

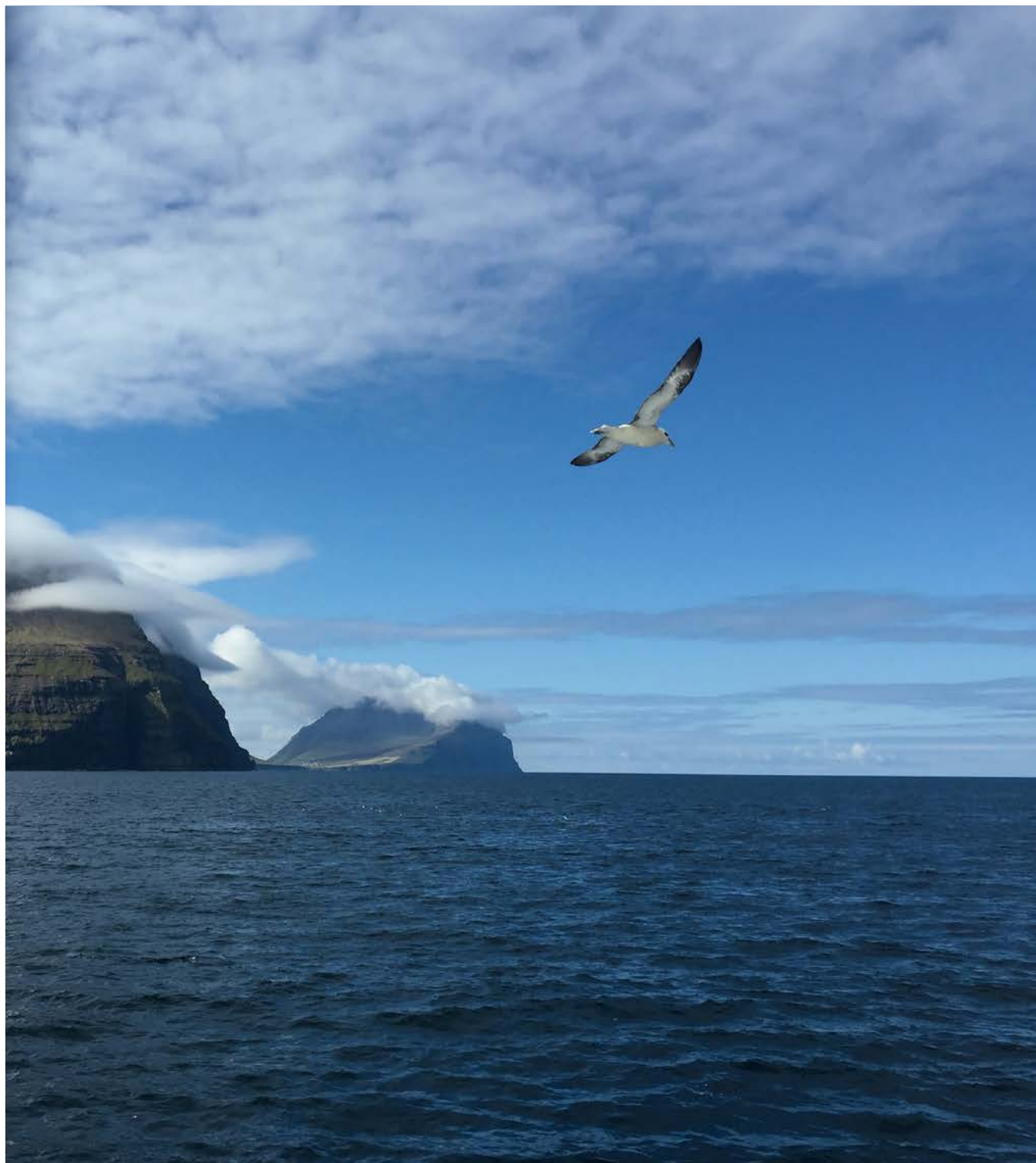


ESTABLISHED 1968

HEALTHY LIVING

SUSTAINABILITY
REPORT 2022

www.bakkafrost.com/sustainability



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ABOUT THIS REPORT

This is Bakkafrost's sixth sustainability report, which provides an overview of performance against our Healthy Living Sustainability Plan for the reporting period 1 January to 31 December 2022. As the largest salmon producer in the Faroe Islands and the third largest in Scotland, we understand our responsibility and the importance of transparency regarding impacts to the local economy, society and environment. This report includes data for the whole Bakkafrost Group.

 For more information, please visit www.bakkafrost.com/sustainability

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About Bakkafrost



BAKKAFROST: Established in 1968.

Location: Faroe Islands Headquarters, Glyvrrar, Eysturoy

Production and business-to-business sale: salmon, packaging, biogas, fish meal, oil and feed.

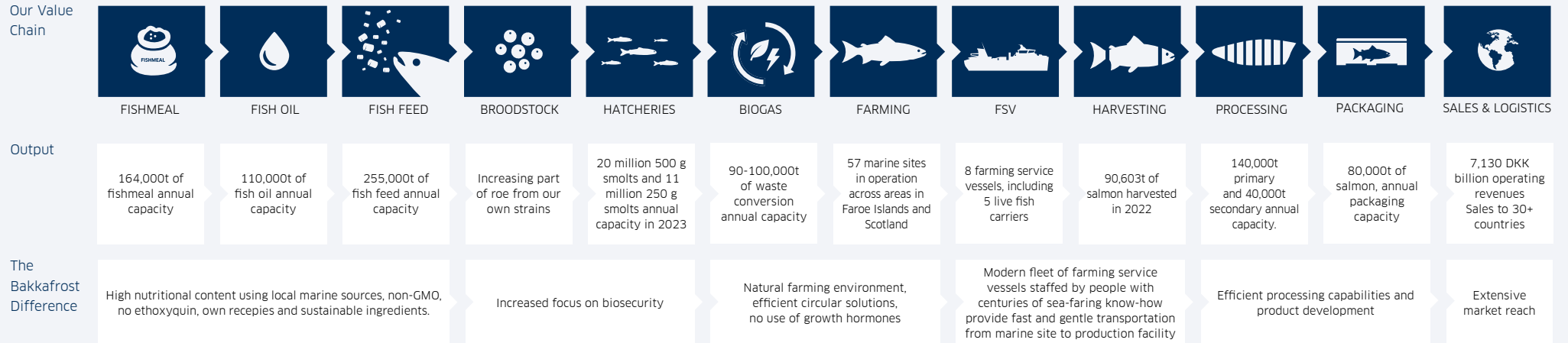
Longest integrated value chain in the industry: Fully owned subsidiaries: FOF segment Havsbrún, Fuglafjørður (production of fishmeal, -oil and -feed); Bakkafrost Scotland (Scottish Salmon producer, processing, and sales); Bakkafrost UK, Grimsby (salmon import and sales); Bakkafrost USA, New Jersey (seafood import, processing and sales); FÖRKA, Tórshavn (biogas plant) Svinoyar Rognkelsisstøð (cleaner fish farming), FarCargo (airfreight) and subsidiary Munkebo Seafood, Denmark (canned seafood processing and sales).

Listed: Oslo Børs with the ticker symbol BAKKA

Employees: 1,078 FTEs across the group. 1,180 FTEs in Faroe Islands, USA, UK, DK and FR and 598 FTEs in Scotland

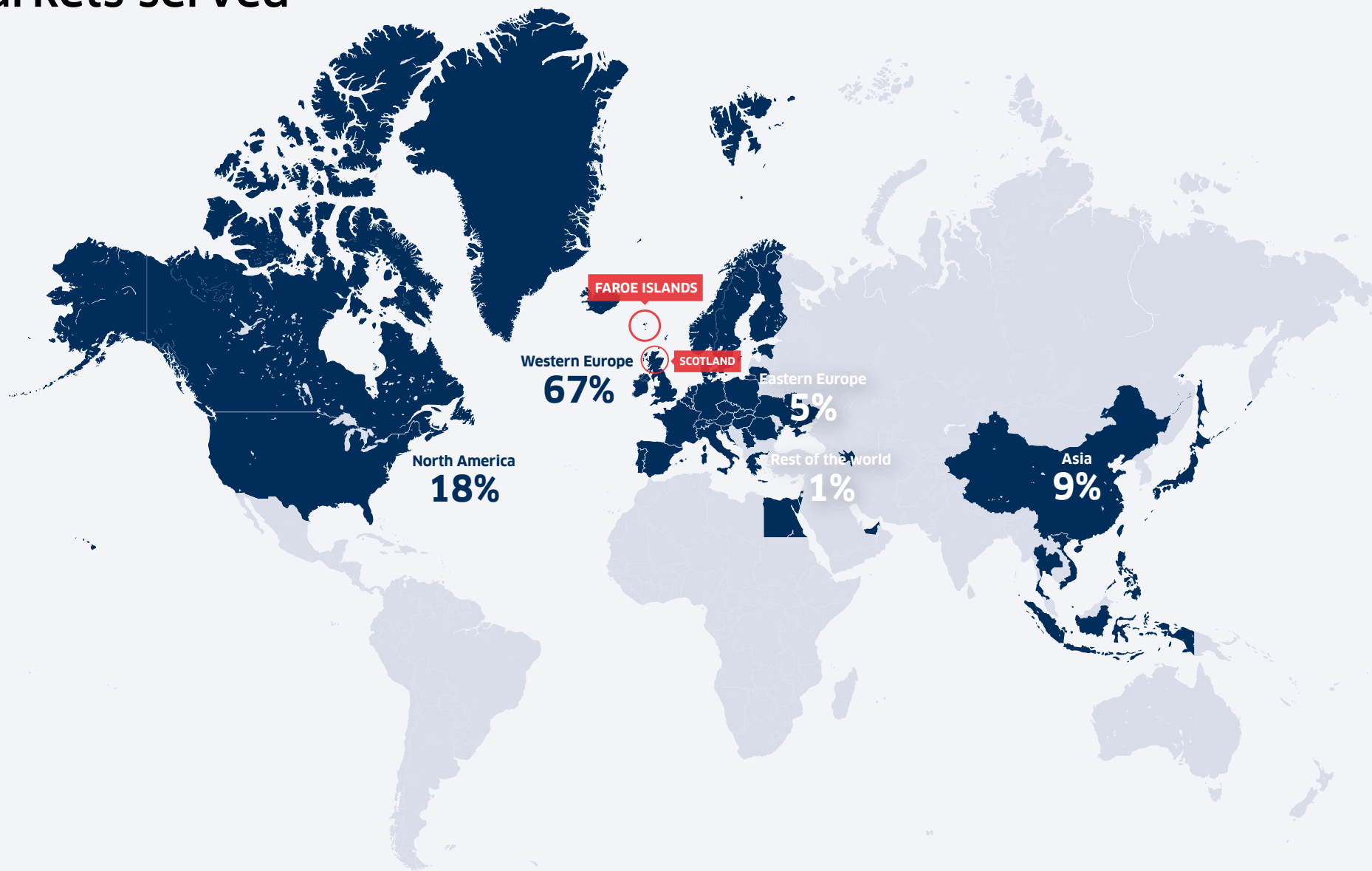
Markets served: Western Europe (67%), North America (18%), Asia (9%), Eastern Europe (5%) and rest of the world (1%)

- Key Resources
- We finance our operations through a combination of cash flow, debt and shareholder capital
 - We rely on the expertise and competency of our workforce, working to our values to develop and grow the business
 - We depend on natural resources to produce world class quality salmon
 - We ensure that we have state of the art production facilities and service vessels to optimise efficiency
 - We have built a strong reputation for high quality salmon and feed to develop our increasing market share
 - We are committed to building relationships with our stakeholders to ensure transparency and full appreciation of our shared values.

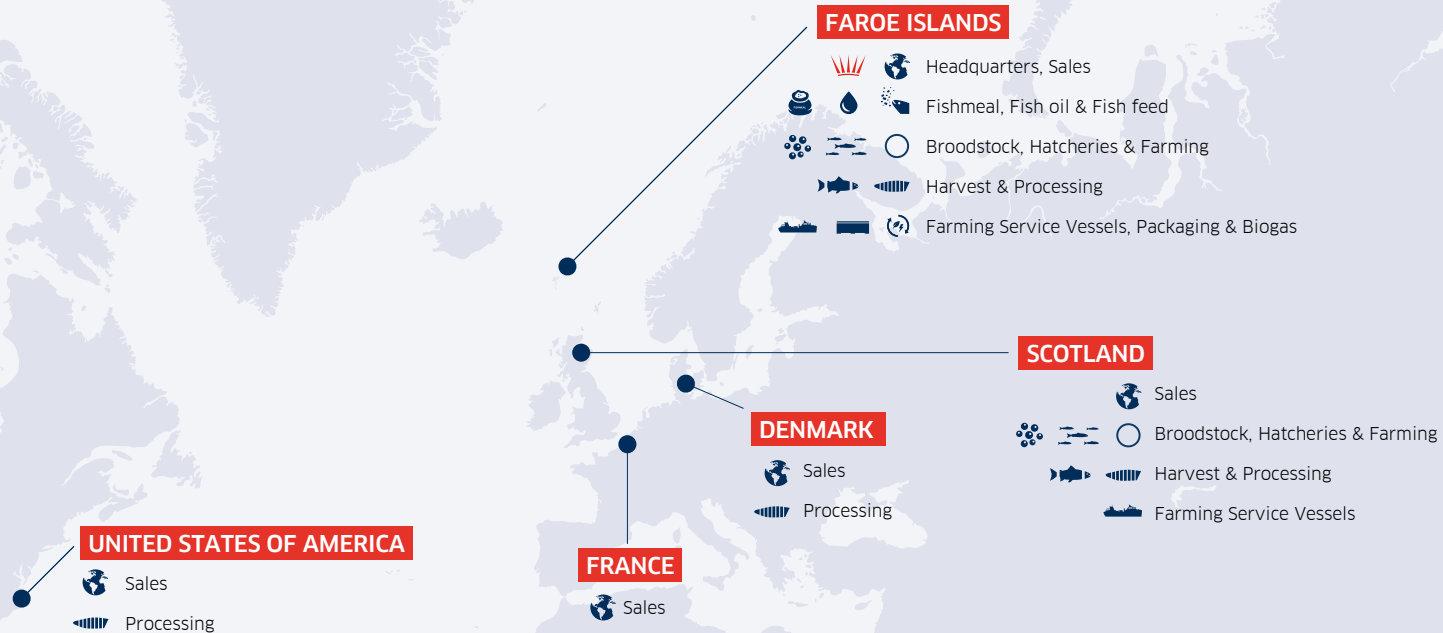


- Value Created
- We create value for our shareholders, the Faroe Islands and Scotland through taxes and direct and indirect employment
 - We meet growing global demand for protein with healthy and efficiently production of salmon
 - We aim to contribute towards improved infrastructure in our areas of operation
 - We collaborate with the broader aquaculture industry to promote responsible and sustainable practice (Please see our Annual Report at www.bakkafrost.com for our consolidated financial statements.)

Markets served



Facilities and locations



LEGEND TO MAP SYMBOLS

	FISHMEAL		BROODSTOCK		HARVESTING		FSV (FARMING SERVICE VESSELS)
	FISH OIL		HATCHERIES		PROCESSING		PACKAGING
	FISH FEED		FARMING		SALES/LOGISTICS		BIOGAS

BAKKAFROST
Salmon, packaging, fishmeal, fish oil and fish feed producer

Location: Faroe Islands

Headquarters: Glyvrrar, Eysturoy

Production and business-to-business sale: salmon, fishmeal, fish oil and fish feed

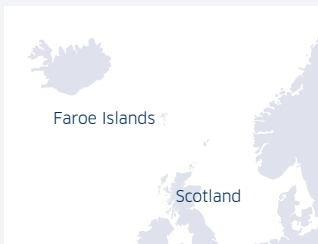
Longest integrated value chain in the industry

Listed on: Oslo Børs with ticker code BAKKA

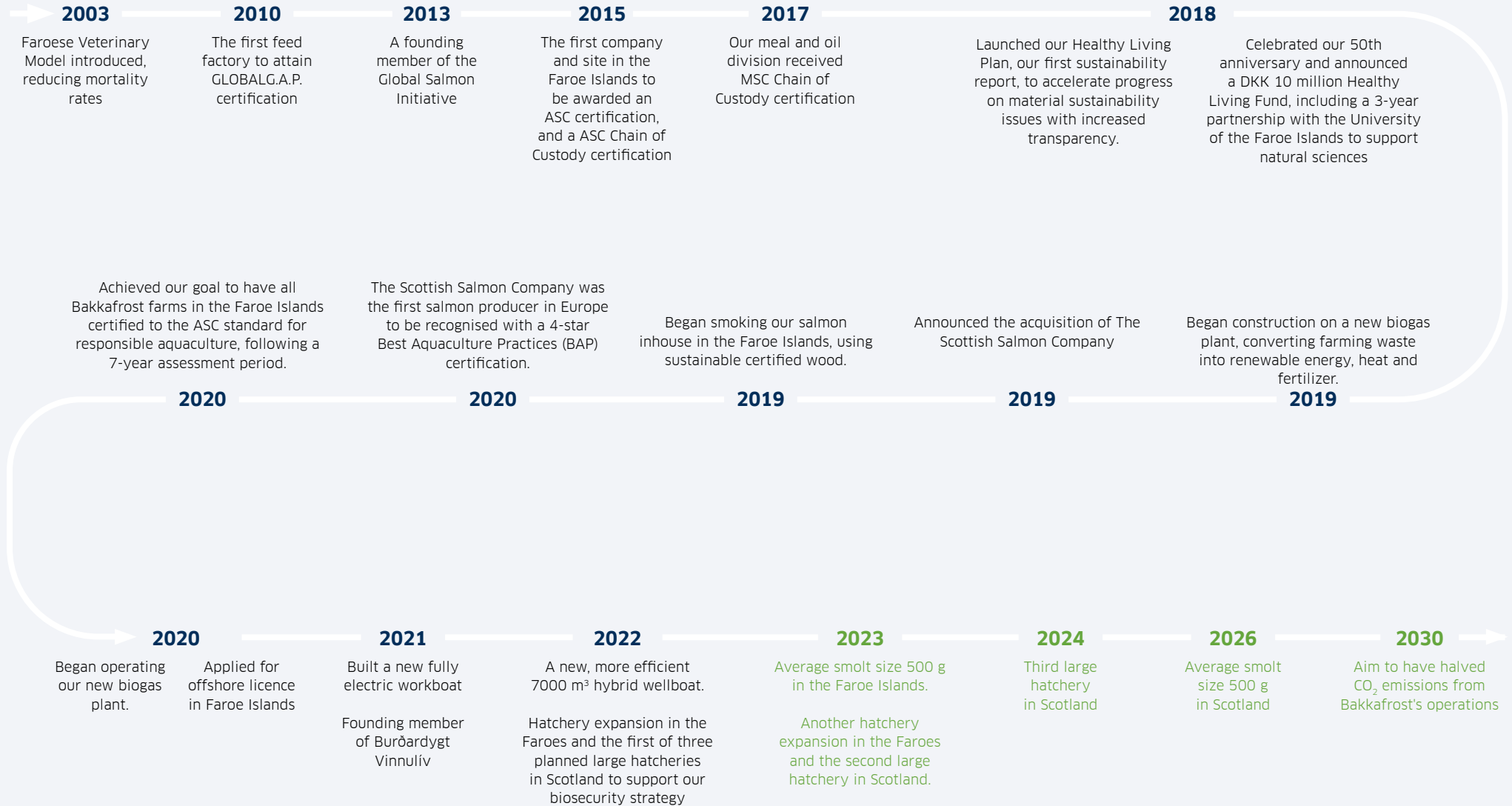


LEGEND TO MAP SYMBOLS

- ▲ FISHMEAL/OIL & FEED FACTORY
- HATCHERIES
- FARMING SITES
- ◆ BROODSTOCK
- HARVEST FACTORIES
- ◆ PROCESSING PLANT
- PACKAGING FACTORY
- ◇ HEADQUARTERS
- ◇ SALES OFFICES
- ▲ BIOGAS
- CONSTRUCTION/EXPANSION



Our Sustainability journey



Main Events 2022



January

- Bakkafrost announces the acquisition of 90% of the shares in Munkebo Seafood A/S, a seafood canning business in Munkebo, Denmark. Bakkafrost has been one of the largest suppliers of raw materials for the company in recent years.

March

- Native Hebridean Smoked Salmon wins coveted International Food Award
- Bakkafrost launches its fifth Healthy Living Sustainability Report alongside the 2021 Annual Report



June

- Bakkafrost rated amongst top-performing sustainable companies as Oslo Stock exchange includes Bakkafrost in their new ESG index
- Key stakeholder event at opening of Office in Report alongside the 2021 Annual Report, focussed on 5 pillars of our Healthy Living Plan

October

- Native Hebridean salmon winning top overall award at Scotland Food & Drink Awards and sustainability prize and Highland Food and Drink Awards



August

- Bakkafrost signs contract to expand the hatchery at Viðareiði in the Faroe Islands

November

- Arranged our first Bakkafrost Supplier Day to engage with our most significant suppliers in the Faroe Islands to drive carbon reduction and general ESG reporting
- Open day for key stakeholders, our communities and employees on our new hybrid 4,000 m³ wellboat in Stornoway, Isle of Lewis equipped with flushing technology and reverse osmosis to increase freshwater treatment capacity.

February

- Bakkafrost subsidiary Munkebo launches vegan soups

April

- Native Hebridean smoked salmon awarded 2 star in UK Great Taste Awards

July

- Bakkafrost contributes to annual local Salmon Market, opening our HQ to the public and serving salmon to participants



May

- The Scottish Salmon Company is formally renamed to Bakkafrost Scotland and introduces the brand "Bakka Salmon" to be used for salmon from the Faroe Islands and Scotland

September

- Bakkafrost takes delivery of our first 100% electric catamaran workboat 'Grønarárók'
- Bakkafrost Scotland receives a second wellboat with a capacity of 4,000 m³.
- Position Green (formerly The Governance Group) appoints Bakkafrost among top performers in Scandinavia in sustainability reporting
- Launched our first Summary Sustainability Report
- Bakkafrost announces the acquisition of P/F Faroe Seafood 2011 and its subsidiary Bakkafrost France which is renamed "Bakkafrost France"

December

- Bakkafrost receives the new 7,000 m³ wellboat, Bakkafossur, planned for operation in the Faroe Islands
- Bakkafrost is ranked "B" against the CDP Climate Change index. This was also the first time Bakkafrost disclosed against the CDP Water Security index
- Bakkafrost Smoked Salmon 'Heimland' voted 'best product in test' in the renowned Danish food magazine 'Gastro'
- The University of Faroe Islands and Bakkafrost extend research collaboration to support research in aquaculture. The new agreement will partially fund a new Faroese Centre for Ocean Modelling
- The Norðtoftir hatchery in the Faroe Islands release the first batch of large smolt from the expanded part of the hatchery

2022 Review with Regin Jacobsen CEO, Bakkafrost

2022 was, in many ways, an unusual year. After more than two years of global market disruption heavily impacting food service industries due to Covid 19-related restrictions, we were delighted to see restrictions finally being lifted in the first part of the year. This resulted in an increased demand for salmon and combined with the short global supply of salmon, this led to substantially higher salmon prices. However, following Russia's invasion of Ukraine in February, the world economy faced great uncertainty and supply chains were disrupted. Bakkafrost stopped all trade with Russia following the invasion of Ukraine and we diverted sales into other markets. This also resulted in challenges in our supply chain and having to find new suppliers of sustainable raw material.

Biological performance

Sustainable growth of the business is a priority and this is being realised through our biosecurity strategy which focuses on introducing 'recirculating aquaculture systems' (RAS) freshwater infrastructure for larger and more robust smolt production. This strategy also includes our selective breeding programmes, to improve fish resilience and increased treatment capacity for optimal fish health and welfare.



Chief Executive Officer Regin Jacobsen

We have invested heavily in biosecurity over recent years. In 2022, we saw the results of these investments in our Faroese operations. We saw strong growth, all-time low sea lice levels, historically high survival rates and low feed conversion ratio. Optimum welfare in our Faroese operations is as a result of our selective breeding programme and large smolt strategy combined with improved strategic treatment handling.

We acquired Bakkafrost Scotland (previously "The Scottish Salmon Company") in 2019 and we were fully aware that the company was massively underinvested and was lacking in development. We immediately embarked on a comprehensive investment plan for the Scottish operations which we are

continuing to progress with the extensive expansion in RAS smolt and treatment capacity.

In 2022 we experienced challenging biological conditions in Scotland, particularly in Q3 where we experienced elevated mortality due to both low-quality smolt and gill challenges in the marine stages. The introduction of further increased treatment capacity and improved smolt quality and size now beginning to be transferred to the marine environment, we can start to see early indications of improvement. The real test will be in the autumn when sea water temperature peaks and therefore biological risks are greatest.

Progress in sustainability

This is the fifth year of our Healthy Living Plan. In 2022, we reached some important sustainability milestones, including taking delivery of our first 100% electric workboat. This was a project facilitated by the Nordic Council of Ministers to develop partnerships between Bakkafrost, a local shipyard, the Faroese national energy supplier and the Faroese authorities. This is an excellent example of collaboration to solve the complex sustainability challenges facing us going forward.

A key element of sustainable development is the development of robust partnerships. In 2022, we took an important step forward to develop closer collaboration with our major suppliers in the Faroe Islands, we arranged the first 'Bakkafrost Supplier Day'. This gave us the opportunity to engage with our suppliers about sustainability topics, including climate change and carbon reduction. We launched our revised sustainable procurement policy bringing sustainability to the forefront in procurement.

