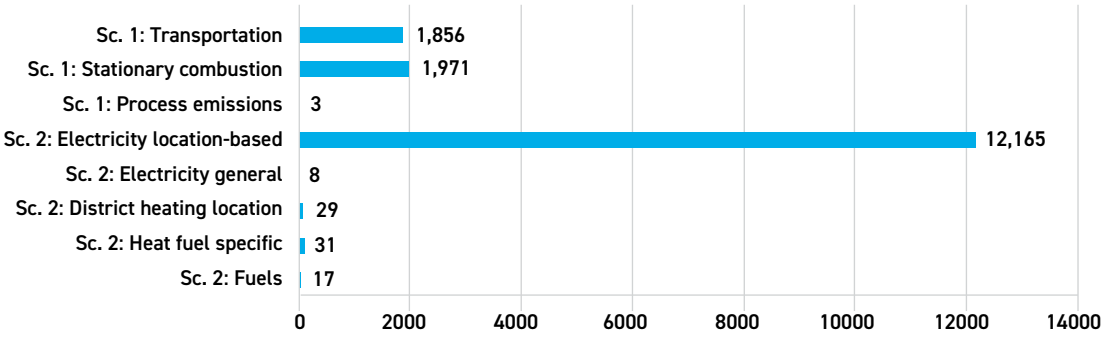


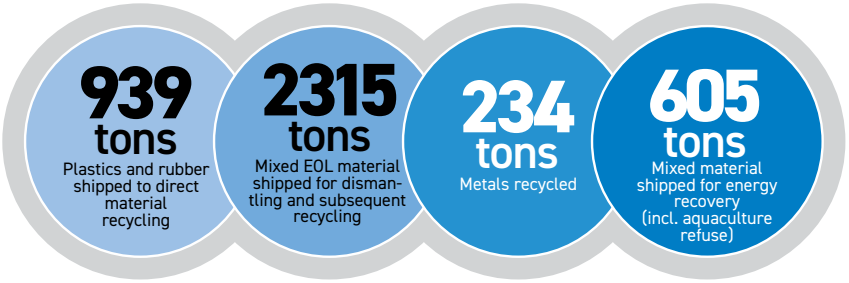
Figure 3.2: Scope 1 and Scope 2 Emissions (market-based) for Hampiðjan, 2023 (tCO_2e)

[1] The location-based method reflects the average emissions intensity of grids on which energy consumption occurs.
[2] The market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).

Since this is the first year of GHG emissions reporting for many of the subsidiaries within Hampiðjan and Hampiðjan as a whole, it must be assumed that some minor emissions sources have been neglected. For instance, it has proven difficult to obtain data for electricity consumption for some leased facilities where electricity is included in the rent. For some leased buildings, electricity consumption for 2023 has therefore not been included. These are considered minor emissions sources, unlikely to affect the total emissions of the group in a significant way.

Moving forward, Hampiðjan's focus will be to establish a base year, set reduction targets, and to be able to measure the development of Hampiðjan's GHG emissions over time. A materiality analysis of Scope 3 emissions will also be conducted, to gain a better understanding of the company's value chain emissions.

3.1 Case: Science Based Targets in Vónin, Faroe Islands
Through their participation in the Faroese Sustainable Business Initiative, Vónin has been working actively with mapping and reducing their Scope 1 and Scope 2 emissions for their Faroese operations since 2020. In 2023, Vónin received validation from the independent Science Based Targets initiative for their commitments to at least halve their Scope 1 and 2 GHG emissions by 2030. To receive validation, Vónin has aligned their commitments with a 1.5 degree warming pathway recommended by scientists. Main action points to reduce their emissions include reducing diesel consumption in their facilities in Fuglafjørður, Tórshavn and Norðskála, and by reducing gas oil consumption in Fuglafjørður and Tórshavn. As well as reporting their emissions on an annual basis, the validation also involves a commitment to measure, report and reduce Scope 3 emissions.



