



Transparency report

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www.arcticzymes.com

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TRANSPARENCY REPORT IN ARCTICZYMES TECHNOLOGIES ASA

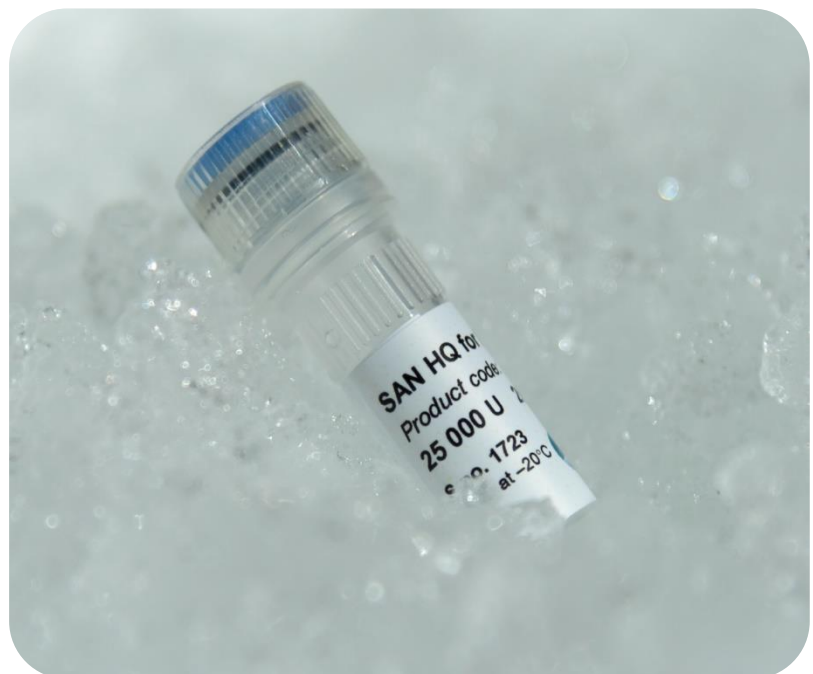
About ArcticZymes Technologies ASA

The ArcticZymes Technologies group (hereinafter “the Group”, “ArcticZymes” or “the Company”) is a Norwegian life science company focused on the development, manufacturing, and commercialization of novel and high-quality recombinant enzymes for use in molecular research, In Vitro Diagnostics (IVD) and biomanufacturing.

The Company is creating value from innovative enzyme technologies which capitalise on more than three decades of world-class research at the Arctic University of Tromsø and in collaboration with other national and international partners to offer niche and high-quality life science products.

ArcticZymes Technologies’ products and capabilities are protected via a large portfolio of patents and 20+ years of know-how in innovating and manufacturing enzymes.

The headquarters and main laboratories are located at the SIVA Innovation Centre in Tromsø Norway. In 2022, the Company leased additional offices and lab facilities at ShareLab in Oslo. These facilities will support application development activities to demonstrate the utility of the Company’s enzymes in customer relevant workflows and technologies.



As ArcticZymes is a global supplier of enzymes, most of the sales and marketing team are located remotely in Oslo, Central Europe, North America and Japan. In addition, the Company has established logistic hubs in the United States and the Netherlands to serve its customers more efficiently.

Introduction.

The Norwegian Transparency Act entered into force on 1 July 2022. It aims to promote enterprises' respect for fundamental human rights and decent working conditions. The act also implies that businesses must be able to give the public access to information on these matters. ArcticZymes is also covered by the Act and below we will report on how the Company comply with its requirements.

The report refers to ArcticZymes Technology which includes ArcticZymes Technologies ASA and ArcticZymes AS, both based in Tromsø, Norway.



The main purpose of this report is to present the Company's approach to the Transparency Act's requirements and main findings both within ArcticZymes and in the supply chain.

The Transparency Act work has been performed by an internal team from the Finance and Quality Assurance

departments. Senior management was involved in the final report

The Board of Directors has approved the Transparency Act Report and has given the CFO main responsibility for ArcticZymes' compliance with the Act.

The Company does not have any foreign registered entities, but cooperate closely with numerous suppliers located in US, Europe, and Asia. In the report, internal business culture and supply chain across all regions are analysed and evaluated for potential risks and actions.