The event was a huge success, and we will continue our engagement with suppliers on sustainability in the Faroe Islands as well as in our other areas of operation.

We are committed to being responsible custodians of the natural environment in which we operate. Understanding the ecosystems in which we work is fundamental to preventing negative environmental impact from our operations. We have partnered with the University of the Faroe Islands. And in December 2022 signed an agreement to extend this by funding a new University Centre for Ocean Modelling. This will significantly improve our knowledge of the ecosystems in the Faroese fjords and wider marine environment.

Fish health and welfare is a top priority at Bakkafrost, and sufficient treatment capacity is a vital for this. In 2022, we were delighted to add two new vessels to our fleet; a

4,000 m³ well boat in Scotland and Bakkafossur - a 7,000 m³ well boat in the Faroe Islands. The vessels add significant treatment capacity and contribute to the fundamentals of biosecurity on which our operations rely. Bakkafossur is a plug-in hybrid equipped vessel with batteries, that will have significant savings, and the vessel is prepared for future full transfer to new green energy solutions.

To advance sustainable practices, we must utilize all tools available. In 2022, we introduced an updated Employee Bonus Scheme which partially builds on sustainability-linked key performance indicators such as survival rate and feed conversion ratio. With the introduction of these incentives, we are taking significant steps to integrate sustainable practices throughout our value chain.

We are committed to the United Nation's Global Compact principles, and we will continue to work collaboratively with the business community in the Faroe Islands and Scotland to support the overall contribution to the UN Sustainable Development Goals (SDGs). As one of the largest contributors to the Faroese economy, we take our responsibility seriously and take a leading role. This includes increased local stakeholder engagement in specific areas, including our approach to environmental management in the fjords.

Outlook

We have set ambitious sustainability goals, including significant 2030 climate commitments. We have made substantial progress over recent years, but to meet the fast-approaching 2030 deadline, we need to investigate transformative solutions for the benefit of both us and generations to come.

To mitigate biological risk in our marine farming operations, we are extending the period in which the salmon is farmed on land in state-of-the-art RAS units. While this mitigates biological risk, it is an energy intensive manner of farming.

All RAS units run almost on 100% electricity, and therefore we explore the potential of running RAS units entirely on renewable energy. In Scotland we have access to 100% renewable electricity, however in the Faroe Islands, we are reliant on the national grid company which has set a target of providing 100% renewable energy by 2030. In 2022, we saw progress with an increasing number of wind turbines supplying renewable energy to the grid. This resulted in a carbon saving of 6,000 t CO₂e in our scope 2 emissions compared to the value if the electricity mix had stayed the same as in 2021. We slowly start to see a decoupling of carbon emissions from growth in the Faroe Islands, but as we and the rest of society increase the use of electricity, we need significantly more output. It is therefore important that regulative frameworks are flexible and fit for purpose so that we can transform operations to become as sustainable as possible.

Given our location in the North Atlantic Ocean and the challenge of ensuring sufficient healthy and sustainably produced food for the world's growing population, we see it as our obligation to increase our supply of salmon to the world.









Operationally we will drive responsible growth across the business. Going forward as a value orientated business and with governments, investors and customers increasingly demanding managed sustainable development, the focus on sustainability will continue to increase. Sustainability will continue to be at the heart of everything we do.

We have aligned our sustainability reporting with the international Global Reporting Initiative standard for the Bakkafrost Group; we believe this improves our reporting by providing a framework for greater transparency and demonstrating progress towards our vision.

I hope you enjoy reading this Report, and I welcome any comments or feedback. reja@bakkafrost.com.

Bakkafrost's Healthy Living Plan

Our mission is to produce healthy, world class salmon. We believe that by investing in the health of our business, our people, our salmon, the environment and the communities in which we operate, we will enable healthy living for millions of people globally. Our Healthy Living Plan outlines our sustainability goals in one place.

	 Healthy Business	 Healthy People	 Healthy Salmon	 Healthy Environment	 Healthy Communities
 STRATEGIC PRIORITY	To grow efficiently and responsibly	To be a preferred employer	To exceed leading standards	To minimise our environmental impact	To create shared value
 2022 PERFORMANCE AGAINST OUR 2023 COMMITMENTS	<ul style="list-style-type: none"> Have zero cases of non-compliance ● Actively engage customers in waste reduction ● Maintain high NPS and customer satisfaction with quality scores ● Update procurement policy and supplier code of conduct ● Influence the improvement of aquaculture practices ● Extend ISO9001 standard certification ● Focus on producing salmon from own unique breed ● 	<ul style="list-style-type: none"> Have industry-leading employee engagement scores ● Launch internal sustainable behavior campaign ● Reduce absence rate to 4.4% ● Become certified against ISO45001 standard ● Reduce LTIR to below 5 by 2026 ● Have zero fatalities ● Increase number of women in management positions (managers with direct reports) to at least 25% by 2025 ● 	<ul style="list-style-type: none"> Increase smolt size to 500 gr by 2023 in the Faroes and 2026 in Scotland ● Maintain our high Omega-3 levels ● Zero antibiotic use ● Maintain salmon survival rate at 94% or above (Faroes) ● Increase research to optimise fish welfare and product quality ● Maintain industry leading approach to animal welfare ● Maintain ASC certification, BAP certification or similar for all Bakkafrost salmon ● 	<ul style="list-style-type: none"> By 2030 reduce by 50% the scope 1 & 2 CO₂ footprint (Group) ● Continue research into sustainable feed ingredients ● Investigate new sustainable marine sources for fishmeal ● Optimise feed strategy to maintain industry leading FCR ● Achieve ISO14001 environmental standard certification in the Faroe Islands, already in place in Scotland ● Zero fish escapes ● Measurably reduce environmental impact from packaging ● Explore innovative waste streams at the new biogas plant ● Over 97% water recirculation rate in hatcheries (Faroes) ● 	<ul style="list-style-type: none"> Actively educate key stakeholders on the benefits of salmon aquaculture ● Increase collaboration with key stakeholders to achieve the Healthy Living Plan ● Increase transparency on local value creation ● Continue 10m DKK 3yr investment in Healthy Living Fund in the Faroe Islands ● Continue investment in Community Fund in Scotland ●
 SDGs	<ul style="list-style-type: none"> SDG 2 Zero Hunger SDG 7 Affordable and Clean Energy SDG 8 Decent Work and Economic Growth SDG 9 Industry, Innovation, and Infrastructure 	<ul style="list-style-type: none"> SDG 5 Gender Equality SDG 8 Decent Work and Economic Growth 	<ul style="list-style-type: none"> SDG 2 Zero Hunger SDG 6 Clean Water and Sanitation SDG 14 Life Below Water SDG 17 Partnerships for the Goals 	<ul style="list-style-type: none"> SDG 6 Clean Water and Sanitation SDG 7 Affordable and Clean Energy SDG 9 Industry, Innovation, and Infrastructure SDG 12 Responsible Consumption and Production SDG 13 Climate Action SDG 14 Life Below Water SDG 15 Life on Land 	<ul style="list-style-type: none"> SDG 8 Decent Work and Economic Growth SDG 17 Partnerships for the Goals

- On-track to meet the target in 2023
- Have started, unclear if target will be met.
- Did not or will not meet the target

If the target is measured on a yearly basis, like Zero fish escapes, Customer scores, Omega-3 levels, etc., we base the performance on the yearly results.



Bakkafrost and the UN Sustainable Development Goals

Bakkafrost and the UN Sustainable Development Goals (SDGs)

The UN SDGs set out 17 global goals for social, environmental and economic progress between 2015 and 2030. The goals seek to address the greatest challenges and opportunities faced by society today. The UN resolution identifies specific targets for each goal and provides indicators to measure progress.

At Bakkafrost we view the goals as representing broad stakeholder expectations on global issues, so we have used them as part of the materiality assessment which is the foundation for our 2023 Healthy Living Plan. During our strategic planning process, we referred to aspects of the Future-Fit Benchmark designed to make the SDGs a reality.

We have conducted a mapping of the SDG goals and targets against our activity to understand which are most relevant for us. We have distinguished between areas where there is potential for high positive impact, areas for limited positive impact, and areas where we have a responsibility to mitigate potential negative impacts.

Below you can see how we've assessed our contribution to the goals, which you can read more about throughout the report.

Potential for high positive impact

2

ZERO HUNGER



SDG 2 Zero Hunger:

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

We are contributing towards target 2.4 by providing an efficient sustainable production of a healthy source of protein and essential fatty acids to feed a growing global population.

8

DECENT WORK AND ECONOMIC GROWTH



SDG 8 Decent Work and Economic Growth:

Promote inclusive and sustainable economic growth, full and productive employment and decent work for all.

We are contributing towards target 8.1 through our substantial contribution to the Faroese economy and contributing to the Scottish, US and Danish economy; 8.5 by creating full and productive employment with equal opportunities in the Faroe Islands, Scotland, US and Denmark; 8.7 through the strict labour standards outlined in our Code of Conduct and Supplier Standard; and 8.8 by applying labour standards throughout our value chain (in line with third party certification).

Potential for limited positive impact

5

GENDER EQUALITY



SDG 5 Gender Equality:

Achieve Gender equality and empower all women and girls.

We are contributing towards target 5.5 by ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making in the company

7

AFFORDABLE AND CLEAN ENERGY



SDG 7 Affordable and Clean Energy:

Ensure access to affordable, reliable, sustainable and modern energy for all.

We are contributing towards target 7.2 by increasing the share of renewable energy in the Faroe Islands' energy mix from our biogas plant; and 7.3 by increasing energy efficiency in our operations.

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE



SDG 9 Industry, Innovation, and Infrastructure:

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

We are contributing towards target 9.4 by upgrading and retrofitting assets across our value chain to make them more sustainable, as well contributing towards new renewable technologies and infrastructure in the Faroe Islands and in Scotland.

14

LIFE BELOW WATER



SDG 14 Life Below Water:

Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

We are contributing towards target 14.4 by using marine ingredients certified as sustainable; and 14.1 by managing our impacts on the fjord environment.

17

PARTNERSHIPS FOR THE GOALS



SDG 17 Partnerships for the Goals:

Strengthen the means of implementation and revitalize the global partnership for sustainable development.

We are contributing towards target 17.16 through collaboration and partnerships to develop and share best practice solutions that address systemic challenges in aquaculture.

Responsibility to mitigate potential negative impact

6

CLEAN WATER AND SANITATION



SDG 6 Clean Water and Sanitation:

Ensure availability and sustainable management of water and sanitation for all.

We are addressing target 6.3 by substantially increasing the safe reuse of water via our Recirculating Aquaculture System (RAS) facilities, minimising the impact of our operations on the fjord environment; 6.4 by increasing water efficiency; and 6.6 by minimising future pollution from agriculture through liquid fertilizer produced at our biogas plant.

12

RESPONSIBLE CONSUMPTION AND PRODUCTION



SDG 12 Responsible Consumption and Production:

Ensure sustainable consumption and production patterns.

We are addressing target 12.3 by reducing food losses; target 12.2 by maximizing efficiency of natural resources used in our feed; 12.5 by adopting a circular approach across different elements of our value chain, by reducing our waste generation through prevention, reduction, recycling and reuse; and 12.6 by encourage companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle by increasing transparency on our sustainability performance.

13

CLIMATE ACTION



SDG 13 Climate Action:

Take urgent action to combat climate change and its impacts.

We are addressing target 13.1 by building the climate resilience of our company and value chain and look to reduce emissions associated with own operations.

15

LIFE ON LAND



SDG 15 Life on Land:

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

We are addressing target 15.2 by sourcing certified sustainable paper and wood products and only procuring non-GMO, Pro-Terra certified soy protein for our animal feed; and 15.5 by implementing measures to reduce the impact from salmon aquaculture on the nearshore environment and increasing research into this area.

We will continue to look for data to enable us to benchmark and where relevant increase our contribution to the Sustainable Development Goals.

Bakkafrost salmon at a glance

NUTRITION

OMEGA-3 LEVELS MEAN

2.5 g
per 100 g

RDI 2.5-3 g

OMEGA-3 TO 6 RATIO

1.4

VITAMIN D MEAN

10.1 µg
per 100 g

RDI 10 µg

PROTEIN LEVELS

21.0 g
per 100 g

RDI 58-116 g

VITAMIN B12 LEVELS MEAN

5.0 µg
per 100 g

RDI 2 µg

VITAMIN E LEVELS MEAN

4.9 mg
per 100 g

RDI 9 mg

SELENIUM MEAN

0.018 mg
per 100 g

RDI 0.06 mg

IODINE MEAN

0.05 mg
per 100 g

RDI 0.15 mg

Bakkafrost data calculated through an analysis of whole salmon variations between all Bakkafrost sales sizes from 3-4 kg up to 7+ kg.
RDI Sources: EFSA



ENVIRONMENT & HEALTH

ASC CERTIFIED SITES

100%

Faroe Islands

BAP

★★★★

Scotland

AUDITS PASSED

100%

at Bakkafrost in 2022

ANTIBIOTIC USE

0

Faroe Islands

0

Scotland operation

MEDICINE IN BATH

2.7 g

per tonne · Faroe Islands

0.39 g

per tonne · Scotland

Used by Bakkafrost to treat sea lice in 2022

FEED CONVERSION RATIO

1.06

Faroe Islands

1.26

Scotland

Per 1 kg of salmon
(1.2-1.5kg GSI average)

ANNUAL SURVIVAL RATE

95.09%

Faroe Islands

76.84%

Scotland

MONTHLY SURVIVAL RATE

99.6%

Faroe Islands

98.2%

Scotland

ESCAPES

0

Faroe Islands

0

Scotland

Number of salmon

SEA LICE COUNT

0.28

Faroe Islands

0.22

Scotland

Average female adult lice per fish
over 12 months

STOCKING DENSITY

6.79 kg/m³

Faroe Islands

8.31 kg/m³

Scotland






Material sustainability topics

Our materiality analysis is based on dialogue with stakeholders representing a diverse range of groups including; investors, customers, suppliers, community representatives, national regulators, NGOs and sustainability experts. In order of importance, we found that biodiversity and fish welfare were most significant, as well as adapting to climate change. To the right is the list of the 20 main issues.

In 2022 we again reviewed our materiality assessment, this involved desktop research of; media coverage, social media, international ESG frameworks and standards, public policy and public disclosures from others in the sector. We then re-assessed our material issues with some key stakeholders to understand areas where the significance has changed.

Based on the feedback, we have identified key issues that are of material importance to us and we feel should be included within the definition of other material issues. The regulatory environment and the alternative protein market are therefore addressed in the Report.

We review our materiality assessment on a yearly basis and update it on a wider basis every three years. We will conduct an additional materiality assessment in 2023, reviewing the most significant economic, social and environmental risks and identifying opportunities for the Company and our stakeholders to build and develop our Healthy Living Sustainability strategy.

 <p>Healthy Business</p>	<ul style="list-style-type: none"> • Government regulation and compliance: Ability to meet growing demand through regulated growth, and compliance with relevant laws, regulations and local and international standards. • Ethical conduct: Upholding and promoting standards of good business practice throughout the value chain, consistent with Bakkafrost's values and principles. • Customer satisfaction: Listening to customers and meeting changing customer needs and standards. • Innovation: Investing in innovation through research and development, to meet changing customer demands, capitalise on opportunities, and drive leading sustainability standards. • International relations: Managing impact on the brand from international relations issues.
 <p>Healthy People</p>	<ul style="list-style-type: none"> • Human capital: Ability to attract and retain diverse talent and expertise, build workforce competency, and maintain high employee engagement through job satisfaction and engagement with company values. • Health, safety and wellbeing: Maintaining a high standard of occupational health and safety and creating a healthy working culture. • Human rights: Supporting and respecting the protection of all internationally recognised human rights and ensuring that none of these is breached through complicity or negligence. Bakkafrost's business partners are also expected to comply with these principles.
 <p>Healthy Salmon</p>	<ul style="list-style-type: none"> • Product quality and human health: Maintaining high product quality, by meeting the highest standards to avoid chemical contaminants, while providing nutritious, efficient and sustainable animal protein for optimum human health. • Fish health and welfare: Upholding leading welfare standards and limiting the use of chemicals and medicines in the prevention of disease and sea lice. • Certification and collaboration: Collaborating to address systemic social, environmental and industry challenges through external standards and certification.
 <p>Healthy Environment</p>	<ul style="list-style-type: none"> • Local pollution: Minimising pollution of the local environment from each stage of the value chain (including effluent waste, marine debris, local water, noise and air pollution), and investing in environmental initiatives. • Biodiversity: Working to avoid operations negatively impacting or contributing towards biodiversity loss at any stage of the value chain, including the spread of disease and sea lice between farmed and wild fish populations, and any potential impacts on other wildlife or ecosystems. • Sustainable fish feed: Ensuring sustainable and responsible fishmeal, oil and feed production, including sourcing of raw materials and fish stock management. • Resource optimisation, waste, and packaging: Optimising the use of resources and minimising the environmental impact of waste from product's lifecycle, (including food and packaging). • Water: Efficient use of fresh water at all stages in the value chain and investment in new technology to reduce use. • Climate change and energy: Limiting GHG emissions throughout the value chain – for example through efficient energy consumption and generation of renewable energy – and addressing climate change risks.
 <p>Healthy Communities</p>	<ul style="list-style-type: none"> • Responsible leadership: Demonstrating leadership on industry issues, and responsible corporate citizenship. • Community engagement and transparency: Engaging with the local community and promoting transparency on material issues. • Value generation: Adding value in society through tax contribution, community investment, and employment.





Healthy Business Performance review

★ STRATEGIC PRIORITY

- To grow efficiently and responsibly

📊 2022 PERFORMANCE AGAINST OUR 2023 COMMITMENTS

- Zero cases of non-compliance
 - No product recalls
 - No market bans
- Actively engage customers in waste reduction
- Maintain high NPS and customer satisfaction with quality scores
- Update procurement policy and supplier code of conduct
- Influence the improvement of aquaculture practices
- Extend ISO9001 standard certification
- Focus on producing salmon from own unique breed

🌐 SDGs



WHY THIS IS IMPORTANT

Today's food systems face extraordinary challenges as global population grows, in turn putting enormous pressure on food resources. To feed nine billion people by 2050, we must focus on further development of sustainable food systems, with minimal footprint that preserve the earth for future generations.

Aquaculture has been identified as a sustainable solution to meet the increasing demand for nutritious protein to feed the growing population. Farmed salmon is among the healthiest protein sources with its high content of omega-3 fatty acids, vitamin D, selenium and B vitamins. According to the 2018 World Resource Institute's report 'Creating a Sustainable Food Future', aquaculture production would need to more than double between 2010 and 2050 to meet projected fish demand.

Aquaculture is a sustainable option for consumers, compared to other farmed proteins. Sustainable sourced salmon has one of the lowest carbon footprints of all animal proteins including; chicken, pork, beef and lamb. It is highly resource efficient and compared to these proteins, has the highest protein retention, the lowest feed conversion ratio and lowest water footprint.

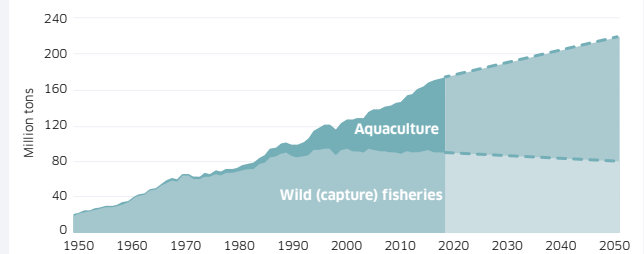
Responsible and sustainable salmon produced in a way that minimises potential negative impact, is the solution to providing future generations with healthy and environmentally friendly protein options.

Bakkafrost has an ambitious growth strategy which enables us to compete in the world's fastest growing food producing sector and make a significant contribution to provide healthy sustainable food for a growing population.

Through responsible and efficient production of high-quality protein for the global market and our investment in innovation, sustainable infrastructure and renewable energy solutions, we are contributing towards UN Sustainable Development Goals 2, 7, 8 and 9. For more information see page 13.

More information on our corporate strategy to grow a healthy business can be found in our Annual Report.

Aquaculture production must continue to grow to meet world fish demand



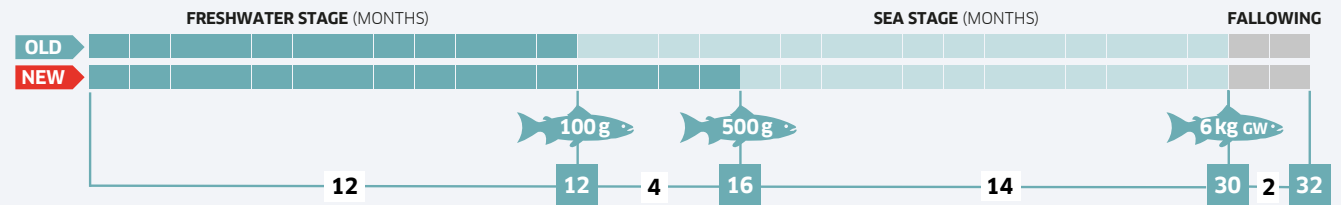
Source: Historical data, 1950-2016: FAO (2017b) and FAO (2018). Projections to 2050: Calculated at WRI; assumes 10 percent reduction in wild fish catch from 2010 levels by 2050, linear growth of aquaculture production of 2 Mt per year between 2010 and 2050. (Creating a Sustainable Food Future, World Resource Institutes)

SUSTAINABLE GROWTH

In 2021 Bakkafrost announced a new 5-year investment plan where we set ourselves the ambitious growth target of increasing output of our premium salmon by more than 50% by 2026. Our stated 5-year investment programme for the period 2022-2026 will increase total production capacity to around 180,000 tonnes (head on gutted weight) and enable us to reach harvested volumes of 150,000 tonnes by 2026.

Sustainable growth is fundamental to our ambitious growth target. Our unique value chain plays an important role in ensuring each stage of the value chain is adapted to the next and we can achieve optimal efficiency and maximise the resource utilisation. A key element to achieve this growth is expanding our land based freshwater hatchery capacity, in which we produce large, robust smolt. Our strategy to produce healthy and robust smolt of around 500g involves moving a part of the traditional on land production cycle to state-of-the-art hatcheries, with cutting edge water recycling technology (RAS). This is a well-known technology for Bakkafrost which has been used for over 25 years. The well-controlled environment in RAS reduces biological risk while increasing the production capacity in existing farms through the reduced marine production cycle of 18 months and in the Faroe Islands about 10-12 months. In the Faroes we are also able to move farming sites to more exposed locations where there are stronger sea currents and water quality is better for healthy growth furthermore, any impact on the seabed is further reduced.

The large smolt capacity is the most important driver for volume growth. In the Faroe Islands we have come a long way in implementing this strategy and invested in increased hatchery capacity. Increased production on land generates considerable volumes of organic waste which is sent to our biogas plant. We have therefore now become a significant producer of renewable energy and fertiliser in the Faroes.



This is an excellent example of a circular economy where business growth and sustainability work hand in hand.

The large smolt strategy is the game changer for operations in Scotland, reducing biological risk, improving efficiency, reducing cost, and providing an opportunity for further growth. Another strategic priority is the “One Company” pillar of our strategy, integrating Faroese and Scottish operations, building on the strengths and best practices of both.

As announced at our 2021 Capital Markets Day, we plan to replicate this successful strategy in Scotland. When we acquired The Scottish Salmon Company (now Bakkafrost Scotland), we were aware that this would be a 5-year turnaround and that we would have to replicate the investments made in the Faroe Islands and transfer best practice. As we have seen in the Faroes, the cornerstone is to produce large robust smolt in large new state-of-the-art hatcheries with RAS-technology and we plan to build three of these hatcheries in Scotland, mirroring the hatcheries in the Faroe Islands. In addition, investment is required in vessels and infrastructure to improve fish health and increase survivability. In 2022, we significantly increased the vessel capacity with a 4,000m³ wellboat with dual-treatment systems to treat gill health with

freshwater and remove sea lice in one combined treatment. In early 2023 we installed this system on our other wellboat in Scotland and are planning to install it on the new large wellboat, Bakkafossur in the Faroe Islands. Having this capacity reduces biological risk further and improves fish welfare. In Scotland, we have invested heavily in technology and improved farming equipment to replicate the standard of our Faroese operations. This includes IT, camera systems, feeding systems and environmental sensors and will help safeguard our stock, improve our feed conversion ratio and improve environmental management. As new hatcheries come into operation in both Faroes and Scotland, there is increased energy consumption and biological waste as the new hatcheries start operation. Sourcing renewable energy and sustainable waste handling are integral to our hatchery designs and investment plans. At our Applecross hatchery all energy will be directly on renewable sources from solar panels and direct connection to a nearby hydro power plant.

In Scotland, we have introduced Havsbrún feed, making our Scottish salmon more similar to Faroese salmon. This in turn has improved price achievement, leveraging the market positioning of our Faroese salmon. Also, the increased volume of feed increases production efficiency and reduces production costs.

Business profitability

In the past 10 years we have invested heavily in our value chain. Bakkafrost has the longest integrated value chain in the sector and is the only salmon producer with its own production of fish meal and -oil, used in feed production. As the effect of these investments is realised, efficiency and profitability have increased significantly making Bakkafrost the company with the highest margins compared to peers and listed companies on Oslo stock. Since 2015, investment spend has been between 10-14 kr per kg.

