



OVERFISHING IS A GLOBAL ISSUE

that needs immediate action by the local governments and the international community.

by Joar Opheim, CEO of Nordic Naturals

Some local authorities are already doing an excellent job in protecting their waters from overfishing. One of them is Norway, where we will highlight their effort later in this memo.

Nordic Naturals has been monitoring the hot spots for overfishing for the last nine years. Our firm policy has always been to utilize fish species that are not endangered, and to harvest them from waters not exposed to overfishing. Nordic Naturals also ensures that the fish harvested are utilized 100% for human or animal consumption.

Overfishing Hot Spots

Based on information from the Norwegian Ministry of Fishing (2003) and the Scientific American (July 2003), the current overfishing hot spots are:

- Eastern Canada, Newfoundland, Davis Strait, Southwest Greenland
- South East America (Falkland Islands, South East Argentina)
- Atlantic Peninsula
- Antarctica (below South Africa)
- Mozambique Channel
- Arabian Sea
- South East Australia

Declining Species

The following fish species are considered in decline:

- King Crab
- Tuna (larger species)
- Swordfish
- Atlantic Cod (NOT Arctic cod)
- Groupers
- Atlantic Flounders and Soles
- Monkfish
- Shark (larger species)

Fish Used by Nordic Naturals

Nordic Naturals is exclusively using four fish species of which none are considered overfished or endangered. They are:

- Arctic Cod (no Atlantic cod or Rock cod)
- Anchovies
- Mackerel
- Sardines

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Nordic Naturals Harvesting Regions

All Arctic Cod is harvested in Arctic Norway between the Lofoten islands outside of Bodo Norway. Anchovies, Mackerel, and Sardines are harvested from the Norwegian Sea and during their migration to the West Coast of South America.

The Arctic Ocean, Norwegian Sea, Southern Pacific Ocean, and the waters above Eastern Antarctica are currently considered the healthiest oceans with virtually no overfishing taking place.

Norwegian Monitoring

Fishing is the second largest industry in Norway, where the entire industry is heavily regulated through a quota system by the Norwegian Government. Fishing is continually monitored by hundreds of Coastguard vessels. Waters within 100 nautical miles from the mainland are considered the property of Norway.

Inspections are completed in open waters where fishing equipment and catch are continually audited. The Norwegian fishing policy has often been criticized by fishermen as too harsh, as the fine for exceeding the vessels' fishing quotas, or neglecting to track every catch in a "log book", ranges from 150,000 NOK (USD 22,000) to several million NOK (USD 150,000 and above). Foreign vessels caught fishing in Norwegian waters are brought to shore and confiscated until a substantial fine has been paid.

Quota Regulations

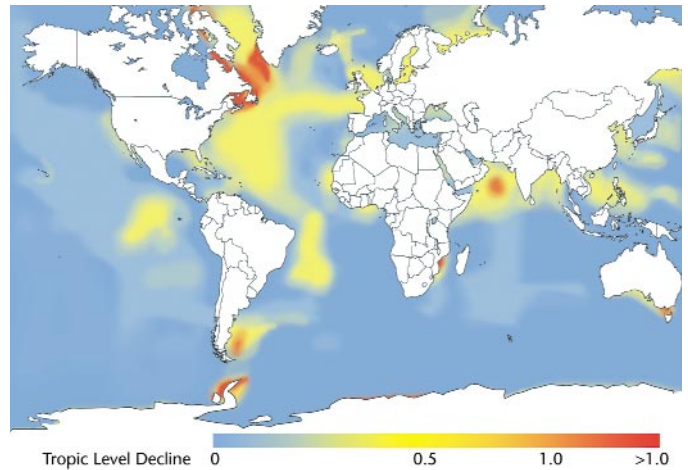
In order to eliminate the risk of overfishing, the Norwegian Department of Fisheries utilizes its own research organization, The Norwegian Ocean Research Institute or NORC, to monitor and estimate the health and tonnage of each fish specie. The organization includes international researchers from several continents, analyzing fish migration trends. Based on their research, quotas for each fishing vessel are issued two times per year. A journal named "Fiskeribladet" (Fish Journal) is dedicated to updating the fishermen on current and upcoming quotas, as well as an overall catch to date.

Fiskeribladet has recently run several articles relating to Arctic cod, as the international media has brought up the issue of declining Atlantic cod due to overfishing.

Arctic Cod

While there have been concerns in the media regarding potential overfishing of Arctic cod, it is important to correct this information as it only applies to Atlantic cod and Rock cod. Numerous articles issued by NORC have been released in 2003 documenting a healthy supply of Arctic cod.

Researcher Asgeir Aglen at NORC released a press release on March 28, 2003 stating that, "We expect over 500,000 metric tons of newborn Arctic cod to be added to the stock in the Norwegian waters this year, possibly resulting in the Norwegian quotas for mature Arctic cod being increased somewhat from the current level of 395,000 metric tons. The potential increase is still to be decided by the Norwegian Fishing Authority Commission (NFAC)".



Reports from non-government Norwegian fishing organizations strongly supports the data from NORC, although they claim NORC is underestimating the actual stock size.

The Organization for Norwegian Fishermen (ONF) is the largest independent fishing organization in Norway, and utilizes third party ocean research produced by the international community to monitor the work completed by NORC. The organization demanded in March 2003 that NORC is widening its scope to include more international research, as they claim the estimates completed by NOF and the international community greatly exceed the numbers published by NORC.

ONF Director Reidar Nilsen stated in Fiskeribladet on March 28, 2003 that "There has not been this level of cod in the waters since 1972. All indicators tell the same story, the ocean is overflowing with Arctic cod. We need to work directly with NORC and share our research. We can no longer tolerate NORC cutting their estimates short only to be on the safe side, while hundreds of fishermen are suffering, only for NORC to come back the next year and tell us they were wrong".

The Norwegian Raw Fish Organization (NRFO) reported on April 29, 2003 in Fiskeribladet that the average catch is significantly increasing due to a growing supply of Arctic cod in Norwegian waters. The "average catch" measurement has over the years proven to be a simple yet significant indicator of fish stock trends.

In Summary

Nordic Naturals is greatly concerned about overfishing. The company has aligned itself with a leading marine researcher at the University of Tromso in Arctic Norway, and receives updated information about fish stock estimates in Norway and neighboring waters every week. Consequently Nordic Naturals only harvests fish that are in plentiful supply, and that are in no way the subject of overfishing.

The Norwegian fishing quota system has been implemented to heavily regulate the fish stock in Norwegian and even neighboring waters. While the regulations are subject to heated debates and criticism within Norway, they represent perhaps the most comprehensive and stringent monitoring systems for managing our fish resources in existence today.