Internal culture

Business integrity and ethics are essential to ArcticZymes. The Board of Directors has outlined a Code of Conduct that describes how the Company is committed to respect human rights and ensure decent working conditions. The Code of Conduct is posted on the Company's website www.arcticzymes.com. All ArcticZymes employees must follow the Code and notify his or her immediate supervisor in case of any violations. If reporting to a supervisor is not possible, the violation must be reported directly to the CEO.

Questions about compliance with the Code of Conduct are included in the annual employee survey to raise the general awareness and to be able to identify possible negative development at an early stage.

In addition, ArcticZymes confirmed its healthy working environment in a survey conducted in 2022 by A.G. Communication Ltd (UK).



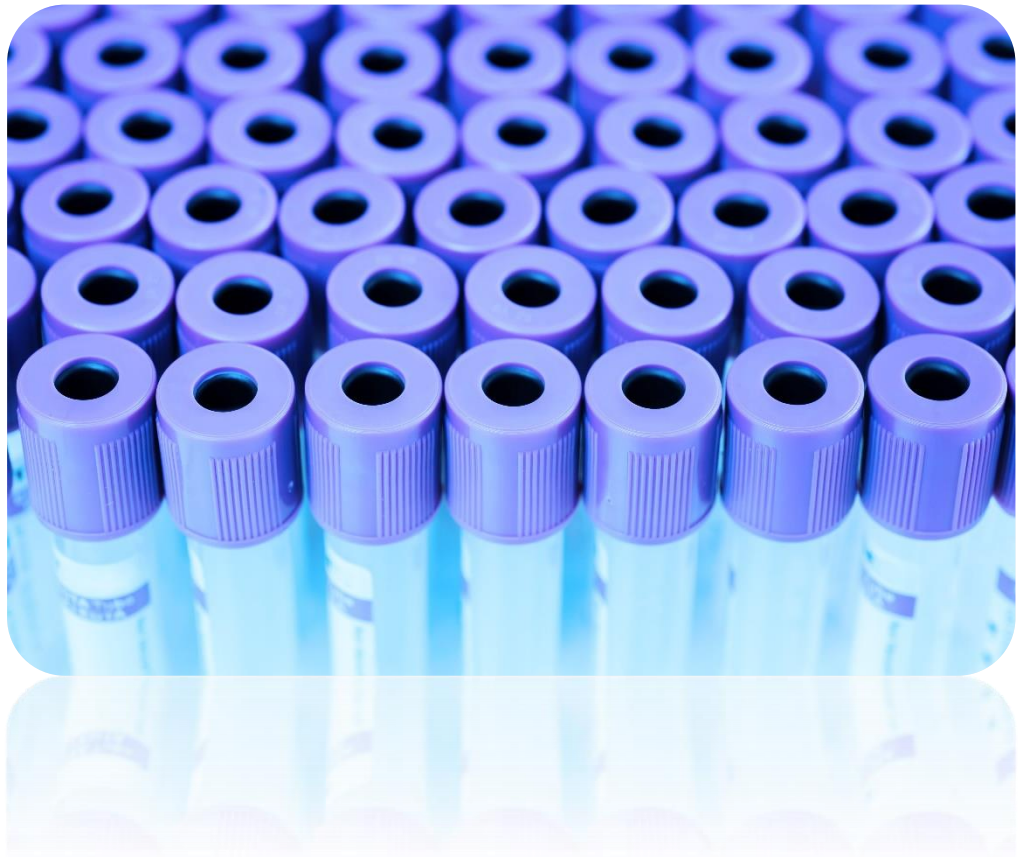
Three different trade union organisations are represented in ArcticZymes. The majority of employees are members of Tekna, The Norwegian Society of Graduate Technical and Scientific Professionals. Some employees are members in Parat (an independent, non-party trade union for employees) and Forskerforbundet (The

Norwegian Association of Researchers). The Company does not oppose of having employees organised in trade unions. The Company has signed a collective bargaining agreement with Tekna.

Supply chain.

