

Sustainability Finance Framework – Annual Report 2024

Introduction

Proximar has completed the construction of a facility for land-based salmon farming in Japan, using a recirculating aquaculture system (RAS), with an annual targeted production capacity of approximately 5,300 tons (head-on-gutted). The production of Atlantic salmon in the facility started in Q3 2022, and the first harvest took place in September 2024. The company aims to be a leading provider of sustainably produced seafood and contribute to providing a growing population with proteins.

Environmental and Social Benefits

Sustainable land-based production in RAS of Atlantic Salmon close to markets avoids a number of environmental impacts compared to conventional farming in open net-pen sea cages, in addition to the benefits of reduced transportation. Production completely isolated from the outside environment, full handling and treatment of all waste-material, and limited demand for water are some of the significant benefits of RAS compared to conventional farming.

Proximar is committed to all of the UN Sustainable Development Goals. The goals where Proximar's contribution is considered to be of greatest impact are illustrated below.



CLIMATE ACTION

Reducing the carbon footprint associated with transport emissions and supporting a healthy ocean



GOOD HEALTH AND WELL BEING

Reducing need for antibiotics, pesticides, hormones and microplastics, while ensuring fresh, healthy, fully traceable protein, promoting a healthy lifestyle



ZERO HUNGER

Increasing local food supply and food security through sustainable seafood production



LIFE BELOW WATER

Eliminating threats to local marine life and its ecosystems

Additionally, Proximar emphasizes contributions to the following Sustainable Development Goals:



RESPONSIBLE CONSUMPTION AND PRODUCTION

Efficient production of animal protein through low feed conversion rate, and reducing waste due to longer shelf life



CLEAN WATER AND SANITATION

Sustainable management of water by using water recycling technology with ~100% reuse and negligible waste-water from production process



INDUSTRY, INNOVATION AND INFRASTRUCTURE

Investing in innovative technology in building an environmentally sound industry with local infrastructure



AFFORDABLE AND CLEAN ENERGY

Securing access to renewable energy by installing rooftop solar power system and purchase of renewable energy certificates



DECENT WORK AND ECONOMIC GROWTH

Local employment for skilled & low skilled workforce

Sustainable Management of Resources

Proximar's facility will use water recycling technology with close to 100% reuse and negligible wastewater from the production process. It will also secure access to renewable energy by installing a rooftop solar power system and purchasing renewable energy certificates.

For farmed salmon that is not transported by air, the primary environmental concern is the impact of feed. Proximar has chosen Skretting Japan for its local production capabilities, thereby significantly reducing emissions from feed transportation. Skretting adheres to stringent sourcing standards, obtaining soy and oil palm ingredients from either low-risk regions or certified high-risk regions with assurances that no illegal deforestation takes place. Marine ingredients such as fish meal and oils are primarily sourced from MarinTrust certified suppliers. Skretting is aiming to achieve 100% certification by 2025, aligning with Proximar's objective of responsible and sustainable feed sourcing.

Innovation and Infrastructure

The company is investing in innovative technology to build an environmentally sound industry with local infrastructure. This includes a focus on efficient production of animal protein through low feed conversion rates and reducing waste due to longer shelf life.

Impact on Local Environment and Society

The land-based production of Atlantic Salmon in a RAS facility close to markets avoids several environmental impacts compared to conventional farming in open net-pen sea cages. This includes better control of parasites and diseases, reduced need for medication, no risk of fish escapes, and no attacks by predators. The largest environmental benefit however, lies in the avoided long-haul transport by airfreight to markets.

Proximar's commitment to sustainability is reflected in the choice of system, building, and location of the facility. The investments included in this framework are aimed at limiting the impact on the environment and contributing to the UN Sustainable Development Goals.

Allocation Report

Current Balance of Outstanding Green Bonds/Loans:

JPY 8,800,000,000

Allocated Amounts:

2023: JPY 8,800,000,000 (including refinanced investments from 2022 of JPY 2,500,000,000)

2024: 0

Investments in Each Category (Use of Proceeds)

- 2023, Category 1: Environmentally Sustainable Aquaculture (EAS): JPY 8,848,402,000
Description: Development, construction, operation, maintenance and improvements of Oyama fish farm^a. For more information, please see the Company's website: <https://www.proximarseafood.com/>.
- 2023, Category 2: Renewable energy to power EAS: JPY 37,293,000
Description: Development and construction preparations for rooftop solar PV systems.