4 Handling of End-of-Life Products (EOL)

Hampiðjan emphasizes recycling of operational waste, including plastics, carboard, organics and general waste, in net lofts, service stations, warehouses and offices. Moreover, it is part of Hampiðjan's environmental policy to provide solutions and pathways for the company's products once they have reached the end of their usable service life.
Hampiðjan collaborates with many partners in the recycling industry that have specialized in the recycling and value creation from used fishing gear components and aquaculture cages. Where possible, material is shipped directly to the recycler after collection and separation. These partnerships have enabled the following material streams:

Polyolefins (HDPE/PP)
Polyolefins from fishing gear, namely polyethylene (HDPE) and polypropylene (PP) can be effectively recycled using mechanical means. After further sorting and quality control, fibres are shredded and remelted before being extruded into granulates. These granulates can then be used in a wide variety of products substituting virgin plastics. Throughout the group we have sent **448 t** to PlastiX in Denmark in 2023 (Shipped from: Hampiðjan Iceland, Cosmos Trawl, and Vonin). Additionally, **30 t** from Vonin in the Faroe Islands went to Healix in The Netherlands.

Rubber
Rubber is an essential part of modern ground gear in bottom trawling. Being made from used tires from the mining industry, we have found a partner in the Dutch tire recycler Granuband for recycling of ground gear. Granuband separates tires into 3 fractions (rubber, nylon, and iron) that have further uses. At their facility, rubber is used to make products like absorbent floor tiles for playgrounds. Throughout the group we have sent **231 t** to The Netherlands in 2023 (Hampiðjan Iceland)

Polyamide (PA)
Polyvektris is a mechanical fibre recycler with a specialization in polyamides (PA), also often called nylon. Recycled nylon is in high demand due to its versatile uses in many industries. Throughout the group we have sent **230 t** to Lithuania in 2023 (Hampiðjan Iceland, SNG, Vonin). Additionally, during the production process at Hampidjan Baltic **44 t** of nylon waste occurred and were recycled at Polyvektris as post-industrial waste.

Mixed fishing gear and aquaculture equipment
Not all components of fishing gear and aquaculture can be efficiently separated at our production facilities. We are therefore actively working with the Norwegian fishing and aquaculture waste specialist Nofir. At their facility in Lithuania, they dismantle gear into distinct material groups that are then sent to dedicated recyclers such as PlastiX and Aquafil. Aquafil is a producer of PA fibres and has been recycling nylon fibres through depolymerization for many years. Depolymerization allows to rebuild the PA polymer to a quality that makes nylon products of a similar quality compared to virgin nylon. Hampiðjan Iceland, Mørenot Aquaculture, Mørenot Fishery, Vonin and Vonin Refa work with Nofir for shipping and dismantling services of fishing gear and aquaculture netting. From these subsidiaries **2315 t** of material were shipped on behalf of customers for dismantling and subsequent recycling. Another **605 t** were handled by Nofir for the purpose of energy recovery from non-recyclable fractions.

4.1 Case: Recycling Efforts in Hampiðjan Iceland

4.1.1 End of Life Treatment of Fishing Gear

Hampiðjan Iceland has been collecting customer fishing gear for recycling for many years. 2023 was a record year for the company with 51 containers with **1.128 t** of material shipped to dedicated recycling and sorting companies. This is a significant increase from the **633 t** in 2022 and 500 t in 2021. This increase is mainly due to an increase in shipments of mixed fishing gear waste to Nofir which accounts for a total of **427 t**, part of the total Nofir shipments reported above. Of all material shipped from Hampiðjan Iceland to direct material recyclers, 88% entered an onwards value chain with only 12% destined for energy recovery because they were not of suitable quality for a further recycling process.