In 2022, Bakkafrost produced more than 2 million meals a day, serving our customers, including importers, food producers, large supermarkets and restaurant chains, in more than 30 countries across four key markets: Western Europe (67%), North America (18%), Asia (9%), Eastern Europe (5%) and the Rest of the World (1%). Consumers in these markets increasingly require reassurance about the sustainability of food and in turn our customer requirements have also increased. Our strong sustainability record has been key in strengthening partnerships with key customers and we anticipate this trend in increased food transparency will continue.

We are committed to responsible and sustainable production of healthy world-class salmon. This includes increased transparency and focus on third-party certification demonstrating our sustainability and welfare credentials with a focus on quality and supply chain integrity.

Sustainably linked finance

In March 2022, Bakkafrost entered a new sustainability-linked EUR 700 million multicurrency revolving credit facility with a tenor of five years, which has since been extended with 1 year. The purpose of the facility was to refinance Bakkafrost's existing bank facilities, and it serves as a robust and flexible financial framework for our investment plans aimed at significant sustainable growth. Importantly, the margin payable is linked to Bakkafrost's performance

*Meals per day calculated as 125g portions, 220 days of productions/year





against certain sustainability KPIs, consistent with our overall sustainability targets and ambitions, including own production of renewable energy. Through this we strengthen our commitment to make our growth ambitions sustainable by increasing the financial upside in achieving this.

Employee and management bonus scheme

In 2021, Bakkafrøst implemented a share-based bonus scheme for all employees in the Group. According to the scheme, all employees are awarded free bonus shares depending on achieved performance against certain KPIs. This included sustainability KPI's of increased survivability and reduction of feed conversion ratio, and Bakkafrøst Group's adjusted earnings per share being above a certain threshold. The bonus shares are awarded quarterly as restricted share units which are released pursuant only to the Annual General Meeting resolution to pay dividends to the shareholders. Employees still employed two calendar

years after being awarded bonus shares, will also receive free loyalty shares.

Each quarter, the Board reviews and determines the parameters used in the bonus scheme including the overall size of bonus pool, KPI's and thresholds. The Board has the right to decide and has sole discretion for whether the bonus scheme will be continued in the following quarter, and the terms of the plan.

Food authenticity

There has been an increased focus on food fraud in recent years. Customers want to know and trust the authenticity of food. To prevent other salmon products from being sold as Bakkafrøst-branded products, we have taken the following steps: all products are certified, full control of the value chain, unique packaging and labelling with security features, authority-approved documents with watermarks following the products, unique serial numbers/lot numbers on every box, reliable and trusted suppliers, and conducting regular testing with techniques such as DNA testing.

Through implementing these steps, we reduce the risk of our products being counterfeited or substituted and maintain the trust and confidence of customers.

Immediately following Russia's invasion of Ukraine in February 2022, Bakkafrøst stopped all trade with Russia. In order to prevent salmon being sold into Russia fraudulently re-labelled, we asked the authorities to remove Bakkafrøst from the list of approved suppliers into Russia.

Food defence

Bakkafrøst has a series of proactive measures to protect our products and company. The range of measures include advanced electronic access control systems, surveillance systems and strictly segregated food production areas. This ensures that only designated people have access and

to relevant areas as well as ensuring that all employees are accounted for in case of fire or other emergencies. Keeping the products safe as well as our employees is of vital importance.

Traceability

Bakkafrøst has control of the entire value chain from fish oil, meal and feed to roe and genetics at our hatcheries, throughout the farming process to the final product. This enables Bakkafrøst to ensure full traceability throughout the value chain. Traceability can be used effectively to improve trust and engage with customers and consumers. In cooperation with selected customers, Bakkafrøst use QR codes on the products, enabling the end consumer to access information about origin and further information about the product. Ensuring that our supply chain is fully traceable helps us to document the authenticity of our products and combat potential food fraud, this further supports sustainability credentials.

For more information on food safety and quality, please see page 50-52.

GOVERNMENT REGULATION AND COMPLIANCE

Complying to regional and international standards is critical for sustainable growth. We strictly adhere to all relevant legislation in the areas in which we operate and are committed to going beyond compliance including leadership on issues at a national and international level.

Our business relies heavily on the natural capital in the Faroe Islands and Scotland. We work with the relevant environment agencies and comply with aquaculture legislation at each stage of the value chain. Compliance, leadership and transparency are fundamental, and we are committed to zero cases of non-compliance.

We go beyond compliance by voluntarily adhering to international standards, including ASC and Best Aquaculture Practices (BAP), to raise the bar for the industry in sustainability.

In 2022 we were part of a working group under Vakstrarforum, established by the Faroese government, its aim was to develop a strategy for sustainable growth for the Faroese economy. Vakstrarforum is the Strategy Think Tank of the Government of the Faroe Islands. The Faroese Prime Minister initiated the project with the aim to engage local business leaders and to identify the growth opportunities of our small nation, in balance with the environmental and sustainable development. In 2022 we also engaged with political parties in the Faroe Islands to update on our operation, explain the impact of regulations and discuss sustainability. We met with all the political parties in the Faroe Islands before the election in December 2022.

In 2022, we:

Had zero cases of non-compliance:

- No product recalls
- No market bans

Regulation and licenses

In the Faroe Islands salmon farming licenses are given as rolling licenses of 12 years. There is no payment or fee for the license itself, but a revenue tax is due on the harvest volume. Revenue tax rates are 0.5%, 2.5% or 5% of the Nasdaq value of fish harvested each month. The license gives an exclusive right to use a larger area, typically a whole fjord. There is no limit to the biomass allowed, however production plans have to be approved by the authorities before releasing smolt into the sites and production plan approval relies on historic performance with KPI's related to fish welfare and the environment. These include, mortality, sea lice levels and impact on benthic. These KPI's are sampled and assessed by independent 3rd parties on behalf of the authorities. The licensee can only have one generation at a time in a licensed area and is required to harvest out the entire population before stocking the next generation. A fallow period of at least 2 months is required between stockings.

Licenses in Scotland are in general smaller than in the Faroe Islands and also include a maximum biomass limit.

ETHICAL CONDUCT

It is important to go beyond compliance to uphold and promote good business practice consistent with our core values and principles. Our values guide our approach in creating long-term value for our customers, shareholders and society. This means we act responsibly, with respect, while being passionate about our provenance.

These values are outlined in our Code of Conduct, which aims to create a sound corporate culture. Our Code of Conduct requires all employees to observe high standards of business and personal ethics and employ a fair and honest approach to working with each other and external stakeholders. Our policies, which are aligned to third party standards, ensure our suppliers meet ethical standards and adhere to standards on occupational health, safety and wellbeing, human rights,

freedom of association and collective bargaining, child-labour and environmental standards. In Scotland and Faroe Islands, we have established a rigorous supply chain compliance programme using SEDEX membership and self-audit to make informed business decisions and drive continuous improvement across our value chain. All suppliers are carefully assessed to make sure that they are performing to an appropriate standard, especially regarding their level of quality management, health and safety, corporate social responsibility as well as ethics and environmental care. Key supplier relationships are closely managed through quarterly business reviews to measure and review the performance.

Bakkafrost has an online mechanism where members of the public can raise a complaint and if necessary, employees can raise concerns through an independent and confidential whistleblowing programme.

We will:

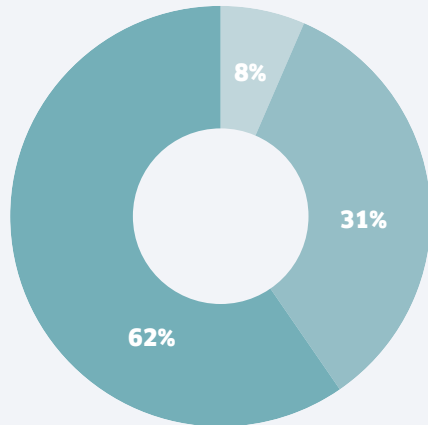
Continue to update and align our policies across the Bakkafrost Group to promote best practise.

We strictly adhere to all relevant legislation and go beyond compliance on important issues. Listening and responding to our customers' needs and maintaining good international relations.



CUSTOMER SCORE OF BAKKAFROST SALMON'S QUALITY

Reflecting the views of customers representing 42% in 2017, 32% in 2018, 69% in 2019, 72% in 2020, 57% in 2021 and 47% of the revenue in 2022.



- 2022**
- 0% Not satisfied
 - 8% Somewhat satisfied
 - 31% Satisfied
 - 62% More than or very satisfied

- 2021**
- 0% Not satisfied
 - 2% Somewhat satisfied
 - 33% Satisfied
 - 65% More than or very satisfied

- 2020**
- 0% Not satisfied
 - 4% Somewhat satisfied
 - 25% Satisfied
 - 71% More than or very satisfied

- 2019**
- 0% Not satisfied
 - 2% Somewhat satisfied
 - 38% Satisfied
 - 60% More than or very satisfied

CUSTOMER SATISFACTION

Building long term relationships with our customers is important for maintaining our position as a preferred supplier of world class salmon. We are committed to building long term partnerships and delivering outstanding customer service and work with our customers to introduce new product developments and certifications. We conduct an annual customer feedback survey and hold a Customer Summit every two years where we welcome customers to visit our facilities.

- 93% of Bakkafrost customers in 2022 were either "satisfied" or "more than or very satisfied".

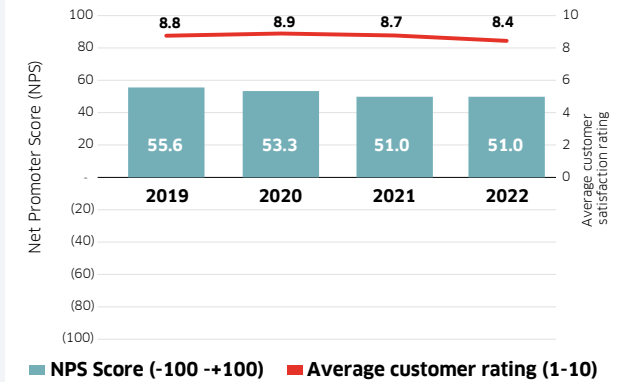
Our customer survey showed an average customer rating of 8.5 and a net promoter score of 43. Even though our NPS score is still on a high level, we have seen a drop in 2022, which seems to reflect the high salmon prices in 2022. Our analysis indicates a negative association between the level of customer satisfaction and the degree of price tolerance exhibited by our customers.

In June 2022, we held a Bakkafrost Summit, where our key customers got a deep dive into the company and were provided with the opportunity to engage with the group management.

Further information on our customer strategy can be found in our Annual Report.

Bakkafrost has been growing for a number of years and this has accelerated since the listing on the Oslo Stock Exchange in 2010, and more recently with the acquisition of companies in the US, UK and Denmark. In line with production growth, we continue to expand into new markets and increase sales.

CUSTOMER NET PROMOTER SCORE (NPS) 2022



New Business

The Bakkafrost subsidiary FarCargo, closed a deal to purchase a Boeing 757-200 aircraft, a 47-meter plane with a flight range of 7,000 kilometres, able to carry some 35 tonnes of cargo.

The maiden trip is planned to take place in second quarter in 2023. Initially, the plane will fly between Vágur, the Faroe Islands and New York, US.

For the last 12 months, preparations have been made for the launch of the airline, and in particular, finding the right aircraft has been challenging as well as getting all the necessary permits and generally sorting out practicalities. 8 crew members have now been recruited and are now permanently employed by the company.

The aircraft will deliver fresh high-quality salmon directly to the USA. Compared to the current transportation routes through various airfields in Europe, the new route will ensure prolonged shelf-life due to shortened transportation, an unbroken cooling chain and reduction in GHG emissions.'

FarCargo will offer both Faroese and international businesses options to buy cargo space. Bakkafrost hopes that the Faroese market will benefit from this new direct route, and that it will provide new opportunities in the Faroe Islands.

In September 2022 Bakkafrost acquired P/f Faroe Seafood 2011 and the company's subsidiary Faroe France S.A.R.L.. It has a sales office in Boulogne Sur-Mer, France, one of the major seafood ports for France and the EU. It specialised in imports, sales and distribution of Faroese seafood. The acquisition will strengthen Bakkafrost's position within the EU market, further optimise our downstream logistics and provide us with the opportunity to deliver smaller orders to customers within the EU and thereby improve the level of service that Bakkafrost offers.

In 2022, 67% of Bakkafrost's salmon was exported to the European market, and particularly Bakkafrost Scotland exports a significant part of its harvest to the European continent.

Examples of initiatives:

- Introduction of new customers in European and US markets.
- Continue to develop product lines to meet customer requirements.
- Continued to build our own brands, with branded sales to the US. In line with Bakkafrost's overall branding strategy, the Scottish brands have been reviewed and two new brands for the Faroe Islands origin have been introduced in 2022.
- Awarded Top Prize in Scotland Food & Drink Awards 2022 for Native Hebridean smoked salmon and also Artisan product of the year. In the Highlands it was also awarded the main prize for Sustainability.
- Native Hebridean smoked salmon won the Food Service SENA Award in USA at Boston
- Bakkafrost Smoked Salmon from the Faroe Islands was chosen as "Best in Test" by Danish magazine Gastro.



- Ran our customer survey and received an average customer rating of 8.5 and a net promoter score of 43.
- Immediately stopped all trade with Russia following the invasion of Ukraine in February 2022.

Next, we will:

- Continue to strengthen our brands
- Continue developing the Faroese strain and Native Hebridean strain.

- Continue our product development programme and address changing demands on packaging.
- We will also continue to build stronger relationships with our customers with initiatives such as chef seminars and demonstrations, visits and meetings and conduct our annual feedback survey.

CUSTOMER SUMMIT

A key focus for our customers is to communicate clearly the aspects that make Bakkafrost Salmon so special unique in the crowded salmon market. In turn, the information is conveyed to their customers and consumers.

A key part of this strategy is our popular bi-annual 'Bakkafrost Customer Summit', where we welcome our customers to visit our facilities. During this event we have the opportunity; to explain more fully the unique advantages of Bakkafrost salmon, update on the latest developments in the Company, demonstrate operational progress and share the latest market views.

In 2022, this two-day customer seminar was held in the Faroe Islands, with customers from many markets and countries represented.

We also welcome many customers, from all over the world, throughout the year to see every stage of our value chain.





RESEARCH AND DEVELOPMENT

For the last ten years, the Faroese aquaculture industry has undergone a transformation with strong growth and development. Bakkafrost is a significant contributor to the development of the industry in the Faroe Islands and has started the transformation of our Scottish business.

Research and development is embedded in our operations and extends into collaboration with industry and academic partners to find sustainable solutions for industry-wide challenges. Our work in research and development is spread around the whole value chain, from research in broodstock, research in feed recipes, focusing on the development of fish health and welfare to food safety, product development and piloting new packaging.

A focus on research and development is important for progress. In 2018, two of the 13 PhD students awarded in the Faroe Islands, were in our workforce.

The estimated Research and Development spend in Scotland was £ 22,198,844 in 2022.

We plan to calculate R&D spend for the rest of the Group next year.

Innovation

As salmon farming is a relatively new industry, innovation is key to continued development and growth. Investing in innovation and research and development is fundamental to meeting our customers' requirements, realising opportunities and leading on sustainably. As part of our ambitious growth plan, we are investing heavily in new technology to mitigate risk, including non-medicinal sea lice treatment, environmental monitoring systems, feeding technology. We capitalise on opportunities for product development and growth, including circular solutions for waste management and energy, and continuous improvements in our feed recipes,



based on continuous R&D projects that seek to improve feed efficiency, fish health and environmental impact.

Alternative proteins

Bakkafrost subsidiary Munkebo Seafood launched a range of vegan soups in 2022. All soups contain the sustainable vegetable seaweed. The seaweed comes from the Faroe Islands where it is natural and native to the surrounding environment. Apart from being sustainable, seaweed contains a wide range of vitamins and minerals. All soup also contains legumes, which is a good plant-based source to protein. Legumes hearty texture and special flavour make them a good replacement for meat.

The Munkebo Seafood Vegan soups are Bakkafrost's first vegan products with alternative protein, and the range has already expanded to include a version with tomato.

Growing sustainably is about maximising value from available resources. We are focussed on harnessing value from every stage in our value chain, including maximising 'nose to tail' to ensure every part of the salmon is used and converted into value. Hence, significant research and development has been put into our recently established production facility to use all parts of the salmon. Guts and skin can be converted into salmon meal and oil for the petfood industry.

Bakkafrost runs an ambitious brood stock program around our two strains: The Faroese strain and the Native Hebridean strain. The first trial generation of the Faroese strain was harvested in 2020 and detailed quality data was gathered on growth, survival rate and disease resistance. In recent years, the technological development within the field of genetic research has been strong. Leveraged by this and more than 40 years of data on the heritage of the Faroese

strain, Bakkafrost has made significant progress in the brood stock programme. In the Faroe Islands, we have around 400 families of fish in our bio secure land-based brood stock facility, and the heritage and genome are fully documented for each individual fish. Through our research, we have discovered genetic markers that are linked to specific positive properties, such as resistance to different diseases, survival and growth rates. In the future, we even believe we will find genetic markers linked to improved resistance to sea lice. This knowledge is then used to carefully select the males and females for rearing the next generation, hereby improving each generation. No genetic modification is done, but the natural selection is facilitated by data and technology.

Our award-winning biogas plant, FÖRKA, is an example of a large-scale research and development programme that has resulted in a profitable and sustainable business model. By applying a holistic view on two challenges; the increased volume of phosphorus-rich biologic waste from our operation and the Faroese dairy-farmer's issue with handling nitrogen-rich manure from their livestock, the idea emerged to combine these valuable resources in a biogas plant to produce renewable energy as well as enriched liquid fertiliser as a waste product. See more on FÖRKA on page 87.

In 2021 we developed a new Digital Management tool in cooperation with Fiskaaling which can simulate sea lice development. This is used for planning sea lice treatment ahead of development.

Another example of a holistic and systemic approach to research and development is the fully electric workboat, delivered in 2022. This project was in collaboration with the Nordic Council of Ministers, Faroese Government and the Faroese energy company, SEV, and we commissioned a fully electric workboat which does not emit greenhouse gases as it is electrically powered from batteries charged



during hours with excess renewable power production. The project is part of a wider aim to find energy solutions that use sustainable energy production in remote areas. Ships and boats play an important role in the Faroe Islands and have the biggest potential to reduce overall Faroese GHG emissions. This project is visionary and has the potential to have an important positive impact for both the salmon farming industry and the Faroese shipping industry.

Innovative aquaculture project at Applecross in Scotland

The post-smolt innovation project is being carried out at our Applecross site in the Northwest Highlands. The project will create around 30 rural jobs and transform our salmon farming operations in Scotland. The plan is to increase smolt size to 500g in an ecologically sustainable way using innovative Recirculating Aquaculture System (RAS) technology. It will include innovative husbandry, enhancing smolt testing and vaccination methods to improve fish welfare while increasing production, based on the best-practice processes developed in the Faroe Islands. Greater control of the freshwater rearing environment allows the length of time smolt spend in the freshwater phase to be increased. The marine phase will be

shortened, where the fish are most at risk to environmental and biological challenges, predation and disease. This will reduce biological risk and increase production and quality. The RAS facility at Applecross will be fully operational by 2024 and will be the largest of its kind in Scotland, there are plans for an additional two RAS facilities. This is fundamental to our overall sustainable growth strategy and investment programme over the next five years, which will transform the business.

In Scotland, we established the Sustainable Innovation Forum in 2021, with nominated employees from across the business charged with the aim of embedding sustainability into our culture and ensure it is at the forefront of all decision making.

Q FOCUS IN THE COMING YEARS

- Update and align our policies across the Bakkafrost group to promoting best practise.
- Continue strengthening customer relationships and respond to changing needs
- Further develop existing brands and launch new brands
- Continue the Sustainable Innovation Forum, prioritising key areas of action: fuel, waste, energy and packaging

Data security

Bakkafrost is constantly monitoring and mitigating security risks. External companies are conducting external penetration and remote code execution tests on a yearly basis. Also assume breach tests are executed by external providers. Risk assessments are performed to identify potential risks as a part of the yearly IT audit, which is done by certified CISA, CRISC and CDSPE auditors. Since 2021 we have had a separate IT security function, strictly focusing on IT security and being separated from the IT operation with responsibility for Group IT security.

Incident response is outsourced to a Security Operations Center (SOC) which monitors Bakkafrost IT landscape for threats 24/7.

There was no security incident reported in 2022 at Bakkafrost.



INTERNATIONAL RELATIONS

The Faroe Islands maintain good international relations. However, there is ongoing public interest in Bakkafrost's pilot whale hunting policy. We have strict internal guidelines mandating that employees must not take part during work hours and our equipment must not be used in any way. The Faroese Fish Farmers Association, of which Bakkafrost is a member, has made a statement with our position signed by all Faroese farming CEO's.





Healthy business

The importance of the Aquaculture Industry to the Faroe Islands

In the early 2000s, the Faroese aquaculture industry was severely impacted by outbreaks of the disease ISA. Only since the legislation introduced in 2003 known as the Faroese Veterinary Model, which introduced measures such as following periods between each generation, immunisation and vaccination programs and restricted movement of equipment and fish between areas, has the industry grown to become vital to the Faroese economy.

For the last few years, the aquaculture industry has accounted for between 40% and 50% of the total export of the Faroe Islands. The Faroese economy has seen strong performance during these years with a significant increase in GDP per capita.

For the last 10 years, Bakkafrost has been the salmon company with the highest investment rate per kilo of produced salmon compared to Norwegian peers. There has been significant investment in new hatcheries and the expansion of existing facilities as well as farming service vessels.

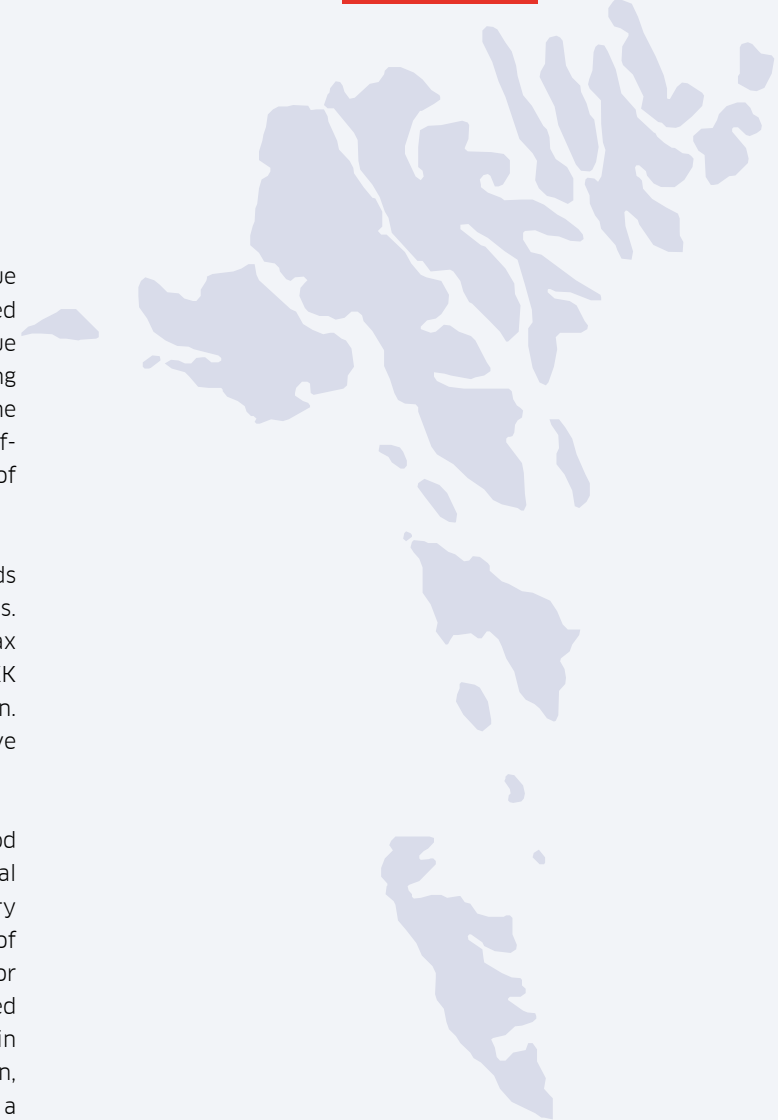
At Bakkafrost, we are committed to creating shared value and we make a substantial contribution to local economies by sourcing locally where possible. Through construction projects, we have locally sourced equipment and services. Through working closely with Bakkafrost they have developed their expertise to enable them to develop new business opportunities with the aquaculture industry globally.

Previous investments have been made across the value chain and throughout the country, and with our updated 2026 sustainable growth investment plan, we will continue to make investments in remote rural communities, including the construction of a new RAS facility in Ónavík in the southernmost island of Suðuroy as well as a new state-of-the-art broodstock facility in Skálavík on the small island of Sandoy.

In 2022, the aquaculture industry in the Faroe Islands contributed approximately 600 mDKK in tax contributions. With the current taxation system, the expected tax contribution will increase to between 900 and 1,100 mDKK in 2026, based on an output of 150K tonnes of salmon. Thus, the aquaculture industry is likely to continue to drive economic growth in the Faroe Islands.