Current Unallocated Funds:

JPY 0

^a Referred to as "Mount Fuji onshore aquaculture facility" in Proximar's Sustainability Financing Framework.

Impact Report 2024

Given that the operations are still in the build-up phase, Proximar will not be able to provide comprehensive impact reporting until commercial operations have reached steady-state production. The production of Atlantic salmon in the facility started in Q3 2022, and the first harvest took place in September 2024.

Environmental Improvement Effects

Environmentally Sustainable Aquaculture

- **Atlantic Salmon Production:**
 - Harvest in 2024: 29.2 tons
 - Biomass as of 31 December 2024: 1,058 tons

Renewable Energy Generation

The company is in the process of assessing a rooftop solar PV system, designed to meet the operations electricity demand during peak production hours and projected to generate above 2 MW. Additional electricity demands will be sourced from the grid when in steady-state production, and will be supplemented by certificates of origin to ensure that all purchased electricity is derived from renewable sources.

Waste Management

Proximar recognizes that biowaste from fish farming and processing is a source of nutrients and intends to process trimmings and by-products into products for human consumption, maximising the utilisation of input factors such as energy and feed. Trimmings and by-products not used for human consumption will be considered for pet food or refined to fish meal and oil.

By investing in the additional denitrification system, Proximar reduces not only the need of replacement-water but also the amount of organic waste (sludge)^b. Denitrification allows for further utilization of the sludge, and the company is in a process of evaluating alternative uses of sludge after denitrification, including fertilizer and biogas.

Social Benefits Related to Social Finance

Impact (Quantitative Goals)

- **Atlantic Salmon production:**
 - Harvest in 2024: 29.2 tons
 - Biomass as of 31 December 2024: 1,058 tons

^b The denitrification reduces the amount of waste (sludge) to ~1/10th compared to conventional RAS. For the planned production of Proximar, this represents a reduction from ~700 tons to mentioned ~70 tons per year.

- **Local Jobs Created (Direct): 46**

This is the number of local employees in Proximar Ltd as of 31.12.2024.

- **Local Jobs Created (Indirect): 257**

- **Indirect jobs aquaculture operations: 83**
 - indirect jobs (aquaculture) = direct jobs × employment multiplier for aquaculture industry
 - $49 \times 1.804^c = 83$
- **Indirect jobs construction: 174**
 - invested amount in 2023: NOK 358,543,000^d converted to USD 31,580,232^e
 - jobs construction = 5,5 jobs per 1 million USD
 - invested amount in 2024 x multiplier
 - $\text{USD } 31,580,232 \times 5.5^f = 174 \text{ jobs}$

Impact (Qualitative Goals)

- **Addressing Food Supply-Demand Gap:**

Proximar's supply of domestically produced salmon will contribute to Japan's policy of increasing domestic food production. By ensuring a stable supply of healthy, high-quality seafood, Proximar directly influences the quantity, quality and availability of food.

- **Promoting Employment and Technology:**

Proximar's presence is rooted in two Japanese prefectures; Oyama in Shizuoka and Yokohama in Kanagawa. While our facilities catalyze economic development by offering employment opportunities, we are conscious of the environmental and social challenges that accompany our growth. Proximar aim to not only generate jobs but to do so responsibly, ensuring that the company's operations are in harmony with local needs and positively contribute to the vibrancy of the local community.

^c Source: Economic Policy Institute (EPI) Report: Detailed employment multipliers by industry. According to the Economic Policy Institute (EPI), the employment multiplier for *2 Animal production and aquaculture* is approximately 1.804, cf. Appendix table A1. This means that for every direct job, an additional 1,804 jobs are created indirectly ([Economic Policy Institute](#)).

^d Sum of Additions ("Buildings", "RAS" and "Equipment") in Note 3 on page 70 in the Annual Report 2024

^e Converted from NOK to USD by using Norges Bank's exchange rate on 31 December 2024 (1 USD=11,35 NOK).

^f Source: Economic Policy Institute (EPI) Report: Detailed employment multipliers by industry. According to the Economic Policy Institute (EPI), the employment multiplier for *Construction* is approximately 5.5 per 1 million USD, cf. Table 1. This means that for 1 million USD invested in construction, 5.5 jobs are created ([Economic Policy Institute](#)).