The materials sent for recycling from Hampiðjan Iceland are split into the following material groups:

Material Type	Quantity	Recycling Pathway
Ferrous Metals	197.031 kg	Local Recyclers
PE – fishing gear	171.378 kg	PlastiX
PE – aquaculture	1.672 kg	PlastiX
PA – fishing gear	302.934 kg	Polivektris, Nofir
PA – aquaculture	8.162 kg	Nofir
PP	32.080 kg	PlastiX
Cover braided ropes	24.040 kg	Nofir
Lead ropes	12.159 kg	Nofir
Floats	6.734 kg	Nofir
Rubber	231.260 kg	Granuband
Total suitable for recycling	**987.450 kg**	
Percentage of total	88%	

Not suitable for recycling	140.222 kg	Energy Recovery
Percentage of total	12%	

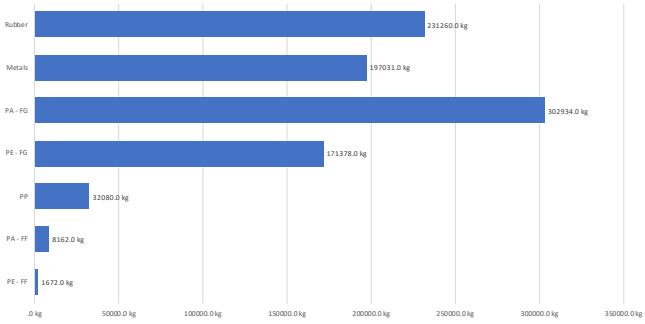


Figure 4.1: Amounts of material types suitable for recycling

4.1.2 Operational Waste

On the production floors in the Icelandic operation's facilities, excess material from production of fishing gear is carefully sorted into separate big bags for proper handling. This includes clean PE, impure PE, Nylon, Danline, Dynlce, Prima and mixed ropes made of PE, polyester, or nylon. Mixed ropes are not recyclable today and is therefore directed toward energy recycling (incineration). Wooden reels, used for transport of rope, are disassembled, and sent back to Hampiðjan Baltic in Lithuania, where they are re-assembled and used again. Post-industrial PE from Hampiðjan Iceland's own production is recycled at Hampiðjan Baltic's facility in Siauliai and fed back into the production stream. This new and clean excess PE-material, stemming from the production of trawl nets. The PE is shredded, melted, and extruded into new plastic granulates, before it is mixed with new material with a mixing ratio up to 10%. Threads that make up the core of the trawl yarn, which can be 10 - 40% of the total weight of the net, can be made of 100% recycled material. In total Hampidjan Baltic received back 9,4 t of PE.

Hampiðjan Iceland's data on operational waste handled by local recycling companies is also collected and tracked on an annual basis. These quantities can vary between years especially during construction or the introduction of new processes. In 2022, Hampiðjan Iceland started servicing aquaculture nets at their new facility in Ísafjörður. The washing of customer nets produces sediments which increases the total waste generated and lowers the recycling percentage of the Icelandic operation.

The waste fractions and quantities generated through the activities of Hampiðjan Iceland in 2023 are presented in the table below. Of the total **76,5 t**, 57% are sorted and recycled with the remaining 43% being handled for disposal.

Category	Quantity	Fraction in %
Organics	1.613 kg	2,1%
Plastics	1.380 kg	1,8%
Paper	3.135 kg	4,1%
Coarse waste	1.410 kg	1,8%
Mixed paper and plastics	823 kg	1,1%
Treated timber	6.385 kg	8,3%
Unclassified waste	20.008 kg	26,1%
Untreated timber	16.658 kg	21,8%
Pallets	4.090 kg	5,3%
Cable reels	4.150 kg	5,4%
Glass	440 kg	0,6%
Cardboard	4.684 kg	6,1%
Washing residue (antifouling-free)	11.749 kg	15,4%
Total	**76.525 kg**	**100,0%**

The recycling strategy of Hampiðjan Iceland is an example for other subsidiaries of Hampiðjan to follow, a scheme that is being rolled out throughout the group.

5 Product Development: Circular Fish Farming Nets

Relentless product development is part of Hampiðjan's core strategy. Hampiðjan is actively participating in several projects across the group that promote circularity and help feed end-of-life products back into the value chain. This in turn lowers the carbon footprint of those circular products as it reduces the reliance on virgin raw materials to produce a high-quality product. One such project is the Circular Fish Farming Nets project.