Our ambitious investment strategy is aimed at driving good biological and financial performance. With conventional salmon farming operating close to capacity, the industry is committing significant resources to the development of alternative farming methods on and offshore. It's common for these projects is far higher capital requirements compared to conventional salmon farming. Consequently, high-margin assumptions are required to obtain a satisfactory return, and stable and predictable regulatory environments are a condition of success.

FAROE ISLANDS





Healthy business

The importance of Aquaculture sector to Scotland

Every year Scotland produces over 200,000 tonnes of Atlantic salmon - enough to provide over 850 million healthy, protein-rich and nutritious meals and generating over £1 billion worth of farm gate value.

The sector employs over 2,500 people directly with over 10,000 indirect or induced roles dependent on the sector.

Farming occurs around the west coast, highlands and islands of Scotland on over 200 active farms. While this is significant scale, the area of Scottish waters being farmed is less than half the size of Edinburgh airport.

The impact from farming salmon is across local rural areas but also throughout the supply chain across the country where over 3,600 Scottish companies work with the sector.

All this helps make Scottish salmon and most valuable UK food export with over £600 million exported annually.





Healthy People Performance review

★ STRATEGIC PRIORITY

- To be a preferred employer

📊 2022 PERFORMANCE AGAINST OUR 2023 COMMITMENTS

- Industry-leading employee engagement scores ●
- Launch internal sustainable behaviour campaign ●
- Company Day with focus on sustainability ●
- Reduce absence rate to 4.4% ●
- Achieve ISO45001 certification ●
- Reduce LTIR to below 5 by 2026 ●
- Zero fatalities ●
- Increase number of women in management positions (managers with direct reports) to at least 25% by 2025 ●

🌐 SDGS



WHY THIS IS IMPORTANT

We respect and care for each other, our communities, partners and consumers and work together to exceed expectations. We are part of the social and economic fabric of the communities in which we live and work and respect the vital role that salmon farming plays in these remote rural areas. Inclusivity is a fundamental principle and employees are treated equally and fairly across the business, delivering career progression through continuous development. The health and safety of our employees is paramount and fundamental to this is to provide a safe working environment for everyone and adopt a culture of continuous improvement and best practice.

Our business has expanded globally and become a truly international organisation, with head office, farming and processing operations in the Faroe Islands and Scotland, processing and sales operations in USA, feed production and biogas plant in the Faroes, sales office in UK (England), as well as a canning processing plant in Denmark and a sales office in France.

We take the responsibility for our employees' safety very seriously and adopt a proactive approach to health, safety and wellbeing, engaging with industry bodies to shape our health and safety programmes across the value chain. We will never compromise the safety of our employees and provide extensive regular training to ensure that all employees understand their working environment and always act safely.

Position statement

We aim to be an employer of choice, where everyone can work safely, in an inclusive environment and encourage employees to take responsibility and pride in their work. We are committed to the health and safety of our employees and their personal development.

We are committed to encouraging personal and team development and are evolving our structure to support responsible business growth within our culture of continuous improvement. We are committed to our employees and the sustainability of our local communities, reflecting our values. We appreciate the important role we have in our communities by creating employment opportunities in the remote and rural areas in which we work.

Our focus on developing our employees contributes towards UN Sustainable Development Goals 5 and 8.

HUMAN CAPITAL

Our aim is to ensure we maintain a diverse and inclusive workplace, attract and retain talent and expertise, build workforce competency and highly engaged employees.

The total number of full-time equivalent (FTE) in 2022 was 1,778 across the Faroe Islands, Scotland, Denmark, France, UK and the US.

International staff

The Faroe Islands continue to have unprecedented low unemployment rates at 0.7% (Nov. 2022), and recruiting for our processing operations in particular is challenging. Thus, we have continued to conduct international recruitment in 2022. To ensure a good integration process of international staff in the Faroe Islands, we arrange induction days covering topics such as human rights, food safety culture and health and safety. Also, lessons in the Faroese language continue



to be arranged with an increasing number of participants at each lesson.

In October 2022, the Faroese Immigration Office arranged the first nationwide multicultural week to celebrate cultural diversity in the Faroe Islands. Bakkafrost joined the celebration by arranging different employee engagement events focused on inclusion.

Secondments and Group workstreams

A major focus in 2022 was knowledge sharing and transfer of best practices between the Faroese and the Scottish operations through secondments and group workstreams with participants from a wide range of departments, including marine and freshwater, biology and administrative functions, including HR and Finance. The aim of the initiative is to ensure best practices for everyday challenges, including fish health and welfare and minimising environmental impact.

An example of our commitment to implementing best practices in Scottish operations is the FSV Bakkanes, which is manned with an experienced Faroese crew for freshwater treatments to improve fish health and welfare.



Freshwater farming experts working together

We will continue to develop alignment and encourage organisational simplicity through our strategic project, 'One Company'.

Real Living Wage

In November, the UK Office for National Statistics reported that the cost of living is the most significant issue facing 93% of adults. In the period from 8 to 20 November 2022, around 9 in 10 (94%) adults reported their cost of living had increased compared with a year ago, while a lower percentage (76%) reported an increase in their cost of living compared with one month ago. They also reported that they were spending less on non-essentials (68%), and using less fuel, such as gas or electricity in their homes (63%).

Therefore, in Scotland, we continue to support the Real Living Wage initiative. This is a voluntary rate paid by UK businesses who believe their employees deserve a wage which meets everyday needs and is above the National Living Wage.

Following the 10.4% increase in October 2021 for our lowest-paid employees, in January 2022 we increased our base hourly rate, after probation, by a further 3% to £10.82. Due to the current level of UK inflation and the cost of Living Crisis, this was increased again by 4.5% in July 2022 to £11.30, resulting

in a base hourly rate that is 19% above the National Living Wage for Ages 23+ and 3.6% higher than the Real Living Wage.

In Scotland, we continue to support the Real Living Wage initiative, this is a voluntarily rate paid by UK businesses who believe their staff deserve a wage which meets every day needs, this is slightly above the National Living Wage.

Our Code of Conduct outlines our approach to ensure optimal working conditions and an inclusive culture. We have a zero-tolerance approach to any form of harassment, bullying or other unacceptable behaviour at work. We continuously strive to create an attractive and open Company culture with meaningful jobs in a safe and sustainable working environment.

In 2022, we:

- Developed a new set of Group Values, reflecting the new international and outward vision of the business to be launched in early 2023.
- Promoted sustainable behaviour of our employees through different platforms, including at our Company Day and at our annual “Trees for employees” day.
- Continued our commitment to Ethical Trade through the SEDEX platform, managing our supply chain transparency and social audits.
- Protect people, the environment and business by proactively identifying and managing risk and enable sustainable and responsible business through technological solutions.
- New management systems implemented in Scotland to deliver an improved employee lifecycle, in conjunction with a new digital recruitment campaign and localised initiatives to support recruitment such as new shift patterns, relocation and an extensive accommodation strategy.
- Increased focus on the integration of international staff in the Faroe Islands, including measures to support and improve social and cultural capital such as employee induction and teaching the Faroese language.
- Participated in the first nationwide multicultural week in the Faroe Islands, celebrating cultural diversity.
- Implemented a new bonus system through an equity portal providing employees with an opportunity to share in the company’s successes and become shareholders. The scheme incentivises performance, using sustainability measures as well as additional key performance indicators including fish health and welfare.

EMPLOYEES

CALCULATED AS FULL-TIME EQUIVALENT (FTE)

FO/US/UK/DK
1,180

SCOTLAND
598

BAKKAFROST WORKFORCE 2022

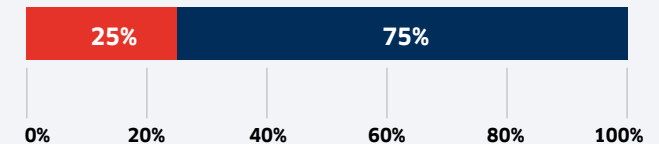
BY GENDER



WOMEN



MEN



Next, we will:

- Build on feedback from our 2022 Employee survey to strengthen employee engagement.
- Launch our revised corporate Group values.
- Further accelerate knowledge sharing and transfer of best practice through secondment and group workstreams.
- Further integrate and align operations and policies across the Group to achieve best practise.
- Continue to develop a clear employee value proposition, using technology to improve the candidate management experience.
- Improve workforce planning efficiencies for managers and create more time for employee engagement, communication, development and coaching - including a new approach to Appraisal and Performance Management in Scotland.
- Implement a Group Graduate Development programme across the Group.

Equality

As an equal opportunity employer, we are committed to equal treatment of all employees and job applicants. We do not tolerate unlawful discrimination in any aspects of employment including recruitment and selection, promotion, transfer, training opportunities, pay and benefits, other terms of employment, discipline, selection for redundancy and dismissal.

We are committed to strengthening our approach to promote diversity in the workplace and continue to develop internal initiatives, training and communication. It is the policy of the Company to take all reasonable steps to employ and promote employees based on their abilities and qualifications without regard to:

- age,
- disability,
- gender reassignment,
- marriage and civil partnership,
- pregnancy and maternity,
- race (including colour, nationality and ethnic or national origins),
- religion or belief
- sex and/or sexual orientation.

We will appoint, train, develop and promote based on merit and ability. In Scotland, Equality and Dignity at Work training was reviewed and updated in 2021 and continues as part of our Wellbeing Strategy, also discussed in the section Health, Safety & Wellbeing.

We are committed to promoting diversity in our workforce and we have a aspiration to continuously improve gender representation.

20% of our broader Line Management Team were female in 2022.



In 2022, 33.3% of our Board of Directors and 14% of our Senior Management Team were female.

Women accounted for 25% of the Group full-time equivalent in 2022.

DIVERSITY COMMITMENT

Increase number of women in management positions (managers with direct reports) to at least 25% by 2025*

We aim to provide career paths for a more diverse workforce. In Scotland, investment in new technology in freshwater hatcheries has also created new roles with biology and technical expertise and we continue to encourage a more diverse range of applicants.

In Scotland we continue to support Women in Scottish Aquaculture (WISA). To mark International Women's Day, Women in Scottish Aquaculture (WISA) held an event in

Edinburgh to discuss how to help woman succeed in the industry. Speakers included Rural Affairs Minister, Mairi Gougeon.

In addition, we supported the Scottish Aquaculture Innovation Centre and their Women Returner's Programme, participating in online workshops with the group, coaching and providing job seeker advice.

Our ambition is to create an inclusive culture and encourage diverse representation, we believe this encourages creativity and increases performance.

People with disabilities and reduced ability can face challenges in the labour market and are underrepresented in many roles. We are committed to creating opportunities, working closely with relevant parties.

We continue to review areas where this can be improved including; access to facilities, tackling bias and stereotyping, and updating our recruitment policy.

Employee engagement

Employee engagement is fundamental to sustainable business growth and to facilitate Group integration.

We have processes in place to ensure our commitment to employee engagement is embedded in the organisation. This includes communication processes ensuring employees are kept updated on issues where there is a direct impact and that the feedback process ensures employees can always provide feedback to the organisation with suggestions for improvements.

Company Day has been a Bakkafrost tradition for several years. We were delighted to again be able to invite all 1,200 employees in the Faroe Islands to the 2022 Bakkafrost Faroe Islands Company Day after a two year break due to Covid. The Group Management presented financial results and future plans, our sustainability vision was presented, and training opportunities were offered. We launched our sustainable behaviour employee campaign by introducing our employees in the Faroes to sustainable everyday behaviour, including influencing sustainable development through grocery shopping and to be more conscious consumers.



Bakkafrost Group Sustainability Director Tordis Poulsen presenting at our Company Day in 2022, starting our Sustainable behavior campaign.

„The partnership with Bakkafrost is exemplary, and we are thankful for their commitment to offer our clients an opportunity be active in the labour market again“

Hallur Thomsen, Director at Almannaverkið
– The Department of Social Services

In the Faroe Islands, we arranged a summer staff excursion, and approximately 100 employees went hiking at Eiði. Two guided trails were offered, one easy trail and one intermediate, which took the employees to the highest mountain in the Faroe Islands.

In 2022, we conducted our first shared engagement survey across the Bakkafrost Group. 64% of employees provided feedback, resulting in high survey score accuracy.

Bakkafrost's overall benchmark was 7.5 out of 10 and a 24 eNPS score. This score is considered good when benchmarked against other similar companies.

Bakkafrost excelled in areas such as Goal Setting, Peer Relationships, Management Support, Non-Discrimination and Belief in the company. Going forward, we will focus on strengthening our Employee Recognition and Communication across all areas.

In Scotland our established Employee Forums provide an informative and consultative opportunity for dialogue and engagement. Elected members can present views from employees. The Forums have recently been restructured to allow greater focus on Health & Safety, and Health & Safety committees are in place at all sites.



Photo: Jacquiline A. Malinao

We look for opportunities to celebrate success where we can, and our internal Healthy Living Awards aim to celebrate employees going above and beyond in advancing responsible and sustainable practices within the company. The awards have previously only covered Scottish operations; however, in 2023 we will introduce this Group-wide.

An updated employee bonus scheme was launched in 2022. The scheme is based on factors such as Group financial performance, employee work level as well as performance against key performance indicators (KPI's), including survival rate and biological feed conversion ratio, supporting sustainable business practices within our workforce. See page 21 and 49 for further information.

In 2022, we:

- Conducted our first shared engagement survey across the Bakkafrost Group
- Arranged Employee excursions in the Faroe Islands
- Introduced an updated sustainability-linked employee bonus scheme



Talent attraction, retention and turnover

Attracting and developing new talent is important. In the Faroe Islands and Scotland, we recruit apprentices, interns and industrial placements across a variety of disciplines, including marketing, finance, aquaculture and marine biology. Two-week work experience is also offered to students from local schools, students and apprentices who often go on to fill permanent positions.

We encourage a culture of continuous improvement and share best practices through the training and development of our employees. Structured training and development opportunities are offered to enable continuous improvement and career progression.

Apprenticeship

In Scotland our leading Competency Framework is aligned with Scottish Vocational Qualifications and sets out comprehensive guidelines for assessing and developing employees across all levels, providing a clear career path for progression, which is aligned with relevant training for every member of the team.

In 2021, we contributed to the review of aquaculture qualifications and apprenticeship frameworks led by LANTRA and Skills Development Scotland. The key objective of the review was to ensure that the apprentice programs provide sufficient education on key skills in aquaculture as well as ensure that the program contributes to a healthy, safe, and sustainable workplace.

The aquaculture industry in the Faroe Islands has been working together with the Faroese vocational authorities to develop an aquaculture apprenticeship framework, and in August 2022, nine students, including three employees from Bakkafrost, began their journey towards their qualifications. Bakkafrost also contributes by providing internal experts to teach subjects such as fish health and welfare as well as sustainability within aquaculture. The apprenticeship programme is seen as key to retaining knowledge in farming operations, as it creates a career path for youth to enter the industry.

In 2022, we were delighted to see the Faroese aquaculture apprenticeship programme commencing with three Bakkafrost employees being among the first nine students.

We are committed to investing and the development of our employees; these examples demonstrate how we work collaboratively with national and regional groups. We also continue to forge strong links with local schools and colleges and regularly attend career fairs and visit schools to promote the diverse career opportunities available in our sector. Some other examples include:

- 'VirtRural' Careers event held by LANTRA in November
- School Event - discussing sustainability within Aquaculture
- Supported the development of an Aquaculture Careers Toolkit (LANTRA)
- JobMatch Faroe Islands in December
- Career Fair at 'Glasir' high school in Tórshavn in March

In the Faroe Islands, we celebrated 9 employees for 240 years of combined service in 2022.

In 2022 in Scotland, Long Service Award celebrated 32 employees for 375 years of combined service.

Collaboration to inspire the next generation

Bakkafrost Scotland led an innovative and collaborative approach to showcase aquaculture as a future pathway for young people. Working with Salmon Scotland and other aquaculture partners to make best use of shared resource, Bakkafrost Scotland project managed an ambitious employee engagement campaign, which raised awareness of the aquaculture industry, career opportunities and pathways to over 470 pupils.

The team attended the Aquaculture Industry Partners Career Event at Lochgilphead High School in June where they engaged with the younger generation about the diverse career opportunities in aquaculture and at Bakkafrost Scotland.

Bakkafrost Scotland has confirmed engagement with a further seven schools and further education providers in 2023, including attendance at the National School & College Leavers Conference in Glasgow.

STEM

We continue to work in collaboration with the STEM Ambassadors in Scotland' programme to induct and train employees to become STEM Ambassadors. We currently have seven employees representing Bakkafrost Scotland as STEM Ambassadors from our Marine, Freshwater, HR, Training, Sustainability and Technical departments.

The programme is a development opportunity for all employees within Bakkafrost Scotland to develop the confidence and skills to engage with young people to bring



STEM subjects alive through real-life experiences to inspire our next generation of STEM professionals.

Developing the Young Workforce (DYW) is the Scottish Government's strategy for youth employment, through strengthening links between businesses and education and better preparing young people for the world of work. We support the Argyll DYW by supporting local employer engagement campaigns and support the Outer Hebrides DYW with its focus on helping to retain a young workforce on the island. We offer market-leading benefits to permanent employees in the Faroe Islands. These include a share savings plan, bonus shares and various insurance options, including life, accident and critical illness insurance. Our

pension provision and parental leave are in line with national legislation. In addition, Bakkafrost extends the period of full parental pay for salaried employees in the Faroes.

In Scotland, we benchmark to ensure our benefit packages are in line with industry standards and from recent research, we are confident that our benefits are wider than others in the market, offering as standard for all employees' higher rates of Life Cover and Critical illness cover. We continue to offer a wide range of benefits, including an Employee Assistance Programme, Cycle to Work scheme, Occupational Health Monitoring, Long Service Awards, Holiday Buy and Sell and additional holidays based on length of service.

In 2022, we:

- Participated in career fairs in both Scotland and the Faroe Islands.
- Provided staff for classes at the newly established Faroese aquaculture apprenticeship programme.
- Continued our partnership with LANTRA to revitalise Bakkafrost Scotland STEM Ambassadors.
- Carried out a partnership with a local school for 9th grade students to participate in on-the-job learning days throughout our value chain.
- Carried out comprehensive recruitment processes, including recruitment process for new FSV Bakkafossur, FarCargo aviation crew and recruitment of international staff for especially our Processing facilities in the Faroe Islands.
- Expanded recruitment and accommodation strategies to support long term plans in hard to recruit areas in Scotland, including purchasing properties for families as well as temporary accommodation.
- Developed our Education Links with the Scottish Aquaculture Innovation Centre (SAIC), presenting to the MSc cohort at several universities throughout Scotland. The programme included presentations from the industry, career opportunities and networking opportunities.
- Supported several internships, including interns within sustainability, procurement, marketing and marine operations.

Learning & development

It is of the utmost importance that our employees always receive training to ensure we are compliant with all external as well as internal requirements, including safety requirements. To ensure we continue to meet the highest health, safety and welfare standards, we conduct annual training using both internal and external trainers who deliver modules on topics ranging from; hygiene, first aid, workplace safety, safety at sea and safe chemical use and fish welfare. All courses are regularly reviewed. Our industry leading Competency Frameworks in Scotland are based on a combination of National Occupational Standards in Aquaculture and specific requirements to meet the needs of our business. To ensure that we remain at the forefront of industry qualification development, we continue to be actively involved in a technical expert group, shaping & influencing aquaculture competency-based qualifications.

Operating highly advanced technical equipment is a natural part of the workday for many Bakkafrost employees. It is of the utmost importance that the employees are trained adequately to operate the equipment properly and safely. In 2022, we arranged several training courses including handling of cranes, fork trucks, and general health and safety at work and we continued to arrange line manager training courses focusing on planning and staff management.

In total, over 19,000 training hours were delivered in Scotland in 2022, and in the Faroe Islands, over 11,000 training hours across over 15 different course types were delivered.

In 2022, we:

- Continued the rollout of our line manager training programme.
- Had three Bakkafrost-employees joining the first-ever vocational class of aquaculture apprentice programme.
- Continued our investment in Modern Apprentices in Scotland, with 21 employees continuing to work towards their qualifications and 27 employees who started their learning journey in 2022. Launched our first ever 4-year Engineering apprenticeship in Marybank. The programme will be a combination of study for a year in Inverness and will then follow with 3 years of on-the-job training in our factory. In addition to a competitive salary, accommodation and study costs with the University of Highlands and Islands are paid by the Company.
- We continued to collaborate with the wider sector to review how apprentices can be further supported and frameworks improved as part of the Apprenticeships Approval Group, facilitated by Skills Development Scotland and Lantra. The review approach combines insights provided by employees in apprentice roles, and the experience of an employer-led Technical Expert Group (TEG).



Healthy Living Awards

Since its launch in 2019, our employee awards have recognised individuals, teams and groups who have worked together to go above and beyond contributing to our responsible development and showing commitment to our values.

The Value Awards programme was re-launched in 2021 as the Healthy Living Awards to align with our sustainability plan, focused on promoting a healthy business, healthy people, healthy salmon, a healthy environment, and healthy communities.

2022 winners include:

Healthy Salmon

- A member of the Contracts & Procurement team, who played a major role in the deal for 4,000m³ wellboat – the largest well boat fish farming vessel in Scottish aquaculture.
- A member of the Marine South team for commitment and dedication to the welfare of our fish, coming in on Christmas and New Years' Day to ensure the fish were feeding properly after seeing oxygen levels drop.

Healthy Business

- A member of the HR and Training team for her work managing the Kallidus Learn implementation programme.
- Harvesting team for continuous improvement of the way they work in order to ensure fish welfare is at the centre of everything they do. Regularly putting forward suggestions to improve operations and undertaking training to build skills and awareness.

Healthy Communities

- A member of the Marine North team who went above and beyond in a major beach cleaning project.
- A member of the Marine North team for a beach clean at a popular tourist destination on Mull, not easily accessed by car. Removal of multiple pieces of plastic waste along the shoreline.

Healthy People

- The Ardyne Harvest team for creating a positive, safer working environment and going more than 700 days with no lost time accidents
- Team from Marine South for coming to the aid of a stranded fishing vessel in Loch Fyne with 2 fishermen on board. Using their training and skills they secured the boat, towed it back to shore and returned both fishermen safely.

Healthy Environment

- Two members of the Marine South team for a beach cleaning exercise on the Isle of Ulva on the west side of Mull, removing waste which might not have been able to have been recycled from the remote part of the island.
- The team from Harris and Lewis Smokehouse for researching and implementing new and more sustainable packaging and championing recycling of plastic materials used on site.

AWARD WINNERS – COMMUNITY AWARDS

Our 2022 Round 2 Community Champion is Mark MacDonald, Marine Operative, Eughlam who went above and beyond in a major beach cleaning project organised by Clean Coast Outer Hebrides.

Mark spent a full Saturday in October on Great Bernera supporting the event by helping to collect and remove waste to be processed properly as well as helping to man the lunch buffet for all those taking part in the project.

Janet Marshall, Chair, Clean Coast Outer Hebrides said: “We were originally set up to tackle the problem of marine litter on the shores of our islands, not just the easily accessible areas, but aiming to focus on the harder to reach places.”

“On the day Mark helped there was a lot of marine litter, including big lumps of net, parts of mussel rafts and huge amounts of small bits of polypropylene rope. All of these pose a threat to marine life as well as being unsightly and in the case of some items, dangerous.”

“Mark was a wonderful help, turning his hand to many of the tasks that needed doing both in the hall and on the shore. He was cheerful, flexible and hardworking and good and made a huge difference to the event in many ways.”

Mark joined the Bakkafrøst Scotland team in 2021 after working as a security officer at the island airport and he was “quite shocked but delighted” to have been nominated for the award.

“It was quite a full-on day in terrible weather, but working with the environmentalists that day was very useful in building the rapport between us and I was delighted to be involved.”

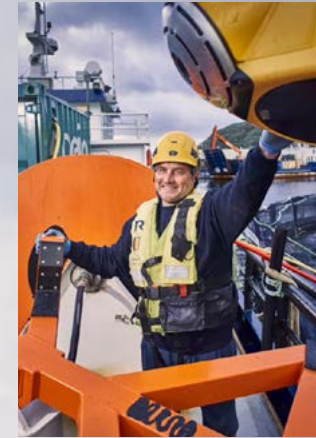
AWARD WINNERS- HEALTH & SAFETY AWARD

The ability to create a positive, safer, working environment for colleagues and everyone engaging with the business has never been more important and so going more than 700 days with no lost time accidents (LTAs) is an outstanding achievement well worthy of our Health & Safety Award.

Przemyslaw Janas, Allan Fisher, Jonathan Paul McLeod, Charles McDonald, Garry Metcalfe, Thomas Carlin, Andrew Gilmour, Craig McKinney, Andrzej Bender, Todd Laursen, Rodney Campbell, Stuart Drummond, John Killeen, David Forsyth and Xander Gourlay have all played their part in achieving the performance records.

The team is also recognised by visitors, auditors and health & safety colleagues for their achievements, and they are frequently complimented at the highest levels on their safety drills. There has been a big push on training, practical and using Toolbox Talks, as well as sharing best practice and improving the team’s product knowledge and it is clearly working.

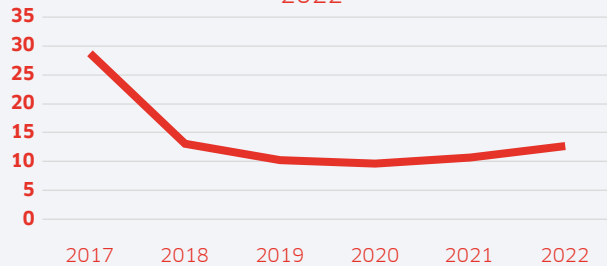
The Bakkafrøst Scotland Healthy Living Awards programme was established to highlight the way in which colleagues across our 60 sites on the West Coast of Scotland go above and beyond in their everyday roles.