The Company pursues honesty and fairness in all matters relating to our business activities. At the end of 2022, ArcticZymes created a specific Supplier Code of Conduct that is communicated to the supply chain. This Code of Conduct is expected to be signed

by all suppliers in order to demonstrate good ethics and secure workers' rights are ensured throughout their supply chain. As of May 2023, the Code was sent to 67 suppliers of which 47 replied with signed forms (70%).



Furthermore, ArcticZymes aims to adjust its supplier qualification process to align it with the Transparency Act by June the 30th 2023.

The Act requires ArcticZymes to carry out due diligence activities to ensure that the Company is operating responsibly, respecting both human rights and decent working conditions. The due diligence process is performed in accordance with OECD's due diligence guidance for responsible business conduct. The process is described in OECD's Transparency Act Guidelines and includes the following steps:

Step 1. General risk assessment of suppliers based on their industry and country of origin.

Step 2. Deeper risk assessment.

Step 3. Preventive set of actions and its execution for suppliers with high risks of adverse impact.

Step 4. Evaluation and feedback.

Step 5. Documentation and reporting.

ArcticZymes supply chain mapping is based on suppliers' data per 31.12.22 and contained over 270 suppliers. To be able to properly address potential negative impacts, focus was on all qualified suppliers and those with over TNOK 100 turnover per 2022.

Qualified suppliers are suppliers that under the scope of ISO 13485 certification are qualified according to internal procedures for supplier qualification. These procedures are based on suppliers' ability to provide product, performance, effect on product and risk.

One-time suppliers and suppliers with turnover less than TNOK 100 are excluded from the detailed assessment due to limited cooperation and ArcticZymes potential to impact changes in the future.

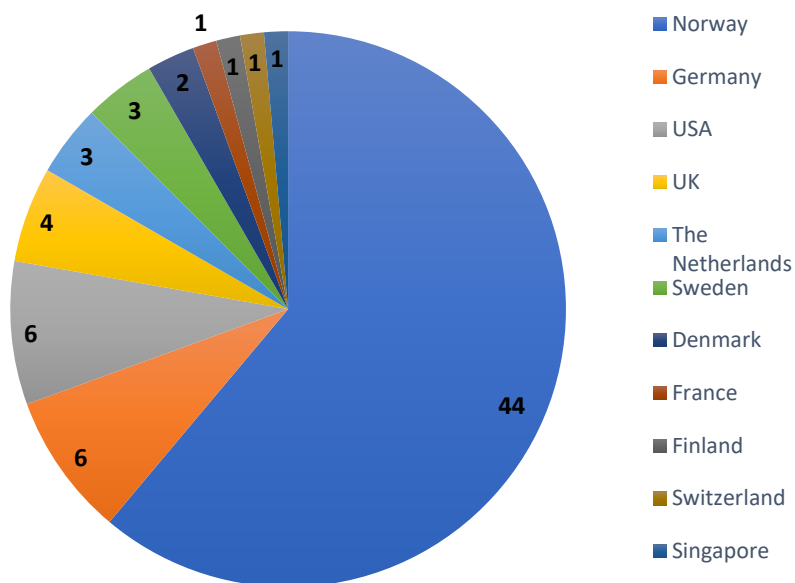
Due Diligence

Step 1: General risk assessment of suppliers based on their industry and country of origin.

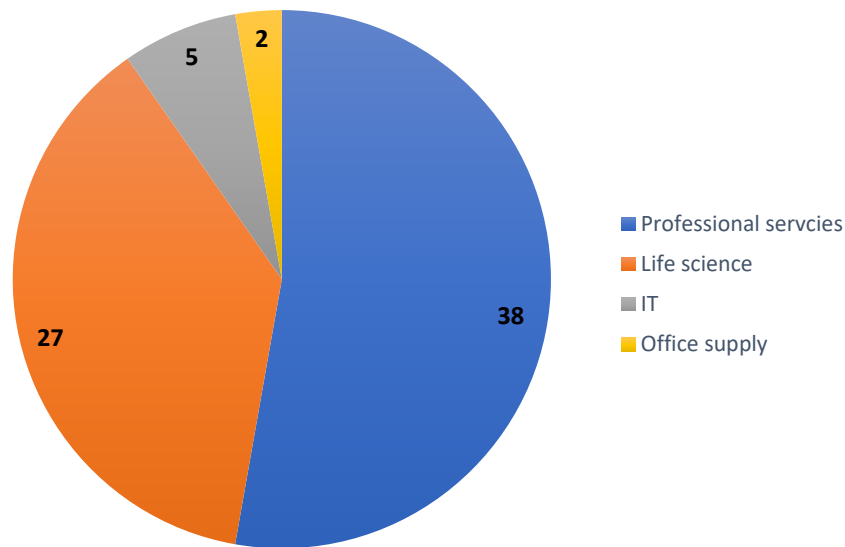
There were 72 suppliers assessed in Step 1. The initial screening was performed with a questionnaire where suppliers had to answer if their commercial activity contributed to decent working conditions and did not violate the fundamental human rights. Suppliers were also asked for their country of operation and industry (product).