In 2023 a consortium of companies throughout the value chain of nylon got together to explore the possibilities of introducing recycled high strength nylon in the fishing and aquaculture sectors. The process of depolymerization has been used as a recycling method for polyamide for many years and the nylon from aquaculture nets and trawls has been an important feedstock for this process. However, the resulting fibres have been so far only re-introduced into the garment and carpet industry. In the project Circular Fish Farming Nets, funded by Handelens Miljøfond, an aquaculture cage will be assembled, where the raw material is 100% recycled PA sourced from Aquafil's depolymerization plant in Slovenia. This groundbreaking pilot project, a collaboration between Hampiðjan, Aquafil, Nofir, Grieg Seafood and Aqua Group, will pave the way for more products that can be offered with truly circular PA and establish a traceable and circular value chain.

Photo: Representatives of the companies participating in the project.

6 Collaborative Efforts to Minimize Marine Litter

The oceans are a precious resource, and the marine environment should be free from litter. Hampiðjan supports efforts to clean the coastlines from waste that washes ashore from the open sea and encourages subsidiaries and employees to engage in community clean-ups.

6.1 Collaboration with the Blue Army

The organization Blue Army (Blái herinn) has a long history of removing waste from the shores of the southwestern coast of Iceland. They are doing admirable work, and Hampiðjan Iceland has both been offering financial support as well as workforce to assist them in their efforts. Since 2020, the Blue Army has been receiving an annual support of 2,4 million Icelandic krona.

6.2 Mørenot and The Ocean Cleanup Project

Together with The Ocean Cleanup, Mørenot is engaged in one of the most pressing environmental problems of our age. The Ocean Cleanup is a non-profit organization that develops and scales technologies to rid the world's oceans of plastic. In 2023, the two companies have developed a 2.2 km long clean-up system that has been specially designed and tailored for its purpose. It is four meters deep and designed as a funnel with an opening at the bottom to ensure that fish and other marine life are not trapped when trawling for marine plastic. The development of the system received some funding from Handelens Miljøfond.

The Ocean Cleanup deployed the system in the Great Pacific Garbage Patch (GPGP) in August 2023 and has removed **353.520 kg** trash in total (as of 25.03.24).

The Ocean Cleanup.

7 ISO 14001

The environmental management standard ISO 14001 helps companies proactively address environmental issues throughout their operation to achieve set goals as well as increase effectiveness of preparedness and response. This standard ensures that companies' operations stay compliant with regulations and that targets can be reached at all levels. Compliance with ISO 14001 has been an important pillar in Hampiðjan's environmental policy, and within Hampiðjan the following subsidiaries have achieved certification under the ISO 14001 standard:

Hampiðjan Baltic	Hampiðjan Ísland
Mørenot Aquaculture *	Mørenot Fishery *
Hampiðjan Advant *	Mørenot Baltic
Mørenot Mediterranean	Mørenot China

* Denotes companies that have achieved certification in 2023.

The aim is to roll out the standard to more subsidiaries in the coming years.

Photo: QA Manager in Mørenot, Stephan Balling, with the ISO 14001 certificates for Hampiðjan Advant AS, Mørenot Aquaculture AS, and Mørenot Fishery AS. Congratulations to all three companies!

8 EU Taxonomy

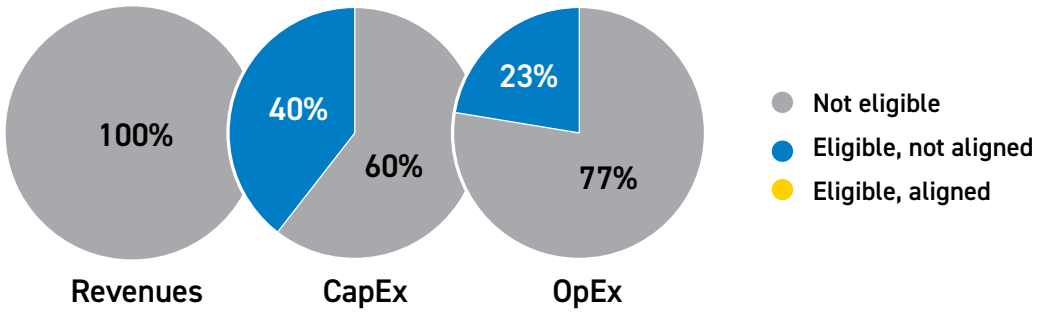
The EU Taxonomy is a classification system developed to define which economic activities are environmentally sustainable. It is a cornerstone of the EUs sustainable finance framework and aims to promote transparency in sustainability information.