BAKKAFROST FAROE ISLANDS LOST TIME INJURY RATE

LTIR PER MILLION WORKING HOURS

12.22
2022



ABSENCE RATE

2022

4.47%
FAROE ISLANDS

4.9%
SCOTLAND

FATALITIES

0

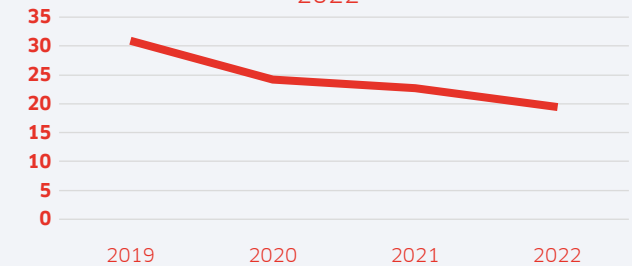
2022

WE HAD NO FATALITIES IN 2022

BAKKAFROST SCOTLAND LOST TIME INJURY RATE

LTIR PER MILLION WORKING HOURS

19.43
2022



HEALTH, SAFETY AND WELLBEING

At Bakkafrost we are committed to continually improving the standards of occupational health and safety by creating a healthy working culture. The Board of Directors has overall responsibility for this area and health and safety is included on the agenda of all board meetings.

Health and safety are a priority. Providing a safe working environment for everyone and ensuring we adopt a culture of continuous improvement and best practice is fundamental to our business.

We are committed to providing a safe working environment as outlined in our Code of Conduct. We have implemented a set of best practice guidelines based on the highest health and safety standards on land and at sea. We have internal safety procedures and guidelines for each division, this includes health and safety committees, emergency procedures for all relevant sites, such as for fires, personal injury or illness and man overboard, and risk assessments, including hazard identification.

We conduct annual internal audits throughout the value chain, including feed production, hatcheries, farming, harvesting and processing as well as external audits and facilities are GLOBAL G.A.P certified. This includes strict health, safety and welfare requirements. Our large service vessels are audited against the International Safety Management code.

We work proactively with industry bodies including the Health & Safety Executive (HSE) and the Maritime and Coastguard Agency (MCA). We work systematically to mitigate risk and respond to incidents and actively encourage open and honest reporting of all accidents – no matter how minor. We monitor and measure our progress related to safety using leading and lagging key industry indicators to ensure continuous improvement and health and safety of our employees. This includes audits and inspections, feedback from employee health, safety and environmental committees, near miss incidents, accidents and RIDDOR.

We have robust health and safety procedures, and all employees are provided with training and guidance to ensure that they are familiar with relevant procedures. Comprehensive risk assessments are carried out regularly and the Company has reviewed and developed an extensive incident management and business continuity plan.

We promote employee health and safety through local safety working groups, which report to our Health & Safety Board. In the Faroe Islands all Marine farmers and seafarers have health checks every two years, as legally required. Employee wellbeing is promoted through our internal policies, which include working conditions, reasonable working hours and employee events such as annual volunteering opportunities.

We have set ourselves an ambitious target to achieve a Lost Time Injury Rate on a Group level below 5 in 2026. In 2022, for the third time in a row, we improved in Scotland with 19.43 (22.7). In the Faroe Islands we saw a small increase in the LTIR on 12.22 (10.68).

In the Faroe Islands, building on health measures taken during the pandemic, we offered employees free flu vaccination, and we have continued to stress the good advice for preventing infection.

Health and safety committees

We have developed a robust framework to introduce local Health and Safety Committees, ensuring employees have a platform to discuss any area of concern or improvement. The framework is continuously developed, and the committees are promoted to employees. We have also established a companywide Health & Safety Committee where employees from all levels can discuss Health & Safety with members of the Senior Leadership Team.

In 2022, we established the remaining safety committees, and now 100% of the facilities in the Faroe Islands and Scotland have a safety committee.

100% of the facilities in the Faroe Islands and Scotland have a safety committee.

In Scotland, we have seen significant improvement across the health and safety metrics in 2022 compared to 2021. The overall positive outcome for 2022 across the group demonstrates that the proactive tools are working, including initiatives such as 'Good Catches' and 'Monthly 100' in Scotland and robust health and safety audits throughout the business. Please see our sustainability pages online for more health and safety indicators, and our basis for reporting.

Health and safety - ISO 45001

In 2022, Bakkafrost Scotland has received accreditation from NQA for ISO 45001 underlining its commitment and standards in occupational health and safety.



ISO 45001 is the world's international standard for occupational health and safety, issued to protect employees and visitors from work-related accidents and diseases. ISO 45001 certification was developed to mitigate any factors that can cause employees and businesses irreparable harm.

We are pleased to have received this leading accreditation and it's thought that we're the first salmon producer in the UK to hold it.

In 2022, Bakkafrost Faroe Islands was audited against ISO 45001. The audit was successful, and Bakkafrost Faroe Islands received accreditation in early 2023.

Wellbeing Strategy

In 2022, the team in Scotland continued their development of a strategy to promote general wellbeing across all groups of employees. The measures introduced as part of the strategy included:

- Mental Health Awareness for all Managers.
- Equality & Dignity training in focused areas of the business.
- New Mental Health Resources pack for Managers released.
- HR & Health & Safety Teams undertook development training, focusing on supporting change and coaching managers.
- Occupational health - review service level agreement and quality of performance.

In 2022, we:

- Established safety committees and 100% of the facilities in the Faroe Islands and in Scotland now have a safety committee
- Received ISO 45001 in Scotland and were audited against ISO 45001 in the Faroe Islands and expect accreditation in the spring of 2023.
- Achieved 100 % compliance with all crew and safety requirements in relation to FSV's.
- Had zero fatalities across the Company and further reduced the lost time injury rate by 14% in our Scottish operations, while generally maintaining the good level in the Faroe Islands.

Next, we will:

- Achieve ISO45001 certification across the Faroese and Scottish operation by Q3 2022.
- In FO postponed until Q1 2023
- Continue to improve the safety culture within the Company
- Work towards achieving below 5.0 LTIR in 2026

Please refer to www.bakkafrost.com/sustainability/data where we disclose further health, safety and wellbeing data.

HUMAN RIGHTS

We respect all internationally recognised human rights. We respect freedom of association and the right to collective bargaining and do not engage in any trafficked, forced, compulsory or child labour and ensure we are not complicit in human rights abuses.

In the Faroe Islands we are a member of the Faroese Employers' Association, which negotiates collective agreements for the highly unionised Faroese private labour market. Employee rights are protected by the unions and union representatives, including ensuring employees earn a



fair living wage in accordance with collective agreements. We meet with unions regularly and strive to have a good and constructive relationship. Employee representatives are given time off from work to fulfil their union duties, including training courses.

In 2022, we engaged with our most significant suppliers in the Faroe Islands introducing them to our updated procurement

policy through which we aim to strengthen our commitment and the monitoring of human rights within our supply chain. We plan to launch a similar event in Scotland.

In Scotland, employee representatives are nominated and elected by their fellow employees to represent in regional employee forums, there is no collective bargaining, and no union recognition agreements. Elected representatives attend meetings on behalf of their colleagues regarding important issues in the workplace within the terms of reference, improving communication, consulting and building positive relationships with management based on trust and co-operation. Representatives canvas the views and concerns of their colleagues prior to the meetings and provide feedback. Formal meetings are held every quarter and representatives are required to attend all scheduled meetings.

Though no collective bargaining agreement is in place in Scotland, we are supporters of the Real Living Wage initiative, which is a voluntarily rate paid by UK businesses who believe their employees deserve a wage which meets every day needs and is above the National Living Wage.

Bakkafrost has a grievance procedure in place enabling stakeholders to raise concerns about our potential or actual impact. We also have a whistleblower programme in place accessible to all employees enabling them to report any concerns regarding the organisation's business conduct.

Our discrimination policy is in accordance with the ILO conventions. Discrimination in the workplace is not tolerated and we are committed to provide for or cooperate in the remediation of any negative impacts relating to human rights and have a system in place to manage issues raised.



We have published our policy on human rights in our staff handbook, addressing zero-tolerance regarding discrimination, slavery, forced labour, child labour and human trafficking, as well as employee's right to file a grievance without fear of penalty. The handbook is easily accessible for all employees through our internal communications platform. Through internal audits, the policy is reviewed annually by our HR department to ensure new potential human rights risks are included and addressed in the policy.

2023 HEALTHY PEOPLE FOCUS

- Re-launching our values as part of our One Company strategy
- Create centers of excellence to further accelerate knowledge sharing and defining best practice
- Follow up on My Voice engagement survey and initiate actions to improve engagement
- Communicate our new bonus scheme to get everyone on board as owners
- Further develop integration and diversity initiatives for our international staff
- Working on a talent and succession pipeline to ensure that we have clear career paths for talented employees - with a special focus on also highlighting opportunities for female talents to allow for better gender balance

We are regularly audited externally against standards such as the ASC and BAP, ensuring we continuously operate according to the strictest standards regarding social topics. In addition, we have detailed procedures in place for monitoring that we do not violate any human rights in our operations. For example, to ensure we don't employ underage children, we validate employee's personal identification number both internally and externally through national tax authorities as well as banks in connection with salary payment.

In Scotland, our commitments to honest, respectful, and fair working relationships are embodied in our Modern Slavery & Ethical Trading Policy, Dignity at Work Policy and Equality, Diversity & Inclusion Policy, for all employees.

In Scotland, we offer two confidential routes to make a disclosure to our HR team or through our confidential whistle blowing reporting line, managed by an independent third party.

We are a member of SEDEX, and we conform to the Ethical Trade Initiative. These Social audits enable the business to assess our suppliers, monitor health and safety, and signal a zero tolerance of human rights abuses such as child and forced labour.

In 2022:

- 93% of employees in the Faroe Islands covered by collective bargaining agreements (the remaining 7% are either highly skilled managers or specialists).
- Our first supplier event was launched at our headquarters in the Faroe Islands where we engaged with our largest suppliers on topics including human rights and climate change.
- In Scotland, we have introduced employee forums to aid communication and discussion to employees.
- Employees in Scotland, the rest of the UK or US are not covered by collective bargaining agreements. However, we support the Real Living Wage and pay our employees above the National Living Wage.
- Continued to integrate the ten principles of the UN Global Compact to pledge our commitment to protect human rights; respect the freedom of association and the right to collective bargaining; and to have a workforce free from forced, compulsory, child labour and discrimination.
- Continued to work together with our suppliers to better manage social and environmental performance and improve working conditions throughout the supply chain through our membership with SEDEX.
- Zero whistle-blower reports, relating to human rights, discrimination, or forced/child labour.

Next, we will:

- Launch a Group policy on Human Rights, strengthening our commitment to monitor and engage with our suppliers on the topic
- Strengthen our approach to promote diversity in the workplace.





Healthy People New Employee Bonus Scheme

Our employees are at the heart of our organisation. They bring vital skill and expertise into our value chain, making it among the most effective and profitable value chains in the world meeting the highest industry standards.

We want to make sure everyone feels welcomed, valued, and respected. Thus, we have introduced a new updated and more beneficial Employee Bonus Scheme, focusing on rewarding employees for their effort and dedication to drive the business forward, both financially as well as regarding sustainability.

The scheme is based on the overall bonus pool determined each quarter by the Board of Directors, the employee's work level and performance against various KPI's, including sustainability KPI's such as survival rate and biological feed conversion factor.

Commenting on the updated bonus scheme, CFO Høgni Dahl Jakobsen said: "With the introduction of the updated Employee Bonus Scheme which partially builds on sustainability-linked key performance indicators, we take important steps in advancing sustainable practices in every part of our value chain. Financial incentives are one of the most powerful and effective tools in driving and sustaining transformative business practices. We have set ourselves the ambitious goal to become net-positive in our environmental impact, and to achieve this we need to utilize all the tools at our disposal."

The survival rate and the biological feed conversion factor are among the key factors determining Bakkafrost's overall

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Høgni Dahl Jakobsen, CFO

environmental impact. Significant resources, including feed and energy, go into farming top quality salmon, and thus avoiding mortality is one of the most sustainable measures in our business. Also keeping the amounts of feed required for growing the salmon at an absolute minimum is highly impactful in terms of limiting the demand for resource-intensive crops to produce feed.

We see the introduction of ESG-linked financial incentives important going forward, and through regular reviews of the bonus scheme, we will assess the need for introducing further sustainability KPI's to drive sustainable development.



Healthy Salmon Performance review

★ STRATEGIC PRIORITY

- To exceed leading standards

📊 2022 PERFORMANCE AGAINST OUR 2023 COMMITMENTS

- | | FO | SCT |
|---|----|-----|
| • Increase smolt size to 500 g by 2023 in the Faroes and 2026 in Scotland | ● | ● |
| • Maintain our high omega-3 levels | ● | ● |
| • Zero antibiotic use | ● | ● |
| • Maintain salmon survival rate at 94% or above (Faroes) | ● | ● |
| • Increase research to optimise fish welfare and product quality | ● | ● |
| • Maintain industry-leading approach to animal welfare | ● | ● |
| • Maintain ASC certification, BAP certification or similar of all Bakkafrost salmon | ● | ● |

🌍 SDGs



WHY THIS IS IMPORTANT

Unprecedented population growth and increasing demand for protein are putting more pressure on the planet than ever before. The aquaculture sector has been identified to meet this growing demand of providing a sustainable and nutritious source of protein. According to the Food and Agriculture Organisation's 2022 report "The State of World Fisheries and Aquaculture 2022", fish consumption in 2019 accounted for 17 percent of the world population's intake of animal proteins and 7 percent of all protein consumed. According to the report, aquaculture will continue to be the driving force behind the growth in global fish production with total production volumes projected to reach 100 million tonnes for the first time in 2027.

The fjords in the Faroes and the Scottish lochs provide optimal salmon farming conditions with good water temperatures, salinity and water flow. We continue to work to improve survival rates and increase harvest weight while decreasing feed conversion rates. The sector continues to face biological and environmental challenges including; sea lice, algae blooms and other factors affecting gill health. To address these risks while maintaining the highest health and welfare standards, has required collaboration between companies and investment in new technology. Going forward, we anticipate that changing sea conditions including rising temperatures will continue to result in new challenges.

Through our responsible approach to aquaculture, we are contributing towards UN Sustainable Development Goals 2, 6, 14 and 17. Please see page 13 for more information.

PRODUCT QUALITY AND HUMAN HEALTH

Production of more sustainable food with high nutritional quality remains our top priority. Our salmon provides a nutritious, efficient and sustainable source of animal protein, high in Omega 3. Quality depends on natural environmental conditions, commitment to the highest health and welfare standards and sustainably sourced top-quality feed. We are engaged in all stages of the value chain, and we strive for continuous improvement at each stage.

We feed our salmon a diet close to the natural diet of wild salmon. We believe this is beneficial to salmon health and wellbeing and also results in a higher nutritional value. The vertical integration of our fishmeal, oil, feed and salmon production ensures we source the highest quality marine ingredients from well-managed, sustainable local Faroes fisheries with the marine content resulting in a high Omega-3 fatty acid content of our salmon.

In 2022, the Omega-3 content of Bakkafrost salmon was on average 2.5 g per 100 g of salmon fillet.

Salmon is a healthy food choice, it contains several nutrients necessary for our health and wellbeing, including Omega-3 fatty acids and Vitamin D. The most important Omega-3 fatty acids are EPA and DHA, both are known to be effective in the prevention of cardiovascular disease. Our salmon are fed with a top-quality feed, high in marine and Omega-3 content.

Salmon is full of healthy goodness. Here are some of the nutritional benefits of adding salmon to your regular diet:

- High levels of lean, muscle-building protein
- High levels of healthy omega-3 fatty acids and minerals

Salmon is the perfect “recovery food” making it a preferred element of professional athletes’ diet.

Bakkafrost salmon contains 21 g of protein per 100 g serving.

High levels of Omega-3: Due to high levels of marine content in our salmon feed, Bakkafrost salmon is one of the leading in omega-3 levels, making it very effective in preventing cardiovascular disease. A major study on heart disease concluded that eating one to two servings of oil-rich fish every week appears to reduce the risk of coronary heart disease by 25 percent*.

In addition, Omega-3 reduces stiffness in joints, and many doctors prescribe fish oil for patients suffering from pain caused by joint problems.

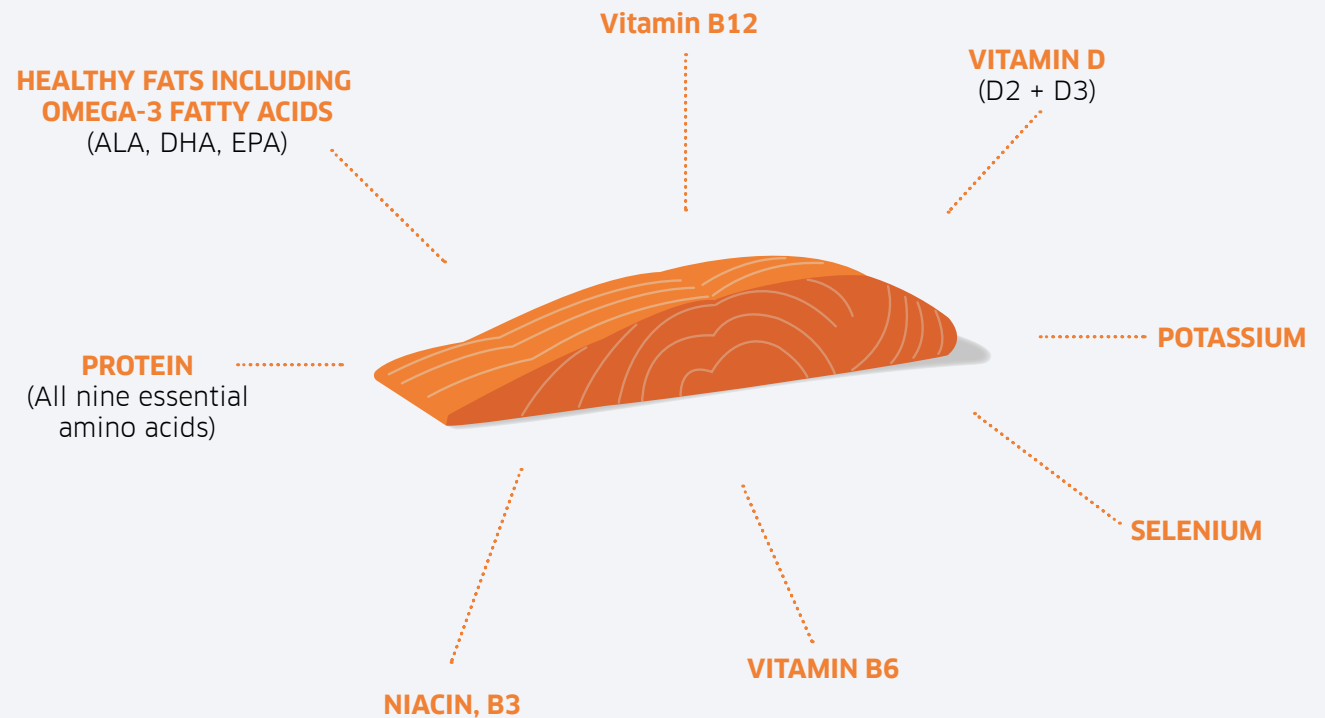
High levels of vitamins and minerals: Farmed salmon contains a variety of essential vitamins and minerals, including vitamin D, niacin, vitamin B6 and riboflavin.

An increasing number of public dietary guidelines recognize the importance of regular consumption of fish, and particularly oily fish, due to its nutrient-rich profile.

Our feed remains free from growth promoting hormones and salmon offal or waste from other farmed species. It is well below EU directive limits for undesirable substances, including dioxins and dioxin-like PCB’s and we continue to look for ways to further reduce these levels. We include only natural antioxidants to maintain nutritional quality, and our fishmeal and fish oil are ethoxyquin free.

Food Safety standards

We are committed to operating to the highest quality levels. We focus on HACCP (Hazard Analysis and Critical Control Point), risk management and traceability for each site. HACCP identifies any Critical Control Points (CCP) and Operational Control Points (OCP) and frames the risk assessment against these.



* Source: SalmonScotland

We routinely send product samples to third-party laboratories for food safety testing, and employees receive food safety and quality training.

Our strategic priority is industry-leading food safety. We have robust food safety and quality risk assessment systems and controls throughout the value chain. Quality assurance and control are integral to all stages of production involving daily testing and monitoring prior to issuing health certificates, ensuring compliance with international health and food safety regulations.

To ensure operations are aligned throughout the value chain and to strengthen procedures, we are implementing a new digital quality management system, increasing the availability and usability of documents, procedures and registrational forms. In 2022, we integrated our US operations into the management system.

Examples of measures:

- We have well-established Business Continuity and Incident Management procedures, including product recall with regular recall exercises.
- We adhere to standards and certification programmes and our comprehensive internal control system is regularly reviewed by authorities and third-party certification bodies.
- All our processing facilities hold certifications recognized by the GFSI (Global Food Safety Initiative)
- 100% of our products and our entire value chain are covered by third-party certification, ensuring high international food safety standards. See more under Collaboration and Certification on page 68.

FISH HEALTH AND WELFARE

We invest heavily in meeting and exceeding leading fish health and welfare standards, and we are committed to

complying with the OIE World Organisation for Animal Health's definition for animal welfare.

Veterinary standards

The Faroe Islands have one of the world's strictest national veterinary standards, which Bakkafrost is committed to upholding. This is wide ranging and includes disease treatment and prevention, sea lice control and transportation. The Faroese Animal Welfare act, which includes the Five Freedoms of animal welfare principles, is incorporated into these standards. Ongoing innovation in salmon aquaculture ensures continuous improvement in welfare standards.

Salmon farming is one of the most transparent and highly regulated farming sectors in the UK and our sites are regularly audited by a range of bodies, including Marine Scotland, the Scottish Environment Protection Agency (SEPA), the Fish Health Inspectorate and Naturescot. We are committed to operating transparently and sharing data on both a compulsory and voluntary basis through a variety of channels including Salmon Scotland (previously Scottish Salmon Producers' Organisation, SSPO) and Marine Scotland.

We are fully committed to ensuring the highest welfare standards across our value chain and driving continuous improvement. To ensure our salmon are raised to the highest welfare standards, we adhere to independent third-party accreditations, including RSPCA Assured, the leading ethical farm assurance scheme.

We have an experienced team of specialised veterinarians and biologists dedicated to animal health and welfare, as well as training our on-site teams and we are always looking for new ways to improve welfare. Our focus is on pro-active health management, through health and welfare surveillance and increased treatment resource and farming expertise.

In the Faroe Islands, we conduct specific Veterinary Health Plans for each of our sites, which are reviewed by ASC and Global GAP. The plans are an important part of our effort to mitigate biological risks and ensure optimal fish welfare, addressing topics such as biosecurity, monitoring and prevention of disease, fish husbandry, stock environment and stocking density. Stocking density is regulated through Faroese legislation as follows:

<2 kg: 15 kg/m³
2-3 kg: 20 kg/m³
>3 kg: 25 kg/m³

Throughout 2022 our Faroese operations complied with regulation, the average stocking density at our stocked sites in 2022 was 6.79 kg/m³.

In Scotland Veterinary Health & Welfare Plans are also in place for each site, in line with guidance from the regulatory authorities, Marine Scotland and SEPA (Scottish Environment Protection Agency), and satisfy the requirements of Global GAP, BAP and the Code of Good Practice. These plans ensure compliance through optimising fish welfare, biosecurity, monitoring and prevention of disease, fish husbandry, environmental considerations and stocking density. Stocking density is specific to each site as determined by the SEPA consent.

The average stocking density at our stocked Scottish sites in 2022 was on average 8.31 kg/m³.

“Fish health and welfare is of the utmost importance to us. We have strengthened our expertise, infrastructure and procedures to improve welfare and reduce mortality at each stage of a salmon’s lifecycle, from implementing selective breeding programmes and growing larger smolt to significantly increasing treatment capacity”

Marnar Nolsøe, Veterinarian

Fish Health Management

We are fully committed to responsible farming practices and the stringent health management of our stock. Our fish health strategy is focused on pro-active health care to minimize the risk of disease. We do this both through non-medical preventive measures as well as through medical programmes.

Broodstock

To mitigate exposure to disease, we source from selective breeds, which are particularly resilient. We continue to invest into the development of broodstock of Faroese origin and made further progress in 2022. The first generations have been produced in a production environment in the Faroe Islands, which has enabled us to gather data on quality parameters, including CMS (Cardiomyopathy syndrome) resistance and survival, fundamental for the breeding programme.

Further ongoing breeding work is in progress, preliminary results are promising for production of a strong parental strain, with specific resistance for several important traits.

In 2022, we have expanded the production of salmon eggs from the Faroese strain with incubation at additional hatcheries, and the first full production cycle of the Faroese strain is expected to be released into the marine environment during 2023.

Bringing the production of salmon eggs into our value chain will mitigate risk related to importing foreign pathogens to the Company’s stock as well as ensuring good quality salmon eggs, adapted to local conditions.

2022 became a milestone year for fully implementing QTL-CMS resistant roe, and all salmon stocked at sea in the Faroe Islands have specific genetic resistance against this disease. We will continue to refine this strain in future production cycles.