Step 1 revealed the following distribution of suppliers by country and industry:

Distribution of suppliers by country



Distribution of supplier by industry/product



Further, the Company defined our criteria for geography- and industry-based risks and our risk tolerance. This allowed us to identify suppliers with higher risk for violations of human rights and decent working conditions.

Table 3 Geography-based risk tolerance

| Area | Source | Scope | Cut off | Comments |
|--------------|---|---|------------|---|
| Human rights | Freedom House | Political rights and civil liberties. Freedoms of expression, association and belief, women rights, minority communities' rights, right for fair trial. | 70 | Countries below 70 is not free or partly free |
| Corruption | Transparency International | Corruption and transparency in the public sector. | 60 | 100 is very clean and 0 is highly corrupt |
| Human rights | International Trade Union Confederation | Decent working conditions, rights at work, rights to freedom of association, collective bargaining and strike | 2 or below | 1 being the best rating and 5+ the worst |

Source: www.freedomhouse.org, www.transparency.org, www.globalrightsindex.org

Table 4 Geography-based risk mapping

| Country of operation/origin | Freedom house | Transparency International | International Trade Union Confederation |
|-----------------------------|---------------|----------------------------|---|
| Finland | 100 | 87 | 1 |
| Norway | 100 | 84 | 1 |
| Sweden | 100 | 83 | 1 |
| Denmark | 97 | 90 | 1 |
| The Netherlands | 97 | 80 | 1 |
| Switzerland | 96 | 82 | 2 |
| Germany | 94 | 79 | 1 |
| UK | 93 | 73 | 3 |
| France | 89 | 72 | 2 |
| USA | 83 | 69 | 4 |
| Singapore | 47 | 83 | 2 |

UK, USA, and Singapore are among the countries where probability of fundamental human rights and rights at work violation is above our level of tolerance. Thus, 11 suppliers from these countries need to be assessed further.

Risks related to products (industry-based risks) were estimated on the ground of information from the Norwegian Directorate for Administration and Financial Management. Products are defined as «high risk procurement» when there are systematic documented high risk of human rights abuse occurring in the supply chain.

Table 5 Product-based risk mapping

| The High Risk Products | Number of suppliers |
|--|---------------------|
| Vehicles | 0 |
| Play and sports equipment | 0 |
| Textiles, workwear and footwear | 0 |
| Medical consumables and supplies | 0 |
| Office supplies | 2 |
| Furniture | 0 |
| Electronics and ICT | 5 |
| Construction and landscaping materials | 0 |
| Food and beverages | 0 |

Source: Norwegian Directorate for Administration and Financial Management (Direktoratet for Forvaltning og økonomistyring).

According to Directorate IT products and office equipment are on the list of product categories where there is a high risk of violations of basic human rights. Therefore, 7 suppliers from these industries required detailed assessment.

Further analysis revealed that one supplier falls into both risks categories and is assessed with other product-based suppliers. In total, 17 suppliers are advanced to the due diligence process in Step 2.

Table 5 Geographical distribution of IT and office equipment suppliers

| Industry | Norway | USA |
|---------------|--------|-----|
| IT | 4 | 1 |
| Office Supply | 2 | |

Step 2: Deeper risk assessment.

Suppliers identified as higher risks in previous step received request for additional information in form of implemented Code of Conduct, internal policies and due diligence assessments, and external evaluations among others. The Company has also reviewed their web-based information sources.