In Iceland, the regulation applies to companies subject to the obligation to submit non-financial information according to Art. 66d in the Annual Accounts Act no. 3/2006 and Hampiðjan is among them. For 2023, the scope of the taxonomy reporting has been set to Hampiðjan's companies in Iceland, Norway, and the Faroe Islands. Moving forward, the scope of the report will be gradually expanded to include other parts of Hampiðjan's global operations.

For an activity to be considered as environmentally sustainable ('aligned'), it must 1) significantly contribute to one or more of six environmental goals, 2) do no significant harm to the remaining goals, 3) be carried out in accordance with minimum social safeguards, and 4) meet the applicable technical screening criteria. The six environmental goals are: climate change mitigation, adaptation to climate change, sustainable use and conservation of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

The majority of Hampiðjan's economic activities - production and sales of industrial fishing gear, aquaculture equipment, and equipment for the offshore industry - are not yet covered by the taxonomy ('eligible'). However, it was found that *Activity 7.7 Acquisition and ownership of buildings*, under the environmental goal of climate change mitigation, can be considered an eligible activity for Hampiðjan. *Figure 8.1* illustrates the percentages of Hampiðjan's turnover, CapEx, and OpEx that are eligible and aligned per the requirements set out by the EU Taxonomy. Moving forward, it is likely that other relevant activities will be covered by the taxonomy, and Hampiðjan will therefore continue to carefully monitor the developments of the taxonomy.

Figure 8.1: Key metrics for the EU Taxonomy. Eligible and aligned revenues, CapEx, and OpEx.



The full EU Taxonomy Report for 2023 covers more information on the taxonomy, the eligibility screening, alignment assessment, and the taxonomy KPIs. See Appendix B: EU Taxonomy Report 2023.

9 Policies

Hampiðjan's Code of Conduct, policies, and guidelines are an important part of the company's governance framework, and all employees, leaders, and the Board of Directors are expected to familiarize themselves with the relevant policies and work according to them. In 2023, Hampiðjan did a review of the company's policies and ethical guidelines. The Code of Conduct and Whistleblower Policy were updated with the purpose of being implemented at a group level, while the following new policies were established:

Human Rights Policy. The Human Rights Policy describes Hampiðjan Group's commitment to comply with the basic human rights enshrined in the UN Declaration of Human Rights, as well as internationally recognised human rights. The policy sets out a due diligence procedure based on OECD's Due Diligence Guidelines for Responsible Business Conduct and refers to the Whistleblower Policy for how to report breaches or potential breaches regarding the policy.

Supplier Code of Conduct. Hampiðjan and its subsidiaries are committed to responsible business practices as well as to comply with all legal requirements where the company operate. The Supplier Code of Conduct sets out the minimum standards of behaviour and practices that is required from Hampiðjan's suppliers. The policy addresses, amongst others, topics such as human rights, corruption, environment, and health and safety.

The policies all underwent approval by the board of directors and will be implemented across the group in 2024. They can be read in their entirety on the company's webpage. The Environmental Policy can be read in its full in Appendix A below.

Appendix A: Environmental Policy

Scope and objectives

The environmental policy is developed for Hampiðjan hf. and as well as being valid for the parent company, it will be a policy guide for Hampiðjan's subsidiaries around the world. Employees and their managers are responsible for familiarizing themselves with and working on the environmental policy. This environmental policy is a confirmation that the company works towards the goal of reducing all negative environmental impacts from its daily operations.

Employees

- Increase employees' awareness of environmental issues and their significance.
- Encourage employees to take advantage of more environmentally friendly transport.

Fishing gear design

- Emphasis will be placed on fishing gear design that minimizes the carbon footprint of fishing vessels and fishing gear technology that contributes to a better choice of size and species of fish.
- Design fishing gear materials and gear so that recycling after use is as easy as possible.