To further improve our fish welfare standard, we will implement distinct monitoring of group and individual based fish welfare indicators, that are based on well-known scientific studies of optimum fish welfare parameters. This monitoring will be implemented through the whole production chain and will be a key tool to further improve our welfare standard.

As members of the Global Salmon Initiative, we participate in developing an industry standard for fish health and welfare, although this work is still in early stages.

Smolt

In addition to the selective breeding programme, which aims to avoid disease exposure through genetic selection, the large smolt strategy is a vital part of our overall biosecurity strategy. This aims to ensure we minimise the exposure to biological risks. Increasing the size of the smolt to 500 g is key to minimising risk of disease and sea lice through reducing time at sea. It will also increase production capacity and improve quality and consistency of supply.

**AT LEAST 98.2%
OF THE VOLUME IS WATER
IN OUR CAGES***



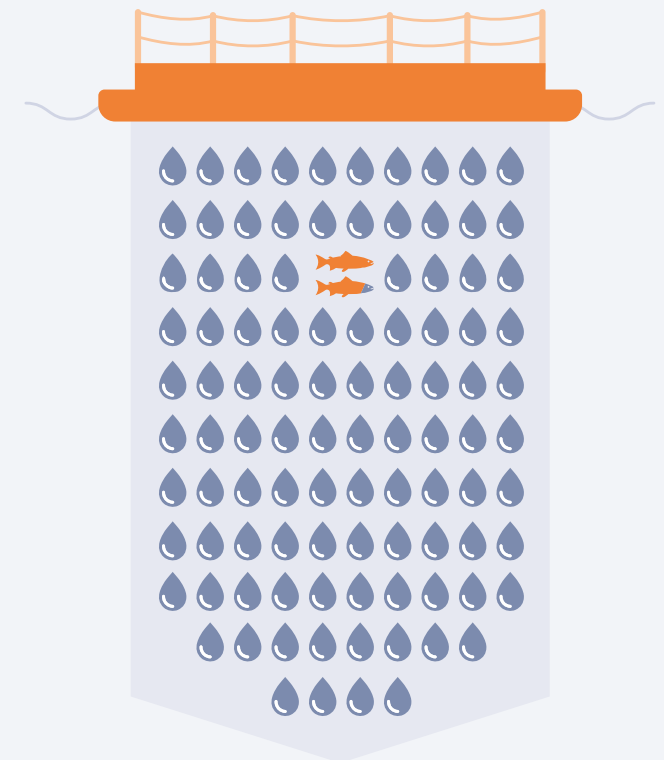
1.8%

SALMON



98.2%

WATER



*Average on max biomass

In 2022, we made further progress, in Scotland the smolt size increased from an average of 92 g in 2021 to 106 g in 2022.

Increased smolt size significantly improves salmon resilience in the marine environment.

We continue to expand our RAS capacity in the freshwater stages of the salmon lifecycle with Applecross under construction in Scotland and with the expansion of Glyvradalur and Norðtoftir commencing operations in 2023. In Scotland we have four hatcheries and currently produce just over 60% of the smolt we need at 106 g. By 2026, we will transform this by introducing 64,000 cubic meters of RAS capacity, enabling production of 18 million smolt at 500 g.

Increasing the smolt size is transformational to our operations. Focussing on fish health, we have revised our smolt strategy to strengthen the heart condition of smolt. Measures include lowering the water temperature and close monitoring of water quality. The resulting growth rates will be slightly slower than originally projected, however we are committed to operating to the highest standards for fish health and welfare therefore the focus is on quality rather than quantity.

Marine Operations

In marine operations in our Faroese and Scottish operations, our fish health team carry out biosecurity auditing at every site at least once a month to observe fish behaviour, document potential lesions, and to test the aquatic conditions to ensure an optimal environment as well as good fish welfare.

We have relocated several marine sites in the Faroe Islands to increasing water flow and oxygen which improves



fish welfare. In addition, the fish health team has been strengthened with increased expertise in our hatcheries.

We operate a feed strategy, that builds on the principles of good fish health and welfare. In recent years we have invested significantly in underwater cameras, providing farmers with a tool for monitoring and evaluating fish appetite and behaviour, also ensuring more efficient feed utilisation and minimising environmental impact. Automated feeding using cameras has now been implemented on several sites.

Freshwater treatment is vital for good gill health of the salmon. We have increased the treatment capacity significantly over the recent years, especially in the Faroe Islands, recently with the addition of Farming Service Vessel M/S Bakkafossur, also, in Scotland with the addition of a 4,000m³ wellboat in the autumn of 2022. We will continue to implement preventive biological measures in Scotland over the coming years.

We have strict hygiene measures in place, including comprehensive cleaning and disinfection procedures. In 2022, we implemented further measures to avoid outbreaks of Bacterial Kidney Disease (BKD). Exchanging best practice in biosecurity between Faroese and Scottish operations has been implemented.

Bulk Oxygen uptake during fish intake, transport and offloading as well as other water parameters are monitored, is monitored by the crew of the Vessels, data is logged by the vessel's computer. The log includes the percentage saturation of oxygen on intake and output of water from each well.

In the Faroe Islands, limits are set at 70% oxygen saturation at 12 degrees Celsius, as determined as the RMR (routine metabolic rate). 70% is a high limit, as maximum sea temperatures in the Faroes generally are lower than 12 degrees, and lower temperatures indicate lower fish oxygen consumption and higher seawater oxygen solubility (mg/l). Oxygen saturation below RMR inhibits growth. An alarm sounds if levels fall below 86% oxygen saturation. This buffer provides the crew time to adjust to remain above 70% saturation.

To further ensure good fish welfare during transport, CO₂ is also monitored. The indicators mentioned above, can be measured in the ship laboratory, as well as Total Ammoniacal Nitrogen (TAN).

Marine farms in the Faroe Islands and Scotland require careful assessment to determine the appropriate cage size and mooring system. This involves third party analysis of current and weather data, strength of the mooring system and proposing best placement of cages. The aim is to find optimal farming conditions, combining good, exposed placement of sites with safe placement of the cages without compromising fish welfare.

In recent years we have invested significantly in underwater cameras, providing farmers with a tool for monitoring and evaluating fish appetite and behaviour, also ensuring more efficient feed utilisation and minimising environmental impact. Automated feeding using cameras has now been implemented on several sites.

Fish handling and gutting

Strict routines for handling and transporting fish are in place. Fish transport is carried out in well boats or bulk vehicles ensuring density of fish and water quality parameters are always in compliance with optimal welfare standards. Fish is continually monitored during transport, and water quality equipment is in place to clean the water and ensure optimal oxygen conditions during transport. The Company ensures qualified employees are responsible for logistics and have training programmes in place.

All farming sites have access for large harvesting capacity, harvest plants are strategically located related to farming sites. Minimising stress during transportation and harvesting is essential for fish welfare and also for product quality. Harvest plants are equipped with stunning and bleeding equipment in line with animal welfare principles. The fish swim into channels where they are percussively stunned and then bled. Our internal veterinarians train harvesting teams.

Medicine use

Medical treatment is important for fish health and welfare, and the cornerstone in our medicinal strategy is 100% vaccination programme. By administering vaccines in the early stages of the salmon's life, we avoid later compromising of fish welfare and prevent and mitigate impact from diseases such as Furunculosis, Vibriosis, ILA (ISA), IPN, Moritella (winter ulcer) and vibrio.

We are engaged in benchmarking available vaccines to optimise the vaccine strategy. We have now implemented fully automated vaccination machines improving welfare and capacity.

In addition to the vaccines, we use in feed medicine for treatment of sea lice. Our strategy is to limit medicine use to only absolute necessity.

In 2022, in the Faroe Islands, we used one treatment of Diflubenzuron. Excluding this treatment, we have reduced the quantities of in-feed emamectin by 22 % from 0.53 g per tonne produced to 0.41 g per tonne produced, and in Scotland this has remained stable in the recent years with 0.491 g per tonne in 2022.

Antibiotics

All Bakkafrost salmon in the Faroe Islands has been produced free from any antibiotics since 2004 and in Scotland there has been none used in marine operations since 2010.

In 2022, no antibiotics were used at any freshwater site managed directly under our Scottish operations, nor in the production of smolt from any third-party supplier.

All Bakkafrost salmon is produced free from any antibiotics.

Sea Lice

We invest heavily in sea lice management through proactive and reactive measures, including increasing our non-medicinal sea lice treatment capacity by using new treatment technologies and reviewing our cleaner fish programme.

Overall, sea lice levels in both the Faroese and Scottish operations remained at historically low levels throughout 2022.

In the Faroe Islands, 2022 was a record-breaking year with historical low levels of sea lice with an average of 0.28 of female adult lice per fish.

On average across all Scottish farms, sea lice levels remained among the lowest levels seen over the past 5 years, regulations require that levels must be below 2.0 adult female salmon lice per fish. The increased use of freshwater bathing, has ensured we have remained within these parameters, while minimising the need for further mechanical and medicinal treatments.



Average over 12 months
of female adult lice per fish across all sites.
For more information on fallow time and medicine use,
please visit www.bakkafrost.com/sustainability/data

We take a proactive and comprehensive approach to sea lice management with rigorous health monitoring by our in-house team of biologists and specialist vets, this ensures early detection and rapid action should any challenges arise. We continue to work closely with academic and industry partners to find sustainable, long-term solutions to tackle industry-wide health challenges.

One example is the lice simulation tool, which was fully implemented in the Faroe Islands during 2022. The tool is used to identify potential risks of increasing numbers of sea lice, enabling our fish health team to make early intervention as well as making planning of treatment more accurate. The tool has proved highly effective and is a significant part of the explanation for the low lice numbers in 2022.

Non-medical treatments are preferred when treatment is required. In the Faroe Islands the Company's own service vessels are equipped with systems that can remove lice with lukewarm water and a pumping system that flushes the lice off the fish. These systems have been the principal method of lice control. From 2023 freshwater will also be an integral part of our preventive sea-lice strategy.

Significant treatment capacity was added to a Scottish operation in late 2022 with the arrival of the 4,000 m³ well boat, bringing treatment capacity in Scotland to a level where we are confident that we can now provide enough preventive treatment to mitigate biological risk.

In 2020, Faroese legislation reduced permitted lice numbers from 1.5 to 1.0 adult female lice per fish. A further reduction was made in 2021, reducing the number from 1.0 to 0.5 during the summer months. The number of sampled fish during a lice count was increased from 10 to 20 fish for more accurate lice numbers and in addition, as an extra control, lice counts are performed by a third party.

This restrictive lice legislation in the Faroe Islands has meant that it has been necessary to use of medicinal bath treatments. Our goal is to use non-medicinal treatment, increasing our capacity and ensuring more timely and effective treatment.

We have taken several measures in recent years to ensure fish health and welfare during handling and treatment, including veterinarian visits to sites and protocol for review prior

to intervention to ensure only fish in good health undergo treatment. This has resulted in a significant reduction in mortality in the Faroe Islands throughout 2022.

Non-medicinal treatment is our treatment of choice

In 2023, our new FSV Bakkafossur will commence operations adding significant sea lice treatment capacity and strengthening our biological risk mitigation approach. It will enable more specific selection to ensure, fish are handled appropriately according to size and health status.

We use cleaner fish as a natural sustainable method for removing sea lice, which are endemic in the wild. Cleaner fish naturally feed on sea lice without causing harm and have a proven effect in controlling sea lice numbers on marine sites.

We continue to develop best practice for our cleaner fish operation, including providing the correct environment in the pens. In 2022, we have reduced the total number of cleaner fish, and going forward we will strategically stock cleaner fish into fjords are most compatible for effective results.

In 2022, Bakkafrost took full control of the only cleaner fish farming station in the Faroe Islands, Svinoyar Rognkelsisstøð. By bringing the production of cleaner fish into our value chain we will reduce time spent on transportation and be able to provide improved conditions for growth.

In addition to the improved protocol for the use and placement of cleaner fish, we have installed computer-controlled feeding systems on our feed barges ensuring a

more effective, welfare focused feeding strategy. We also conduct regular health checks of the cleaner fish.

In addition, in cooperation with Stirling University and the Faroese Aquaculture Research Institute, Fiskaaling, Bakkafrost feed department at Havsbrún is involved in a two-year research project to improve the welfare of cleaner fish through nutrition. The tailored feed is now being used on site and monthly health monitoring is carried out by Fiskaaling.

In Scotland, we use lumpfish or wrasse at all sites and have found that this greatly reduces the need for treatment. In order to optimise both sea lice clearance and cleaner fish health and welfare, we have entirely reworked our cleaner fish strategy in Scotland to use more ballan wrasse, increasingly available from farmed sources, and to limit lumpfish deployment to winter months when they are more active than ballan wrasse. We also stock our marine farms with cleaner fish as soon as possible after the arrival of smolt so that the species co-habit from an early stage and behavioural adaptation is optimised.

Going forward we will continue to focus on improving the welfare of the cleaner fish, including looking into methods to separate the cleaner fish from the salmon during treatment and reduce mortality through mapping mortality cause to mitigate risks.

Additional sea lice management measures undertaken throughout 2022 include testing of a sea lice underwater camera counter utilising artificial intelligence to count the number of sea lice in the pens. We are also testing lice skirts to protect the salmon from the surroundings by keeping lice out, additionally, we continue to look for the optimal placement of each marine site to ensure optimal water flow to minimise the risk of sea lice.

How we reduced sea lice levels

Reducing time at sea

- Increasing average weight of smolt

Increase the preventative period (for infection)

- Skirts
- Cleanerfish - lumpfish
- Preventive in feed treatments
- Location of sites - from sheltered to exposed sites
- Coordination of stocking of sites

SEA LICE COUNT

2022

0.28

FAROE ISLANDS

0.22

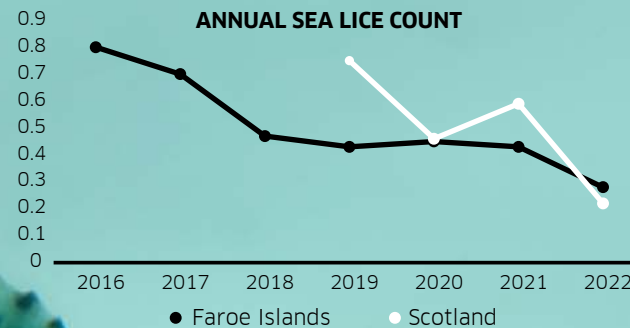
SCOTLAND

Reduce overall lice pressure

- Effective and timely treatments
- Low threshold treatments limits
- Site specific lice strategies

Modeling

- Site specific lice strategies relating to lice pressure, lice biology and in combination with exact planning of available treatment resources



Examples of initiatives to improve fish health and welfare

- We introduced a new service vessel to our marine operations in Scotland in late 2022, a 4,000m³ wellboat. Equipped with the latest delousing technology, the FSV has increased treatment capacity in our Scottish operations. Our treatment capacity in Scotland has now increased three-fold to ensure that we have flexibility to deal with unpredictable levels of gill health challenges driven by environmental conditions. In 2022, we achieved more than 80% increase in both the number of fish and biomass treated with freshwater compared to 2021.
- We have further increased size of smolt (juveniles) in Scotland, improving marine resistance against lice and disease.
- In 2022, QTL-CMS resistant roe are fully implemented in the Faroe Islands and all fish that are stocked to sea have specific genetic resistance against this disease. We should see the full effect of this resistance in the future production cycles. Our own production of eggs from local Faroese broodstock is also producing specific QTL strains that are resistant to CMS. Production roe are now included in Faroese hatchery production.
- Fully rolled out lice simulations in the Faroe Islands to identify potential risk of increased concentration of sea lice, resulting in very low lice levels in 2022.

- Increased well boat capacity in the Faroe Islands with the arrival of Bakkafossur, fitted with the newest equipment to ensure careful handling of fish and new treatment options. The well boat will be fully operational early in 2023 and will be a significant contribution to increased sea lice control and improving gill health.
- To optimise welfare, all employees have received handling training, including crowding.
- Members of our fish health team in Scotland participate in a project team together with representatives from University of the West of Scotland (UWS), WellFish Diagnostics, Bakkafrost Scotland, Vertebrate Antibodies Limited (VAL), and the University of Aberdeen's Scottish Fish Immunology Research Centre. The project is to develop antibodies to probe key markers in fish blood that indicate an immune system response to four of the most common health challenges to ensure improved focus on pro-active intervention.
- For mechanical treatments detailed data is registered, including delta temperature and soak time, lice counts and calculated treatment effect and mortality. This information is used to evaluate the treatment and to identify the optimal treatment factors, including temperature, treatment time, duration of crowding and fish size.
- In 2022, we have reduced the total number of cleaner fish, and going forward we will strategically stock cleaner fish in fjords are most compatible with cleaner fish effectiveness.
- Two hatcheries have taken new units into use in 2022 increasing the capacity with 7,200m³ in total.
- Implemented new technologies at hatcheries in 2022 to improve water quality, including protein skimmers to remove small particles from the recirculated water

- Continued to improve old systems in hatcheries by installing new pumps to improve water flow and installing new degassers.
- Installed new cooling systems in hatcheries to implement the slow growth smolt strategy.

Welfare Awareness Month

We launched Welfare Awareness Month in June 2021 in Scotland, repeated it in 2022, and will develop in 2023 to 'Welfare Wednesdays', aimed at ensuring good fish welfare is at the forefront of everything we do and everyday best practice.

Welfare Awareness includes a programme of virtual workshops and training delivered by the Biology Team, covering Basic Biology and Advanced Training to Freshwater Biology and Cleaner fish, as well as a Welfare Taster Session targeted at non-production Employees interested in a short introduction to welfare.

We also explored welfare through our internal communications channels, with each week of our News Splash looking at one of evidence based Five Freedoms of Welfare, and our development and investment in the areas.

In the Faroe Islands, once a year we gather all staff for Company Day which comprises a strong focus on fish health and welfare. Through workshops and classes, all staff in direct contact with the salmon are educated in signs of fish welfare and in taking action when needed.

FARMING SERVICE VESSELS – THE CORNERSTONE OF OUR FISH HEALTH AND WELFARE STRATEGY

In recent years we have invested heavily in farming service vessels. This is part of our biosecurity strategy which aims at preventing welfare compromising incidents, sufficient treatment capacity is also key to strong biological performance.

In 2022, we further increased treatment capacity with the arrival of a 4,000 m³ well boat in Scotland, with dual treatment system, fitted with both flushing sea-lice removal systems as well as freshwater treatment systems to improve gill health. In the Faroe Islands Bakkafossur was added to the fleet, equipped with reverse osmosis technology to produce 6,000 tonnes of freshwater a day, to improve gill health. In April 2023 Bakkafossur will also be fitted with a delousing system using flushing mechanisms.

We have accelerated increased treatment capacity in Scotland to improve biological performance in the Scottish operations. In 2021, we received the FSV Bakkanes, and in January 2023 we will add further to the sea lice treatment capacity with the fitting of a delousing system onboard our 2,500 m³ vessel using flushing technology.

In 2022, years of hard work to prevent disease outbreaks and sea lice resulted in all-time low sea lice levels in the Faroese operations and very low mortality. And in Scotland we saw stronger biological performance in Q4 continued into 2023.

Flushing treatments

The delousing system has a mechanical flushing and filtration action to remove sea lice. We have found this system to work well on our farms being relatively gentle on fish with effective removal of sea lice and having a high throughput to ensure that handling time for the fish is minimised. This has resulted in significantly reduced mortality during handling.



In a strategic effort to further reduce the mortality during handling, we have implemented integrated delousing and freshwater treatment systems onboard our newest vessels, including our 4,000 m³ vessel in Scotland and Bakkafossur, enabling gills and lice to be treated in a single handling event.

Freshwater Treatments

Freshwater treatment has proved highly effective and particularly important in maintaining the lowest possible levels of amoebic gill disease (AGD) and reducing the effect of other gill challenges like plankton blooms and improves the resilience of salmon to stress.

Scottish operations have been particularly challenged by reduced gill health in recent years due to the extended growth period in the marine environment exposing the fish to hazards that impair their gills during this period, such as blooms of hydrozoans. Treating the fish regularly with freshwater is an efficient way to rinse the gills of the fish and restore gill health.

Thermal treatment

The system is a thermal, non-medical treatment system, which utilizes luke-warm water for the removal of sea lice. The salmon is pumped from the cages for the thermal system using a gentle pumping system. The fish is counted and then bathed in temperature-controlled water. The treatment is time-adjustable, and the system uses high-frequency underwater circulation, ensuring a continuous supply of fresh water. After the treatment, the salmon flow back to the cages in a continuous flow of fresh seawater.

Enclosed Medical Bath Treatment

Although non-medical treatment is our preferred treatment choice, health and welfare compromising issues might occur where medicinal interventions are required. Enclosed medicinal bath treatments enable us to treat the fish with antiparasitic agents in a much more efficient manner, ensuring optimal fish welfare during treatment.

Vessels

M/S Bakkafossur



- Combined live fish carrier and utility vessel
- 7,000 m³ capacity for freshwater treatments for improved gill health and option for enclosed treatments with anti-parasitic agents
- Two-line flushing delousing system will be added in April 2023

M/S Hans á Bakka



- Combined live fish carrier and utility vessel
- 3,000 m³ capacity for freshwater treatments for improved gill health

M/S Martin



- Utility vessel
- Four-line thermic system for luke warm water treatment
- Six-line flushing delousing system

M/S Róland



- Utility vessel
- Four-line thermic system for luke warm water treatment

M/S Bakkanes



- Utility vessel
- Four-line flushing delousing system

4,000 m³ vessel in Scotland



- Combined live fish carrier and utility vessel
- 4000 m³ capacity for freshwater treatments for improved gill health
- One-line flushing delousing system

2,500 m³ vessel in Scotland



- Combined live fish carrier and utility vessel
- 2500 m³ capacity
- One-line flushing delousing system

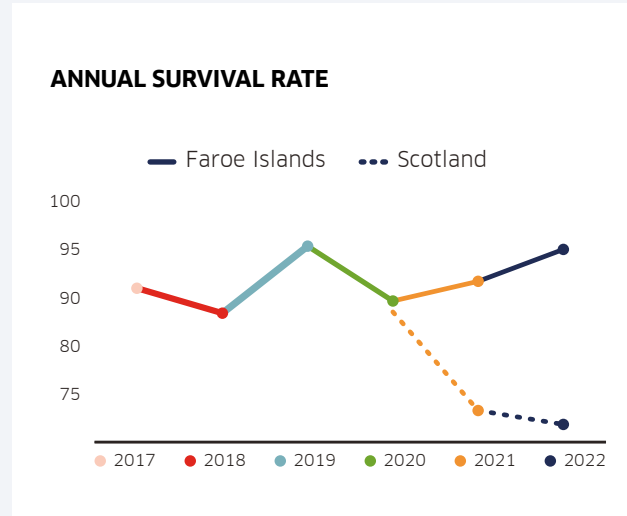
Survival Rate

Good survival is key to achieving our mission to secure the highest levels of fish health and sustainable operations. Significant resource goes into the growth of salmon, including significant amounts of feed and energy, a high survival rate is the single most effective measure that can be implemented.

Faroe Islands

The strong biological performance in the Faroese farming operation seen in recent years continued throughout the year, resulting in very high survival rates in 2022. Survivability has mostly improved due to optimizing treatment operations, including the handling of the fish, and accurate strategic planning of sea lice control, with specific consideration to fish health.

The effect of our large smolt strategy will start to be realised, focusing on optimal growth rates in hatcheries to improve heart health and increased smolt size when transferred to the marine environment, we can also begin to see signs of the effect of the QTL-CMS resistance of the smolt being transferred.



For Faroese operations the trend is positive. The survival rate in Scotland is however trending lower than in the Faroes. Calculated according to GSI methodology: 12 months rolling mortality supplied as one number for Jan - Dec. $(100 - ((\text{Total \# of mortalities in sea last 12 months} / (\text{closing \# of fish in sea the last month} + \text{total \# of mortalities in sea the last 12 months} + \text{total \# of harvested fish the last 12 months} + \text{total \# of culled fish in sea (due to illness or similar and not included in the harvested number)})) \times 100))$

As previous years, in 2022, the main cause of mortality during daily farming operations is handling fish during treatment. Optimizing treatment operation and accurate strategic planning of sea lice control, with specific consideration to fish health has significantly reduced mortality.

For further improvement in the survival rate it is key to produce a strong and robust fish for our local farming conditions. We expect to see a significant impact on biological security in relation to handling and treatment with our new well boat Bakkafossur commencing operations in 2023. Bakkafossur adds significant capacity to our treatment handling as well as offering new selection methods, ensuring individual handling of each fish according to the current size and fish health status.

Through continuous optimisation of the water temperature profile as well as ensuring a stable and clean environment, biosecurity in smolt production is strengthened. Furthermore, optimal growth in hatcheries along with increased size results in more robust smolt being transferred to sea.

Scotland

In 2022 the entire Scottish salmon aquaculture sector was affected for the second consecutive year by elevated environmental challenges, namely, seasonal blooms of harmful plankton and jellyfish. The consequence of such challenges manifested primarily through gill-health insults and significantly reduced survival in the worst affected areas.

Bakkafrost Scotland operation experienced high levels of mortality in Q3, peaking in September and October, before declining through Q4. Gill-health related diseases were the primary cause of mortality but also a secondary complication of other challenges, including viral, bacterial and handling related factors. Although significantly challenged, the majority of gill issues were attributed to jellyfish damage and Proliferative Gill Disease (PGD), rather than Amoebic Gill Disease which was more prevalent in 2021.