Geography-based higher risk's suppliers:

United Kingdom (UK)

Two UK suppliers deliver services within education and event management. None of these areas are mentioned with regards to labour rights infringements by The International Trade Union Confederation (ITUC) in 2022. The due diligence process discovered Codes of Conduct, internal policies and procedures and detailed reports on their webpages strongly supporting these companies' attitude to uphold the standards of fair and decent treatment of workers, as well as respecting fundamental human rights. Thus, their risk level adjusted to low.

The other two UK suppliers perform IP and information management services. They acknowledged our Supplier Code of Conduct, but no additional information was submitted upon our request. Thus, suitable preventive actions will take place.

United States of America (US)

The US based suppliers deliver consultancy, customer service and global payroll services in addition to life science products. All of them acknowledged our Supplier Code of Conduct.

Our deeper risk assessment is based on existing contracts, working experience and other available information. Suppliers have not replied to our request for additional information.

ArcticZymes has a long-term successful cooperation with its customer service supplier which is a small transparent firm that has been audited and qualified as a

key supplier. The next supplier earned a “2023 Top Workplaces Culture Excellence” issued by Energage, a research company with more than 16 years of experience. Further, ArcticZymes reviewed its contract with its global payroll supplier and confirmed the supplier’s commitment to respect healthy and decent working environment and combat discrimination.

Thus, risk level for these three suppliers is adjusted to an acceptable level. However, US based life product suppliers remain in higher risk range.

Singapore

The Singapore company specializes in event management. ArcticZymes participated in one exhibition during 2022 organized by this supplier. It appears to be challenging to get enough information for detailed risk assessment. Therefore, this supplier remains at higher risk range and preventive actions will be considered.

Product-based higher risk’s suppliers.

IT

As shown in table 5, 4 of 5 suppliers of IT products are Norwegian based companies.

All Norwegian companies are obliged to follow Norwegian Working Environment Act which ensures acceptable working environment and equal treatment among workers. All these companies acknowledged our Supplier Code of Conduct by returning a signed copy of it. Furthermore, all 4 Norwegian suppliers of IT services are under the scope of the Transparency Act and must fulfil its requirements. Given all the above ArcticZymes consider these suppliers as low risks. However, respective Transparency Act reports will be monitored as part of our ongoing due diligence process.

The US supplier has not provided the necessary information and will remain in a higher risk range that requires preventive actions.

Office supplies

Both suppliers are Norwegian companies that must comply with Transparency Act. Their risk level is therefore assessed as acceptable.

Step 3. Preventive set of actions and its execution for suppliers with high risks of adverse impact

Our Due Diligence process uncovered 6 suppliers with higher potential risk for adverse impact on fundamental human rights and decent working conditions. In all cases, lack of necessary information and limited dialogue with suppliers restricted

further risk assessments. The following measures are developed to strengthen the due diligence process and to prevent adverse impacts ArcticZymes may cause or contribute toward:

- Engage suppliers in higher risk range in active communication to gather all the necessary data for further risk assessments. Perform additional risk assessment of these suppliers by the end of 2023.
- Continue pro-active interaction with suppliers who have not acknowledged our Supplier Code of Conduct.
- Present this report to all the ArcticZymes' employees to raise their competence and awareness with regards to ArcticZymes' approach to assessing human rights risks and upholding high ethical business standards.
- Revise internal procurement procedures to incorporate requirements of the Act and ensure preliminary human and labor rights risk assessments before goods and services are acquired.

Step 4. Evaluation and feedback.

The CFO has the overall responsibility for monitoring the implementation and results of the measures initiated at step 3. This work is performed with help of the following routines:

- Ongoing assessment of suppliers in connection with new assignments, reported incidents and deviations.
- Ongoing assessment of suppliers in connection with renegotiation and renewal of contracts.
- Ongoing monitoring of relevant information sources.
- Periodical supplier's audit in accordance with ArcticZymes internal procedures.

CONCLUSION:

ArcticZymes has not identified breaches of human rights or decent working conditions. However, some suppliers remain at our detailed risk assessment stage due to insufficient information basis for prudent risk evaluation.

ArcticZymes will continue to proactively assess human rights infringement risks (including fundamental labour rights) and adopt appropriate mitigating measures where this is deemed to be required.

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