Recycling

- Sort all waste to minimize landfill.
- Promote the recycling of the materials generated during the processing of the company's products.
- Recycle packaging.
- Reduce paper usage and ensure that the paper used is recycled.
- Assist shipowners and customers in sorting used fishing gear and recycling as much of it as possible.

Environment

- Support cleanup work on beaches and at sea.
- Calculate overall greenhouse gas emissions within the group and set goals for proportional reduction each year.

Aim for ISO 14001 certification of the parent company by the end of 2021 and other companies within the group by the end of 2025.

Leads to the goals

- Establish an environmental committee and that has the role of providing environmental education for Hampiðjan's employees to increase their environmental awareness.
- Establish green accounting to calculate the carbon footprint of the company.

Liability

The Executive Director shall be responsible for the implementation of the environmental policy and its review on a regular basis and when necessary. All Hampiðjan's employees must follow the environmental policy and have it as a guide in their work.

Environmental report

In the first quarter of each year, an environmental report for the past year shall be issued.

Appendix B: EU Taxonomy Report

1 General Information

The EU Taxonomy Regulation entered into force in Iceland on June 1, 2023, with Act no. 25/2023 on Sustainability Disclosures on the Financial Services Sector and the Taxonomy for Sustainable Investments. The law was retroactive to January 1, 2023, and therefore applies to the entire fiscal year 2023.

The purpose of the regulation is to define which business activities are considered environmentally sustainable based on the technical assessment criteria set out in the Delegated EU Regulation 2021/2139 and to promote transparency in sustainability information. For companies to be considered environmentally sustainable within the scope of the Regulation, they must meet the criteria for environmentally sustainable economic activity according to Article 3 of the Regulation. First, the economic activity must contribute significantly to one or more environmental objectives, while at the same time it must do no significant harm to the remaining objectives. It must be carried out in accordance with minimum social safeguards and, finally, comply with technical assessment criteria.

The six environmental objectives are: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Technical assessment criteria for mitigation and adaptation to climate change have been implemented by Delegated Regulation EU 2021/2139 and business activities that are listed therein are subject to reporting requirements in Iceland. However, Delegated Regulation EU 2023/2486 on other environmental objectives and Delegated Regulation EU 2023/2485 on updating climate objectives entered into force within the EU in 2023 and are awaiting implementation in Iceland.

Companies are required to disclose the ratio of turnover, capital expenditure (CapEx) and operating expenses (OpEx) for the most recent financial period on eligible activities, that is, an activity in scope with the EU Taxonomy Regulation. Similarly, the same financial KPIs must be published for activities that meet all the criteria of the Regulation and are considered to be aligned activities or environmentally sustainable.

In Iceland, the regulation applies to companies subject to the obligation to submit non-financial information according to Art. 66 d in the Annual Accounts Act no. 3/2006 and Hampiðjan Group (hereafter: Hampiðjan) is among them. The scope of this report has been set to Hampiðjan's companies in Iceland, Norway, and the Faroe Islands. Moving forward, the scope of the report will be gradually expanded to include other parts of Hampiðjan's global operations.

2. Hampiðjan's eligible activities in the sense of the regulation

Hampiðjan began the eligibility assessment with a review of its operations according to the technical screening criteria that had already been published based on the environmental objectives of climate change mitigation and climate change adaptation. During the assessment, it was found that the majority of Hampiðjan's economic activities - production and sales of industrial fishing gear, aquaculture equipment, and equipment for the offshore industry - were not yet covered by the Taxonomy. However, it was found that Activity 7.7 Acquisition and ownership of buildings, under the environmental objective of climate change mitigation, can be considered an eligible activity for Hampiðjan. Leased property where the company has purchase of output has also been considered in scope of the activity description. Hampiðjan both owns and leases property, which supports the company's operations.

3. Aligned activities

For an activity to be considered aligned, and thereby meet the requirements of the EU Taxonomy Regulation to be environmentally sustainable, it must be a substantial contribution to one of the environmental objectives and do no significant harm to the others, in addition to meeting the minimum safeguards criteria. Hampiðjan has assessed the potential alignment of Activity 7.7 Acquisition and ownership of buildings following the technical screening criteria in the Climate Delegated Act no. 2021/2139. The result of the assessment can be seen in Table 3.1. Alignment assessment of Activity 7.7 Acquisition and ownership of buildings.