As had been anticipated, the addition of a second freshwater treatment vessel (a 4,000m³ wellboat) in September 2022 resulted in a significant reduction in gill amoeba loading across the Scottish stock compared to 2021. This more than doubled the bath treatment resource, thereby enabling the treatment of sites prior to escalation in gill amoeba levels, and rapid deployment to farms requiring treatment during the seasonal period of high AGD prevalence across multiple farms from August to October. Where PGD symptoms persisted, appropriate interventions were undertaken to manage gills with compromised function, including dietary adjustments, freshwater bathing, and appropriate choice and timing of handling.

<p>ANNUAL SURVIVAL RATE* 2022</p> <p>95.09% FAROE ISLANDS</p> <p>78.84% SCOTLAND</p>	<p>MONTHLY SURVIVAL RATE 2022</p> <p>99.6% FAROE ISLANDS</p> <p>98.2% SCOTLAND</p>
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***Global Salmon Initiative (GSI) methodology:**

$$\text{12 months rolling mortality} = \frac{\text{total \# of mortalities in sea last 12 months}^*}{(\text{closing \# of fish in sea the last month} + \text{total \# of mortalities the last 12 months} + \text{total \# harvested fish the last 12 months} + \text{total \# of culled fish in sea (due to illness or similar and not included in the harvest number)})} \times 100$$

** not including cullings

The additional freshwater bathing capacity also assisted in the management of lice, with the average counts of adult female lice in 2022 being less than half of those observed in 2021, while also achieving an exceptional reduction in the need for mechanical treatments, and associated handling events.

2022 saw the unusual emergence of a number of bacterial diseases (Furunculosis and Piscirickettsia), causing elevated mortality at some sites, but largely as secondary factors effecting compromised fish. Treatment of primary disease issues such as gill health or early harvest of affected stocks avoided the need for antibiotic use.

While we are disappointed with the overall survival rate in Scotland during 2022, positive outcomes with relation to AGD and lice management are evident from the investment into our treatment capacity, and coupled with ongoing investment into the Scottish operations, we expect that this trajectory will be maintained into 2023.

Measures taken to mitigate biological risk in the Faroe Islands and Scotland include:

- Increase of both mechanical and freshwater treatment capacity, latest with the introduction of a 4,000m³ wellboat in Scotland and Bakkafossur in the Faroe Islands
- Reduced time in the marine environment
- Robust smolt strategy, releasing larger and more robust salmon into the marine environment
- Broodstock optimization, including the implementing of CMS-resistant roe in the production cycle
- Enhanced program of surveillance for AGD and biological indicators or health and respiratory function to help mitigate challenges
- Continuous investment in R&D projects

Treatment resource in Scotland more than doubled in late 2022, resulting in improved gill health and consequently improved survival rates toward year end.

MAIN CAUSES OF REDUCED SALMON SURVIVAL

2022

FAROE ISLANDS

Marine

- Treatment Handling
- Disease CMS
- Reduced smolt quality

Freshwater

- Technical issues/accidents
- Reduced roe quality
- Treatment Handling

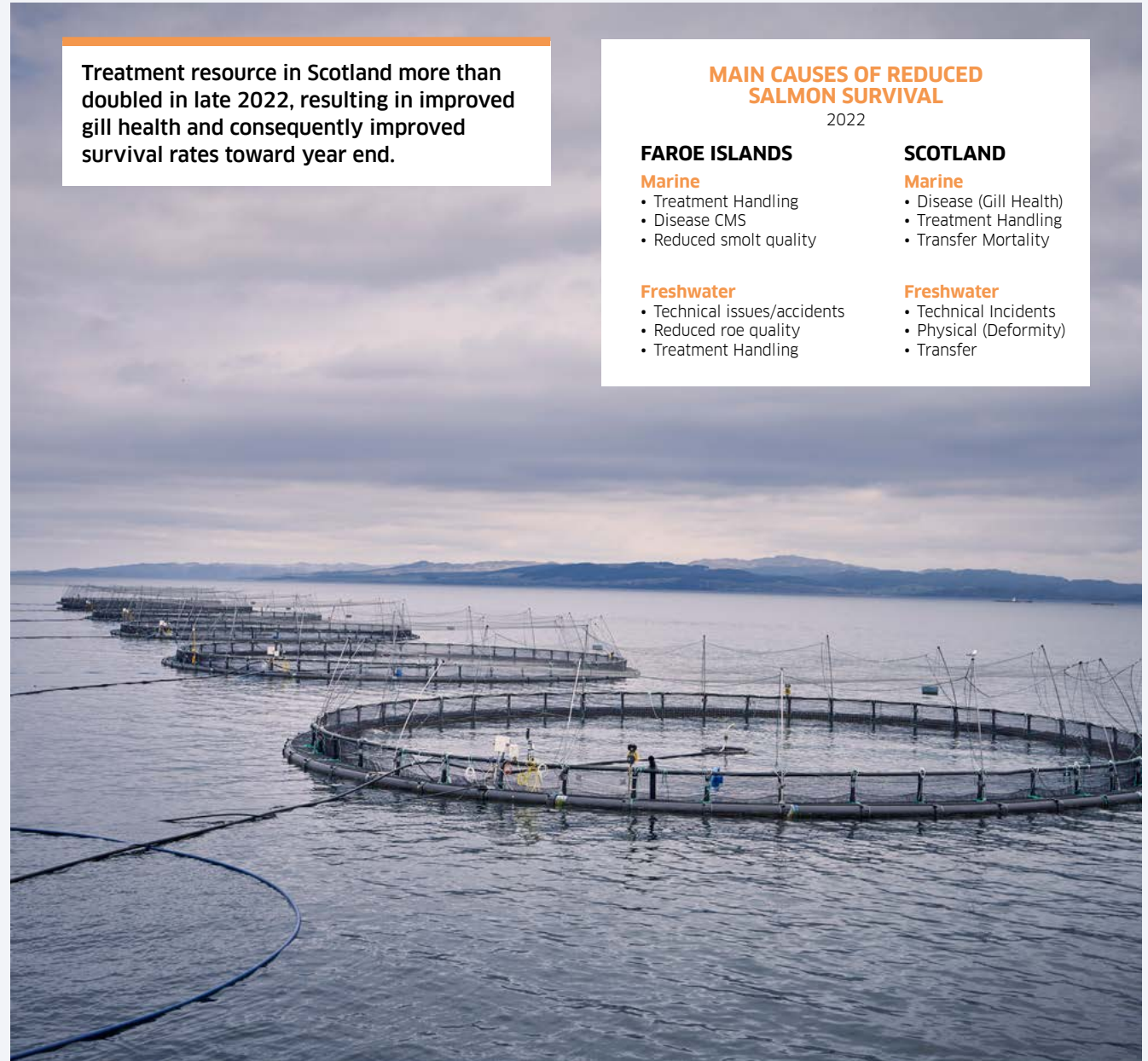
SCOTLAND

Marine

- Disease (Gill Health)
- Treatment Handling
- Transfer Mortality

Freshwater

- Technical Incidents
- Physical (Deformity)
- Transfer



Disease

We are committed to responsible farming practices and aim to exceed leading standards. Fish health and welfare is of the utmost importance, and we are fully engaged in all stages of the value chain.

Faroe Islands

In the Faroe Islands, the overall health of the salmon has been good in recent years. We are continuously introducing new measures to mitigate biological risk, including treatment measures as well as more robust monitoring. Diseases which we closely monitor are Cardiomyopathy Syndrome (CMS), caused by Piscine myocarditis virus and Heart and Skeletal Muscle Inflammation (HSMI), caused by Piscine orthoreovirus, these reduce circulatory function and reduces fish tolerance to stress.

QTL-CMS resistant roe are now fully implemented and all fish in Faroe Islands have specific genetic resistance against this disease. We now start to see the effect of this resistance with improved survivability in the marine environment.

Renibacterium salmoninarum (BKD) was detected at some marine sites in the Faroe Islands in 2022. These findings were closely monitored and did not result in outbreak of the disease. Smolts have been screened for BKD throughout 2022 and results have been negative.

We have increased focus on biosecurity in our hatcheries, as increasingly a greater proportion of our production takes place on land. Although production of increasingly larger smolts can be challenging, the overall health status has been good at all hatcheries in 2022, and we continue to monitor emerging diseases as well as improving the quality of the smolts.

In the Faroe Islands, all smolt production takes place in closed environments. All hatcheries use RAS systems, though some



use flowthrough systems in parts of production. Water quality is important for the production of healthy and strong salmon as well as maintaining good fish welfare. It is crucial to keep water parameters at optimal levels, and hence continuous improvement in monitoring water is ongoing. In RAS systems the water is cleaned by UV and several hatcheries use ozone in addition. Water parameters such as O₂, CO₂, pH and temperature are monitored digitally, and alarms are on these

parameters. For parameters such as Nitrite (NO₂) and Total Ammoniacal Nitrogen (TAN), these are registered daily at the sites. In 2022, we built further on the disease monitoring at hatcheries.

Other pathogens such as ISAV (Infectious salmon anaemia virus), PRV (Piscine reovirus), SGPV (Pox), SAV (Salmonid pancreas disease alphavirus), PMCV (Piscine

myocarditis virus), IPNV (Infectious pancreas necrosis virus), Branchiomanas, Costia, Yersinia, Aeromonas etc. are screened for on a regular basis in the hatcheries, in addition to national monitoring, monitoring of ISAV, PMCV, carried out four times a year on each site.

Scotland

2022 was yet another year with biological challenges for our Scottish operations peaking in the first half of Q4. The primary cause of mortality was gill-health related complications due to seasonal blooms of harmful plankton, jellyfish damage and Proliferative Gill Disease (PGD), rather than Amoebic Gill Disease (AGD), which was more prevalent in 2021. AGD control was much improved relative to 2021, by the strategy of increased freshwater bath treatments within the marine farms which is highly effective in removing amoeba from gills.

Complications were also caused due to viral, handling, and bacterial challenges. 2022 saw the unusual emergence of a number of bacterial diseases (notably Furunculosis and Piscirickettsia), causing elevated mortality at some sites, but largely as secondary factors effecting compromised fish.

We continue to introduce new measures in Scotland to mitigate biological risk, and we expect to see significant improvement in biological performance in the Scottish operations as we introduce larger and more robust smolt and with the effect that the increased treatment capacity will create.

In 2022, we saw a 15% increase in average smolt size, and with FSV's Bakkanes and a 4,000 m³ vessel implemented over the last two years, we have significantly increased treatment capacity.

Freshwater production in Scotland is spread across the west coast, with different production technologies. Our main facility, Applecross, utilises Recirculating Aquaculture

technology to reuse water, reducing waste and environmental impacts. Ensuring this recycled water is of high quality is essential to produce good condition, strong and healthy salmon. In the RAS facilities sensors monitor pH, O₂ on a smart feedback loop to ensure optimum conditions are maintained even when staff are not actively working with the fish. Other parameters like CO₂ and ozone saturation are measured digitally. The nitrogen containing water quality parameters (ammonia, nitrite and nitrate) are measured daily by onsite staff, ensuring good system and subsequently good fish health.

We have a team of dedicated fish health specialists who monitor the performance and wellbeing of the salmon, with regular screening of pathogens, bacteria or parasites that freshwater fish are susceptible to.

Once the salmon have reached the point of transfer to seawater, extensive testing is carried out to evaluate readiness, including visual observations and genetic analysis to ascertain the gill function's ability to process sea water. Once these results are successfully returned, the salmon is carefully removed from its freshwater environment and begins its seawater leg of the journey.

Biosecurity strategy

OUR BIOSECURITY STRATEGY FOCUSES ON:

- **Large and robust smolt: RAS facilities to increase the average smolt size to 500 g in sustainable growth rates, and thereby reduce time at sea. This strategy will increase production capacity, improve consistency of supply and reduce biological risk.**
- **Selective breeding programmes are ongoing to improve fish resilience and vaccinate all stock. By bringing the production of broodstock into our own value chain we mitigate biological risk of imported disease.**
- **Our fish health team and veterinarians regularly inspect and test all farms and hatcheries. There is regulatory testing as well as taking part in Group-wide biosecurity auditing.**
- **In the Faroes, we decrease stocking densities through deployment of larger nets on new sites.**
- **We have veterinary health plans for each site with targets to reduce mortality and optimise fish welfare.**
- **Continuous screening of all fish throughout the productions chain, ensures healthy stocks, and early warning system for preventive intervention.**
- **We continue to stock sites in optimal water conditions, further out in the fjords, reducing risk of disease. These sites are more exposed and require strong equipment and wider cages with reduced stocking density.**

Research & Development

We are engaged in a number of research projects to improve and develop knowledge of Healthy Salmon.

Broodstock

- The first trial generation of salmon from Bakkafrøst brood stock was harvested in 2020 and detailed quality data was gathered on growth, survival rate and disease resistance. At the same time families from the Bakkafrøst brood stock were tested in Norwegian laboratory facilities and analysed for genomic traits in disease resistance. This data formed the basis of the Bakkafrøst brood stock selection programme which commenced in 2021. Further data from brood stock offspring, which has been living in a production environment, including data on sea lice, has been collected in 2022.

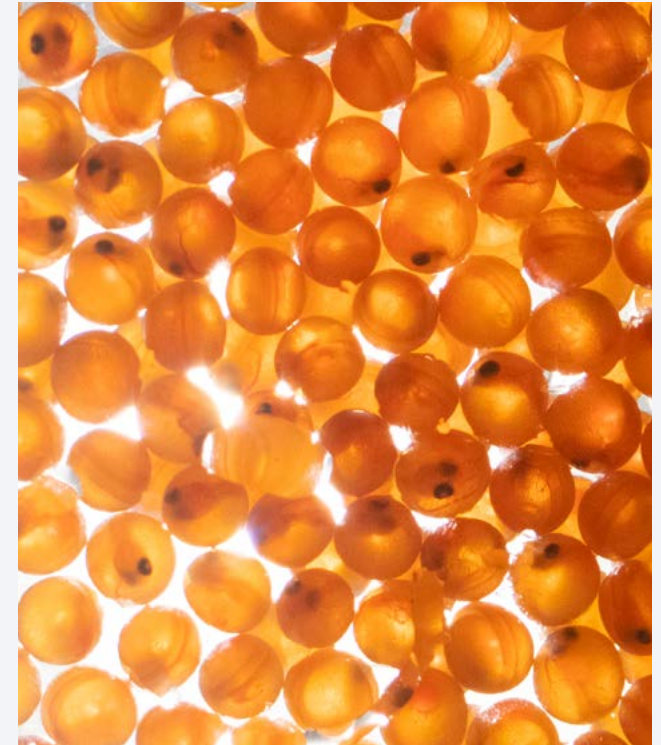
Fish health & welfare projects

- To support development within fish health and welfare in the salmon industry, we participate in the work to develop an industry standard for health and welfare, facilitated through the Global Salmon Initiative.

DigiHeart - heart diseases are one of the biggest challenges in aquaculture industry. The subject of this project is to get a better understanding of the morphology of the heart and to measure and understand the optimal shape of a salmon heart. The focus in 2022 was data collection.

- A disease of concern is Cardiomyopathy Syndrome (CMS), caused by Piscine myocarditis virus as this reduces fish tolerance to stress. All smolt put to sea in the Faroes Islands is now CMS resistant. The first generation of Faroese bred salmon was harvested in 2020 which enabled us to initiate gathering data on quality parameters, including CMS resistance and survival which is fundamental for the breeding programme.

- Members of our fish health team in Scotland participate in a project team together with representatives from University of the West of Scotland (UWS), WellFish Diagnostics, Bakkafrøst Scotland, Vertebrate Antibodies Limited (VAL), and the University of Aberdeen's Scottish Fish Immunology Research Centre to develop antibodies to probe key markers in fish blood that indicate an immune system response to four of the most common health challenges.
- Gill health - gills being scored for AGD and other gill changes and gill swabbing to check for pathogens.
- Lumpfish - we carry out research to reduce mortality and improve the wellbeing of lumpfish. Specifically designed seaweed shelters are being trialled, for the lumpfish to hide, rest and sleep. An ongoing FHF research project, in which we participate as members of the project group, has been started with the purpose to describe beneficial effect of natural algae to lumpfish fish welfare
- Increased pathogen monitoring and screening through eDNA analysis of filtrated sedation water during sea lice counting
- We are involved in many research projects with Scottish Universities to improve understanding and develop indicators for multifactorial disease challenges like Complex Gill Disease (CGD) and non-infectious anaemia, as well as projects to improve smolt quality. We have been successful in obtaining a significant grant from HIE and from Marine Scotland to undertake ground-breaking work in advancing our ability to grow smolts to an average of 500 g and we have a program of research set out to obtain this critical knowledge which builds upon the work done within our Faroese RAS systems.



Surrounding environment and water quality projects

- eDNA sampling to check for pathogens in the ocean. One of our Faroese veterinarians has developed an inspirational new Digital Management tool, which can simulate sea lice development and now being used for planning sea lice treatment.

Environmental impact projects

- We are committed to responsible stewardship of the environment in which we work and live. To better understand and prevent any harmful impact from farming activities on the environment, we participate in various environmental projects;

- We are involved in a project together with Fiskaaling, an aquaculture research station, to gain a better understanding of the interaction between salmon farming and wild trout population.
- We are actively involved in various projects, which aim to minimise the environmental impact of our operations, such as our project with the University of Faroe Islands, aimed at creating a robust and reliable model of currents in Faroese fjords and coastal areas. The new modelling tool is expected to give a much better understanding of physical, biological, environmental, dynamic properties and effects of the natural nearshore systems and the interaction with industrial undertakings such as aquaculture.
- We have run a collaborative project with Fiskaaling and other industry partners in the last couple of years to monitor level of algae in Faroese Fjords. The project will determine a baseline of algae in different locations and investigate the possibilities of implementing a warning system for algae blooms. The project is part of the work to prepare for potential future climate changes.

In 2022, we:

- Significantly increased treatment capacity as we have taken delivery of a 4,000m³ wellboat in Scotland and Bakkafossur in the Faroe Islands.
- Had historically low levels of sea lice both in the Faroe Islands and in Scotland
- Continued implementing veterinary visits and attestation prior to mechanical delousing.
- Upheld the increased focus on biosecurity onboard ships, with risk-based hygiene inspections to ensure biosecurity.
- Had no outbreaks of ISA, PD or Furunculosis in our Faroese operations.
- Reported the following notifiable diseases to the Faroese authorities: Bacterial Kidney Disease (BKD) and Flavobacterium psychrophilum.

- Continued focus on fish welfare during delousing procedures, including veterinary surveillance and improvements of delousing systems.
- Continued our feed project to improve fish health and welfare.
- Continued focus on improving cleaner fish welfare by reducing the number of fish transferred to the cages and through more strategic placement of cleaner fish
- Reached a milestone as all smolt transferred to the marine environment was QTL-CMS resistant
- Expanded the production of roe from the Faroese strain with incubations at additional hatcheries. The first full production circle of fish of the Faroese strain is expected to be released into the marine environment in 2023
- Conducted tests of the Faroese broodstock in the marine environment, including testing against parameters such as lice resistance, growth, quality, fertility and survivability
- Monitoring of algae in Faroese fjords and coastal areas continued representing several farming sites in the Faroes
- Continued to install oxygen sensor at all farming frames in the Faroe Islands to optimise fish welfare and feeding.
- Recertification of all ASC certified sites
- Passed 100% of audits across our various certification programmes.
- Increased focus on optimizing biological risk management for the Company
- Health and welfare of our stock remains a priority for the business, and we take a comprehensive approach to improving biological performance, focusing on reducing sea lice. We will remain committed to ensuring the highest standards of health and welfare of our salmon and maintain our high levels of Omega-3, customer satisfaction and product quality.

Next, we will:

- Take three new hatchery units into use, expanding the water capacity with 20800 m³ in total.
- Continue our high focus on veterinary visits during delousing operations, ensuring good fish welfare.
- Continue focus on vessel biosecurity.
- Continue to roll out the new cleaner fish strategy with more strategic placement of the fish and increased focus on the health of the fish
- Continue to roll out our new sea lice site specific treatment and prevention strategy.
- Increase focus on preventive screening of ISAV at hatchery level
- Ongoing focus on vaccination and optimal use of vaccines.
- Focus on disease prevention and better understanding of health status at hatcheries. The smolt health status has crucial importance for the performance when transferred to the marine environment.
- Focus on gill health and freshwater treatments
- Continued focus on reducing formalin treatments at hatcheries.



COLLABORATION AND CERTIFICATION

Collaboration in the international salmon sector is critical to address sustainability challenges.

We were instrumental in the formation of the Faroe Fish Farmer's Association, established to promote collaboration of a joint approach on management of sea lice and disease. In 2013, we became a founding member of the Global Salmon Initiative (GSI), an international leadership initiative established to improve sustainability in salmon farming. As part of the GSI collaboration, we will ensure that all our sites in the Faroes were certified by the Aquaculture Stewardship Council (ASC) in 2020, which we achieved in November 2020.

We have commenced the process to have all sites in Scotland certified against the ASC standard. As of end of 2022 we have 3 Scottish sites in the initial audit stage.

The sustainable growth of the aquaculture industry is fundamental, and this will need innovation and problem solving, as well as committing to ending fish escapes, obtaining all feed from sustainable sources, and working towards complete renewable energy use. The sector's ambition is to become world-leading in the provision of healthy, tasty, nutritious food, produced in the most responsible and sustainable way.

We have a comprehensive suite of national and international accreditations and certifications across our value chain in recognition of our exacting standards. All of our primary and secondary processing plants are certified according to a food safety standard such as BRC, IFS, GlobalGAP and BAP, all are recognised by the Global Food Safety Initiative (GFSI). GFSI recognition demonstrates that the scheme meets the highest standards globally leading to international food industry acceptance. The Global Food Safety Initiative is a business-driven initiative for the continuous improvement of food safety management systems with

the ambition to ensure confidence in the delivery of safe food to consumers worldwide. GFSI's work in benchmarking and harmonisation aims to foster mutual acceptance of GFSI-recognized certification programmes across the industry with the ambition to enable a "once certified, accepted everywhere" approach

The entire value chain in the Faroe Islands; feed production, brood stock, hatcheries, farming sites and harvesting and processing is certified according to the international Global GAP standard, focusing throughout production on food safety, fish welfare, health and safety, and environmental management. In the Faroes, we also have added 'Ohne Gentechnik Non-GMO' to our certifications.

Bakkafrost's harvesting and value-added product (VAP) production has the Aquaculture Stewardship Council (ASC) Chain of Custody certification, BRCGS and IFS food safety standards. The fishmeal, oil and feed production at Havsbrún, hold multiple certifications; The Feed division holds a Global GAP certification as well as a BAP certification. The fishmeal and fish oil division are certified according to the GMP+ standards, the Marin Trust standard and the MSC Chain of Custody standard. Our salmon meal and oil also have GMP+. All units at Havsbrún are certified to ISO9001:2015.

Bakkafrost Scotland was the first producer in Europe to achieve 4-star Best Aquaculture Practice (BAP) certification, which is a testament to the commitment that goes into responsible farming throughout the value chain.

Our accreditations are under constant review and our diligent and consistent approach to meeting our customer requirements and applying the highest standards across our value chain underpins everything we do.



GLOBALG.A.P.

Global GAP

The whole company is Global GAP certified¹. Global GAP (good agricultural practises) is an international standard, which focuses on food safety throughout the whole production (based on HACCP), fish welfare and health, biosecurity, traceability health and safety, social responsibility and minimising the impact on the environment. All of our value chain is Global GAP certified - this includes our feed production, hatcheries, all our sea sites, our harvesting and processing plants.

Global G.A.P differentiates from ASC in some areas as greater focus on food safety and ensures strict procedures on humane slaughter and stunning practises. The ASC standard and the Global GAP standard complement each other well to ensure the best practises on these main areas, ensuring coverage by strict metrics and management systems.

IFS

Our processing subsidiary, Munkebo Seafood, based in Denmark, is certified against the International Food Standard, IFS, which focuses on the processing and handling of food packages in bulk. The processing plant is regularly audited, and production processes are continuously reviewed to ensure the production meets the highest standards for food safety.