The assessment concluded that none of the buildings of Hampiðjan's companies in Iceland, Norway, or the Faroe Islands meet the criteria of Substantial Contribution, and therefore cannot be aligned.

3.1 Substantial Contribution

To meet the criteria of Substantial Contribution based on Climate Change Mitigation for Activity 7.7 Acquisition and ownership of buildings, one must be able to present an EPC class A, which defines energy efficiency of the building. As an alternative, the building must be within the top 15% of the national or regional buildings stock expressed as operational Primary Energy Demand (PED). For buildings built after 31.12.20, buildings must be within the top 10% of the national or regional buildings stock expressed as operational PED.

The EPC is defined by Directive EU 2010/31 and PED is based on the same certificate. Iceland has an exemption from implementing the Directive and therefore no EPC is available. Other requirements not related to EU Directive 2010/31 are not present in these categories. It was therefore decided not to proceed further with the assessment of aligned activities for buildings located in Iceland. Similarly, no implemented EPC or instructions regarding PED were identified for the Faroe Islands.

Therefore, the alignment assessment was conducted only for buildings located in Norway. During the assessment, it was found that none of the buildings Hampiðjan owns or leases in Norway could present an EPC class A. As there neither exists adequate proof that any of Hampiðjan's buildings are within the top 15% of the national regional building stock expressed as operational PED, this means that the company's buildings cannot meet the Substantial Contribution criteria, and ultimately that they cannot be aligned.

Criteria		Assessment
Substantial Contribution criteria	1) Climate change mitigation	Not met, as none of the buildings within Hampiðjan can present an Energy Performance Certificate (EPC) class A, nor demonstrate that the building is within top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED). (For more information, see 3.1 Substantial Contribution)
Do No Significant Harm (DNSH)	2) Climate change adaptation	N/A as the Substantial Contribution criteria is not met (For more information, see 3.2 Do No Significant Harm (DNSH) criteria.
	3) The sustainable use and protection of water and marine resources	N/A (per the EU Taxonomy)
	4) The transition to a circular economy	N/A (per the EU Taxonomy)
	5) Pollution prevention and control	N/A (per the EU Taxonomy)
	6) The protection and restoration of biodiversity and ecosystems	N/A (per the EU Taxonomy)
Minimum safeguards criteria		N/A as the Substantial Contribution criteria is not met. (For more information, see 3.3 Minimum Safeguards)

Table 3.1: Alignment assessment of Activity 7.7 Acquisition and ownership of buildings

3.2 Do No Significant Harm (DNSH) criteria

No DNSH assessments have been conducted for the buildings in Hampiðjan at the time being, since all buildings are disqualified for alignment based on the Substantial Contribution criteria. However, moving forward Hampiðjan will start assessing the DNSH criteria for buildings the group has ownership of in Norway, the Faroe Islands, and Iceland, beginning with a Climate Risk and Vulnerability Assessment on Hampiðjan's activities.

3.3 Minimum Social Safeguard

Article 18 of the EU Taxonomy Regulation prescribes Minimum Safeguards, taking into account the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization (ILO) on Fundamental Principles and Rights at Work and the International Bill of Human Rights. The Platform on Sustainable Finance has defined core issues based on these requirements to be human rights, corruption and bribery, taxation, and fair competition.

Hampiðjan defines itself as aligned with the Minimum Safeguards. Hampiðjan is committed to comply with the laws and rules that apply to the company's activities and to perform business in line with basic human rights enshrined in the UN Declaration of Human Rights, as well as internationally recognised human rights. For more information on these matters, please see Hampiðjan Group Code of Conduct and Hampiðjan Group Human Rights Policy.

4. Key Metrics

The EU has issued instructions on the calculation of key performance indicators (KPIs) in Delegated Regulation EU 2021/2178. Proportion of turnover, CapEx, and OpEx is calculated in accordance with Art. 8. of the EU Taxonomy Regulation. However, there is a possibility that the requirements or methodology will change as the regulation evolves, which might affect the company's future calculations.

Due to Hampiðjan's extensive global operations, it was decided to narrow the scope to some of the countries where the company has most of their operations: Iceland, Norway, and the Faroe Islands. Other locations will follow as the exercise improves. Common for all the eligibility and alignment KPI's is therefore that the numerator and denominator only take into consideration Hampiðjan's companies in Iceland, the Faroe Islands, and Norway. Therefore, it is not possible to reconcile total turnover and CapEx with the relevant notes in Hampiðjan's financial statement. All numbers are denoted in 1000 EUR (KEUR).

Turnover

The percentage of turnover according to the definition of the EU Taxonomy Regulation covers revenue recognized pursuant to the International Accounting Standard (IAS) 1, paragraph 82(a). The total turnover is in accordance with the total turnover of the companies included in the scope of the taxonomy reporting for the year 2023. Hampiðjan's eligible turnover refers to any rental income of the company's buildings to external parties. As seen in Table *4.1 Turnover*, there is no such income within the group. See ratios in *Table 4.1 Turnover.*

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proprtion of turnover year N-1 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
All numbers in 1000 EUR (KEUR)		*EUR*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY ELIGIBLE ACTIVITIES			**0%**																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
		0	0%	0%	0%	0%	0%	0%	0%							Y	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**		**0%**	**0%**	**0%**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Aquisition and ownership of buildings	7.7	0	0%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**															%	
Total (A.1+A.2)		**0**	**0%**															%	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		**204905**	**100%**																
Total (A+B)		**204905**	**100%**																

Table 4.1: Turnover.

Capital Expenditure (CapEx)

CapEx has been allocated to eligible activities in accordance with the EU Taxonomy Regulation. CapEx in accordance with Art. 8 of the EU Taxonomy Regulation is the sum of additions due to tangible and intangible assets during the fiscal year before depreciation, subsidies, and revaluations, excluding fair value changes. Total CapEx was 11 430 KEUR in the year 2023 in accordance with the additions of the year. Hampiðjan's eligible CapEx refers to any additions made during the year to buildings or grounds owned or leased within the group, which adds up to 40% of all CapEx additions. See ratios in the Table 4.2 CapEx.

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Codes (2)	Absolute CAPEX (3)	Proportion of CAPEX (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of CAPEX year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
All numbers in 1000 EUR (KEUR)		*EUR*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY ELIGIBLE ACTIVITIES			**40%**																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
		0	0%	0%	0%	0%	0%	0%	0%							Y	0%		
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**		**0%**	**0%**	**0%**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Aquisition and ownership of buildings	7.7	4533	40%																
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4533**	**40%**															%	
Total (A.1+A.2)		**4533**	**40%**															%	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CAPEX of Taxonomy-non-eligible activities (B)		**6897**	**60%**																
Total (A+B)		**11430**	**100%**																

Table 4.2: CapEx

Operational Expenditure (OpEx)

The EU Taxonomy defines OpEx more narrowly than what generally applies in accounting. OpEx shall include non-capitalised cost that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment by the company or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. OpEx most relevant to the entities included are related to repair and maintenance and the total for the year 2023 is 1570 KEUR. Hampiðjan's eligible OpEx refers to any repair and maintenance cost related to buildings or grounds owned or rented within the group. This adds up to 23% of the total OpEx. See ratios in Table 4.3 OpEx.

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Codes (2)	Absolute OPEX (3)	Proportion of OPEX (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of OPEX year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
All numbers in 1000 EUR (KEUR)		*EUR*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY ELIGIBLE ACTIVITIES			**23%**																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
		0	0%	0%	0%	0%	0%	0%	0%							Y	0%		
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**		**0%**	**0%**	**0%**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Aquisition and ownership of buildings	7.7	366	23%																
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**366**	**23%**															%	
Total (A.1+A.2)		**366**	**23%**															%	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OPEX of Taxonomy-non-eligible activities (B)		**1204**	**77%**																
Total (A+B)		**1570**	**100%**																

Table 4.3: OpEx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