¹ Excluding Bakkafrost USA and Munkebo, as Global GAP is not relevant for them

FEED

BUSINESS UNIT	FEED MILL		CERTIFICATION
Havsbrún Feed Our feed raw materials are certified according to our sourcing policy.	Havsbrún P/F Faroe Islands		Global G.A.P. / VLOG, GAA BAP, ISO9001:2015, VLOG, MSC CoC, Label Rouge, GMP+; Marin Trust

FARMING - FRESHWATER

BUSINESS UNIT			CERTIFICATION
Bakkafrost Faroe Islands			Global G.A.P. / VLOG
Bakkafrost Scotland			GAA BAP, Global G.A.P., Label Rouge, COGP*, RSPCA Assured, ISO45001, ISO14001

FARMING - MARINE

BUSINESS UNIT			CERTIFICATION
Bakkafrost Faroe Islands			ASC (100%), Global G.A.P. / VLOG
Bakkafrost Scotland			GAA BAP, Global G.A.P., Label Rouge, PGI, COGP*, RSPCA Assured, ISO45001, ISO14001

PROCESSING

BUSINESS UNIT	FACTORY	PROCESSING TYPE	CERTIFICATION
Bakkafrost Faroe Islands	Glyvrrar	Primary & Secondary	BRCGS, IFS, Global G.A.P. / VLOG, ASC CoC, Kosher, SEDEX
Bakkafrost Faroe Islands	Vágur	Primary	Global G.A.P. / VLOG, ASC CoC, Kosher
Bakkafrost Scotland	Cairndow	Primary & Secondary	BRCGS, GAA BAP, Global G.A.P., Label Rouge, PGI, COGP*, RSPCA Assured, Kosher, ISO14001, SEDEX, ISO45001
Bakkafrost Scotland	Marybank	Primary & Secondary	BRCGS, GAA BAP, Global G.A.P., Label Rouge, PGI, COGP*, RSPCA Assured, Kosher, ISO14001, SEDEX, ISO45001
Bakkafrost USA	New Jersey	Secondary	BRCgs / VLOG, ASC CoC, Kosher



Best Aquaculture Practices (BAP)

In 2020, The Scottish Salmon Company became Europe's first salmon producer to gain four-star BAP certification for our freshwater, marine and processing sites, as well as sourcing feed from BAP-certified suppliers. BAP is the only aquaculture certification to cover the entire value chain and is recognised by both the Global Food Safety Initiative and the Global Sustainable Seafood Initiative. BAP's standards are built on the four pillars of sustainability with traceability as the foundation:

1. Environmental Responsibility- Compliance with standards that address such issues as habitat conservation, water quality and effluents.
2. Animal Health & Welfare- Best practices in animal husbandry, addressing such issues as disease control.
3. Social Accountability - Ensuring producers are following best practices in human rights, labour laws, and employee health and safety.
4. Food Safety- Assurance that no banned antibiotics or other chemicals are used.

The four pillars incorporate all areas of production – the business and its local communities, the salmon and the environments in which it is farmed, and the consumers who enjoy the final product.





BAKKAFROST

ESTABLISHED 1968

100%
ASC Certified



AQUACULTURE STEWARDSHIP COUNCIL (ASC) 100% ASC Certified in the Faroe Islands

All our sites in the Faroe Islands are ASC accredited and we have started the journey in Scotland with initial audits on three sites. The ASC Salmon Standard aims to address the key negative environmental and social impacts of salmon farming associated with sourcing of feed ingredients, disease, protection of wild salmon populations, biodiversity and ecosystems, controlling of escapes into the wild, use of medicine, labour standards and corporate citizenship. The certification requires third party auditing on a number of criteria, which exceeds national regulation in areas such as biodiversity, environmental monitoring and health and safety.

The ASC standard was developed in cooperation with the WWF (World Wildlife Fund). The standard is seen as the most stringent in the aquaculture industry and outlines over 400 individual points with a range of requirements all to ensure a more sustainable and socially responsible production. The standard focuses on protecting the natural habitat, water quality and ensure biodiversity and protection of wildlife and with strict focus on prevention of fish escapes. The standard sets criteria to manage sea lice and diseases including direct mortality reduction plans and target. Resources, including feed, shall be used in a responsible manner from proper handling and treatment on waste to energy usage assessments to sourcing policies whilst ensuring full traceability. Social responsibility is of great focus ensuring policies on discrimination and conflict resolution and whilst protecting children from child labour, also ensuring contracts,

training and safe conditions for employees. Community engagement with regular meetings and information.

The ASC standard is species specific and differentiates from all other standards by having specific indicators, such as specific metrics and limits. ASC standards are developed according to ISEAL guidelines - multi-stakeholder, transparent, incorporating science-based performance metrics.

The standard is under further development and a total revised standard is expected to be released in 2024 with even greater focus on fish welfare. Bakkafrost is via GSI a part of the TWG on the fish welfare project, which sets out to develop global indicators on fish welfare and health. Bakkafrost is also part of an ASC working group which is established to include lumpfish welfare in the standard.



Healthy salmon Bakkafrost products recognized as class-leading



The pristine waters in the Faroese and Scottish lochs provide the perfect conditions for raising superior quality salmon, and we take pride in supplying the world's growing population with sustainable and healthy food sourced directly from nature. Our high-quality products are recognised world-wide and receive high acclaim from chefs to journalists.

Native Hebridean Salmon is a unique breed of Scottish salmon, descending from wild salmon from the rugged and remote Isle of North Uist in the Outer Hebrides, off the North-West coast of Scotland. A native breed, Native Hebridean Salmon is naturally robust and grows well in its natural environment as we have seen throughout the production cycle.

At our Harris & Lewis Smokehouse, in Stornoway on the Isle of Lewis, we have developed an innovative curing process and exclusively smoke Native Hebridean Salmon.

Our Native Hebridean Smoked Scottish Salmon has since received high acclaim. It won a prestigious Great British Food Award in 2021 and was deemed 'the perfect smoked salmon' with 'lovely texture' by renowned culinary expert Chef Jack Stein. It also won Best Overall Smoked Salmon at the Tried and Tasted Christmas Awards 2021. In 2022 it was the overall winner of all 'Scottish Food & Drink' awards and also won artisan product of the year.

Also our Faroese smoked salmon 'Heimpland' is recognised as a top-quality product. In 2022, the renowned Danish food magazine 'Gastro' has voted Bakkafrost Smoked Salmon as the best product in a test comparing eight different smoked salmon products, which are available in Danish supermarkets. Bakkafrost Smoked Salmon received the following review:

‘Thin slices, beautifully sliced and packed. Amazing and delicate smoky taste without drowning out the taste of salmon. The slices are not ‘wet’ and fatty – a very good product. Expensive but the best product of all in the test. A QR code on the package provides you with the opportunity to get more information about the product’.



Healthy salmon Bakkafossur



A significant moment for the business took place on Saturday the 7th of January 2023, as one of the largest well boats in the global aquaculture industry - the 109-metre Bakkafossur - arrived in the Faroe Islands and was added to the fleet of our own Farming Service Vessels. Bakkafrost formally took delivery of the vessel in December 2022.

Bakkafossur can carry up to 1,000 tonnes of live salmon and is regarded as a huge upgrade to secure sustainable operations in the future.

Equipped with reverse osmosis technology for de-salination of water with a production capacity of 6,000 tonnes of freshwater a day, Bakkafossur adds significant freshwater treatment capacity to Bakkafrost's operations in the Faroe Islands. Treating salmon with freshwater is an efficient

way to rinse the gills, restore gill health and ensure more robust and healthy growth. In addition, Bakkafossur will be equipped with a flushing sea-lice removal system, increasing biosecurity in line with Bakkafrost's sustainability strategy. The vessel also provides options for enclosed treatments for a more controlled treatment environment as well as supporting specific selection methods to ensure fish is handled accordingly to size and health status, thereby strengthening our biological risk mitigation approach.

In line with our harvesting operations, the grading mechanism fitted onboard Bakkafossur also provides the opportunity to transfer 'small sized' salmon back to the cages for continuous growth, securing a more premium-quality salmon being harvested.

Bakkafossur not only contributes substantially to the biosecurity of our operations - it also brings state of the art renewable hybrid energy technology into our value chain. In addition to its five diesel-electric engines, the vessel is equipped with large batteries, ensuring an approximately 20% increase in energy efficiency. The strategic placement of the engines on the top deck secures the opportunity for a swift change to sustainable energy solutions when such are available on the market.

With enhanced capacity as well as multiple treatment options, Bakkafossur is also prepared for offshore farming, which we continue to explore.



Healthy Environment Performance review

★ STRATEGIC PRIORITY

- To minimise our environmental impact

📊 2022 PERFORMANCE AGAINST OUR 2023 COMMITMENTS

- Reduce by 50% the scope 1 & 2 CO₂ footprint by 2030 ●
- Continue research into sustainable feed ingredients. ●
- Investigate new sustainable marine source for fishmeal. ●
- Optimise feed strategy to maintain industry leading FCR. ●
- Achieve ISO14001 environmental certification in the Faroe Islands, already in place in Scotland. ●
- Zero fish escapes. ●
- Measurably reduce environmental impact from packaging. ●
- Explore innovative waste streams at the new biogas plant. ●
- Achieve over 97% water recirculation rate in hatcheries (Faroes) ●

🌍 SDGs



WHY THIS IS IMPORTANT

The health and welfare of our salmon and the natural environment are intrinsically linked and are core to responsible salmon farming. We maintain individual and collective responsibility as custodians of our environment, placing considerable emphasis on minimising the potential impact our activities could have on local ecosystems, biodiversity and wildlife.

Salmon aquaculture has comparatively low CO₂ emissions compared to other farmed animal proteins. Bakkafrost Faroe Islands has an industry-leading feed conversion ratio (1.06). The global threat of climate change could significantly impact our sector in the future and pose challenges for aquaculture. These include changes in weather patterns, frequent storms, warmer water temperature and ocean acidification.

To ensure we continue to operate in an environmentally responsible manner, prior to approval, all new suppliers/contractors must supply details of how they manage their own operations to prevent harm to the environment.

BIODIVERSITY

There is rich biodiversity and abundant bird and marine life in our farming locations, and it is important to maintain the natural environment around our farming sites across fjords and lochs. This extends to respecting biodiversity beyond our immediate environment.

Bakkafrost leads the sector with our complete integrated value chain, providing a unique opportunity to control our impact. Managing our upstream and downstream impact is a key focus as we continue to export to the global market and source worldwide. Conserving natural capital is fundamental for producing healthy salmon, and we continue to explore ways of managing our impact on the environment and protecting wildlife. We continue to work on the issues being addressed by UN Sustainable Development Goals 6, 7, 9, 12, 13, 14 and 15. Please see page 13 for more information.

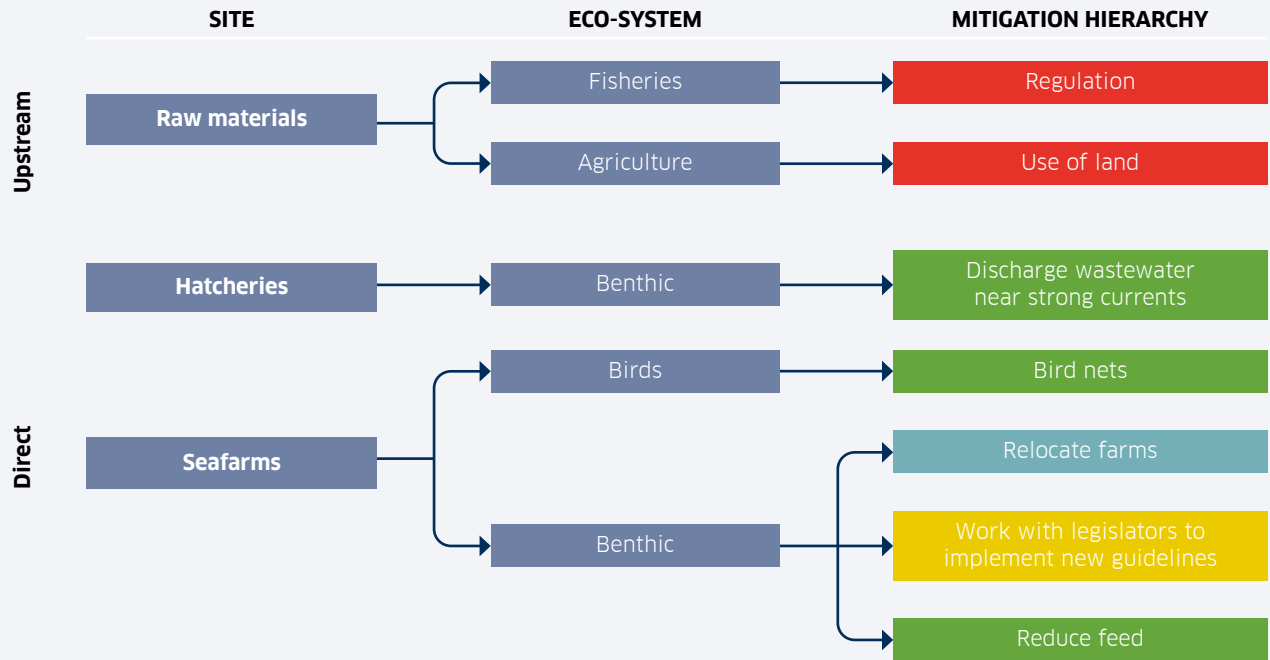
BIODIVERSITY COMMITMENT

Bakkafrost will look to become net-positive in our impact from farming operations in the Faroe Islands

We utilize the mitigation hierarchy principles in our decision-making process. This framework allows us to prioritize actions that avoid harm to the environment, reduce our ecological impact, restore degraded sites, and collaborate with partners to transform new areas into healthy ecosystems. An example of our approach to this is shown on in the figure on next page.

Our commitment to these principles reflects our belief in the importance of preserving the environment for future generations and our dedication to corporate responsibility.

EXAMPLE OF OUR BIODIVERSITY METHODOLOGY BASED ON THE MITIGATION HIERARCHY



Example of how risk assessments of sites are combined with the mitigation hierarchy to assess the biodiversity. In the mitigation hierarchy the red color is avoid, green is reduce, blue is restore, and yellow is transform.

We engage in the ongoing process of evaluating potential hazards and vulnerabilities associated with our business activities to maintain a comprehensive understanding of the potential risks that various components of our value chain may pose to the environment. Through the continuous assessment of our operations and processes, we strive to be ahead of any emerging threats or concerns that may impact our ability to operate sustainably and in compliance with regulations. This proactive approach allows us to develop and implement targeted risk management strategies, with the aim of mitigating potential negative impacts and ensuring the ongoing protection of the environment.

Wildlife

We are committed to our role as custodians of our natural environment and work to ensure we support biodiversity while minimising any impact. Our farming sites are located in natural fjords and lochs, which are rich in wildlife, and it is important that we take a proactive approach to managing biology, sea lice, which are endemic in the wild, and the interaction with wild fish population. Maintaining the pristine environment around our farming sites is of great importance and respecting biodiversity beyond the immediate vicinity is important, including areas for sourcing feed ingredients.

We practice zero-tolerance for fish escapes and have invested substantially in containment measures and early identification of risk through regular inspections.

There were no escapes during 2022 in the Bakkafrost Group. In recent years we have invested substantially in the rollout of rigid nets across all our sites, these are more resistant to damage from weather and possible predator attacks. Divers inspect the nets regularly and we have ROV inspections during net cleaning. We have revised our procedures and introduced further training to reduce fish escapes and implemented contingency plans and equipment at our sites. All suspected escapes are reported immediately to the veterinary, environmental and statutory authorities. All our sites in Scotland are operated in accordance with The Technical Standard for Scottish Finfish Aquaculture which determines the technical requirements for fish farm equipment in Scotland. The standard helps ensure all finfish farms in Scotland have the appropriate equipment and operational procedures to minimise the risk of escapes.

In 2022 there were no fish escapes in the Faroe Islands and Scotland.

We apply zero-tolerance for bird fatalities. We have implemented measures to reduce impact on birds and marine mammals, including covering pens with high visibility nets in the Faroes to protect against birds. A ban on seal shooting came into effect in both Scotland and Faroe Islands in early 2021 and to protect our stock and minimise stress, we have invested in rigid netting on all sites in Scotland. We continue to make substantial investment in new and innovative anti-predation technologies, management and monitoring

methods. Our marine farming sites in the Faroe Islands are not close to any protected areas and do not impact any of the critically endangered or endangered species in the IUCN red list.

We are committed to responsible and sustainable sourcing of raw material to improve global biodiversity. We expect all feed suppliers to be certified to best-practice international standards and all plant oils and proteins not considered low-risk to be certified sustainable, not genetically modified and not produced in areas threatened by deforestation. We prioritise sourcing of locally caught certified marine ingredients and include co-products to reduce pressure on the wild fish population. In the Faroes, we only use certified sustainable wood in our smokery and FSC paper in our own-brand products.

Benthic monitoring

Regular monitoring of benthics is carried out at peak biomass to maintain good ecological and biodiversity status in the fjords and coastal ecosystems in which we operate. Benthic monitoring is carried out at the cage edge, near the cages and outside the expected area of impact to ensure marine farming activities remain environmentally sustainable. For more information on benthic monitoring, please see page 76.

Island life is dependent on a strong relationship with nature. While the Faroe Islands and Scotland benefit from a relatively unspoiled natural environment we are acutely aware of degradation of natural systems around the world, and we understand our wider responsibility to address impact on our own ocean environment as well as our global value chains.

Since 2020, Bakkafrost has been committed to the UN Sustainable Ocean Principles - a pledge to protect the health of our oceans. As part of this, we are committing to take action to prevent pollution affecting the ocean, reduce greenhouse gas emissions in our operations to prevent ocean warming



and acidification, and work towards a circular economy, all in line with the commitments already stated in our Healthy Living Plan.

Please see our webpage www.bakkafrost.com/sustainability/ data and the Global Salmon Initiative website for further information regarding our impact on biodiversity.

Local impact

We are committed to minimising impact on the local environment at all stages of the value chain and are investing in several initiatives to minimise potential environmental impact including: effluent water quality, noise, odour, dust and air pollution.

Salmon farming is heavily regulated, and all our sites comply with stringent legislation and standards for water quality and the environment. Our sites are regularly monitored and inspected by a number of government and third-party certification bodies, and benthic monitoring is critical to maintain and improving the environment in which we operate. The entire value chain holds the GlobalGAP certification ensuring streamlining of risk assessment methodology applied in regard to environmental impact. All of our sites in Scotland are accredited against the ISO 14001 Environmental Management standard. In the Faroe Islands, all our sites are certified against the ASC standard, one of the strictest environmental standards available.

In February 2023 the Faroe Islands received the ISO14001 certification on an administrative level complementing other site-specific certifications that the company holds. ISO 14001 is an internationally recognised standard for environmental management and encourages companies to set goals on reducing potential environmental impact and provides assurance that the environmental impact is being continually measured, monitored and improved.

We have engaged in initiatives to minimise noise from operations, which is particularly important in the rural areas in which we operate. We take this issue very seriously and any issue raised is thoroughly investigated and remedial action is taken. We have reduced the low-frequency sound emission from the wellboat Hans á Bakka and we are implementing hybrid barges at marine sites in Scotland.

We comply with national regulations regarding the discharge of effluents. Please see www.bakkafrost.com/sustainability/ for data on effluents.

In 2023 we will:

- Continue working with eDNA analyses of biodiversity to gain better understanding of the ecosystems
- We will continue our efforts to avoid fish escapes and investigate new methods to minimise the impact from our activities on local wildlife.
- Continue funding the project at the University of Faroe Islands to create a robust and reliable model of currents in Faroese fjords and coastal areas.
- Further develop Applecross RAS facility and invest in two additional new RAS smolt facilities in Scotland which are more water and feed efficient.

Examples of strategic measures taken to prevent local impact

Marine sites

- Continued relocation of farms to exposed areas with stronger currents where possible in the Faroes.
- Site development programmes in Scotland.
- Adjust the location of pens where appropriate in Faroes.
- Investigate new areas with more optimal conditions.
- Continual investment in hybrid technology, in particular on barges

Minimise usage of chemicals

- Discontinued use of copper-treated nets in 2018 in the Faroe Islands and in 2020 in Scotland. The continuous benthic monitoring has shown that the copper levels have since decreased at all sites in the Faroe Islands where the level is categorised as low impact.
- Focus on using alternatives to medicinal lice treatments, e.g. freshwater treatment and using flushing techniques. In 2022, we significantly increased non-medicinal treatment capacity.

Fallow periods

- Ensure fallow periods between production cycles to allow the seabed to regenerate (which in 2022 was in average 18.4 weeks in the Faroe Islands and 12.8 in Scotland).

Shorter time at sea

- Invest in expanding freshwater capacity to grow the smolts larger on land and hence ensure shorter time for growing at sea. This reduces the biological risks.

Monitoring

- Monitoring of the impact on the seabed at around peak biomass to ensure sustainable utilisation of marine farm sites including sampling of benthic fauna to assess impact on biodiversity.



- Regular impact assessment of the organic load, copper, zinc and organic matter at cage edge and the surrounding area near the site in order to assess the impact on the fjords from farming activities in the Faroe Island.
- Monitoring seawater quality e.g., in testing levels of oxygen, temperature, salinity, phosphorus and nitrogen.

The use of environmental data buoys was trialled in Scotland in 2021 and continued into 2022. It has been a success in terms of having all the environmental parameters logged 24/7.

The Environmental monitoring buoy collects continuous and real-time data that is vital for fish health. This buoy is equipped with sensors for environmental parameters including air; atmospheric pressure; temperature; humidity; dissolved oxygen; pH; water temperature, salinity; turbidity; chlorophyll; blue & green algae; hydrocarbons; single point current direction and speed.

Service vessels

- We have taken delivery of a fully electric workboat in the Faroe Islands which benefits the environment and generates no emissions, no exhaustion of smoke and almost no engine noise, which is an advantage for the crew, local communities, biodiversity (birds) and reduces salmon stress.

We are actively involved in various projects which aim to minimise the environmental impact from our operations, including one with the University of Faroe Islands aimed at creating a robust and reliable model of currents in Faroese fjords and coastal areas. The aim of this project is to develop a simulation tool to describe and model currents and other hydrographic conditions in fjords and near coastal areas.

A simulation tool has previously been developed for the tidal currents on the Faroe shelf, but this model does not simulate the complex hydrographic dynamics in nearshore environments where most aquaculture sites are located. The new modelling tool will provide a much better understanding of physical, biological, environmental, and dynamic properties and effects of the natural nearshore systems and the interaction with industrial undertakings such as aquaculture.

This will result in better understanding of factors influencing nearby environmental impact, fish health and welfare, biosecurity as well as providing prediction of long-term effects of climate change. In 2022, Bakkafrost and the University of the Faroe Islands extended the contract for another five years.



Bakkafrost Biodiversity Initiatives

RESEARCH AND DEVELOPMENT

- Participated in various projects to better understand the impact of salmon farming on the environment. This included a large collaborative project with farming companies in the Faroes, the Environment Agency and Aquaculture Research Station (Fiskaaling) to improve knowledge on biodiversity of benthic fauna in the coastal areas around the Faroe Islands to assess how biodiversity of indigenous benthic fauna may be affected by environmental impact of farming activities.
- Participate in project funded by the Faroese Farmer's Association with Fiskaaling responsible for the research to gain a better understanding of the interaction between salmon farming and the wild trout population.

Transformative projects

- The organic content of fertilizer spread out on Faroese agriculture is significantly reduced due to biogas production from animal manure at our Förka biogas plant. This lowers the risk of organic pollution of rivers and lakes and reduces the impact on trout population and sensitive aquatic species which occupy these habitats.



Improvement projects

- Optimised the mineral content of the fish feed to significantly reduce mineral accumulation, particularly zinc beneath fish farms.
- Installed cameras at all sites to optimise feeding and improve mitigate sea floor impacts.
- Installed oxygen-sensors at all farms to monitor oxygen levels and ensure operation within environmentally sustainable boundaries.
- Optimise collection of fish faeces from effluent water at the Strond smolt facility in the Faroe Islands, this is converted to biogas and carbon neutral electricity at Bakkafrost's biogas plant FÖRKA.
- Development of the waste management facility at Applecross which will filter the sludge to reduce the water content and reduce the volume for removal off-site.
- Completed the investment in rigid netting across all sites in Scotland to protect stock and minimise stress.



Noise projects

- Reduce low frequent sound noise emission from our wellboat Hans á Bakka.
- Starting to reduce the largest sources of noise at the feed factory.
- Integration of noise reduction solutions in the Havsbrún expansion plans
- The new hybrid barge in Scotland has reduced noise by only running on conventional generators approximately 20% of the time.
- We have taken delivery of a fully electric workboat in the Faroe Islands, which generates almost no engine noise.
- We have taken delivery of the farming service vessel Bakkafossur which is fitted with a hybrid engine, reducing noise when running solely on battery. The vessel is also fitted with plug-in technology to use when at quay side.

Compliance

- Zero non-compliance with environmental laws and regulation and continue to cooperate with authorities to ensure impact is minimised.
- Continue our work to embed the principles of the UN Global Compact in our value chain.

Benthic Monitoring and Environmental Impact Assessment

We fully acknowledge the critical significance of biodiversity for the overall health and longevity of ecosystems. While we recognize the importance of preserving biodiversity in all ecosystems, we place a heightened emphasis on those areas where our operations can directly impact biodiversity. Benthic fauna is a critical component in maintaining good ecological and biodiversity status in these areas. Therefore, we have decided to fully comply with ASC to ensure credible biodiversity monitoring in our areas.

As part of our Biodiversity Strategy we perform Environmental Impact Assessments (EIA) for every site. These are updated annually and are verified by third party audit bodies in relation to the certifications that we hold.

In the Faroes, we have introduced several environmental measures to minimise the direct environmental impact including moving the pens to locations with stronger currents and improved water exchange. This ensures minimal environmental impact on the benthic community and improved oxygen flow. By ensuring a healthy and thriving marine ecosystem, the organization can minimize its impact on the environment and promote sustainable and responsible practices. Ultimately, this helps to preserve the unique and diverse marine life for future generations to enjoy.

We have discontinued the use of copper-treated nets on our marine sites. The continuous benthic monitoring has shown that the copper levels have since decreased at all sites in the Faroe Islands where the level is categorised as low impact.

The continuous focus on optimal feed composition, feeding procedures and training of specific feeding personnel combined with the installation of underwater cameras at all marine sites has improved feeding, ensuring optimal fish health and welfare while minimising environmental impact,



including benthic impact. We continue to investigate new technology to support further development.

We regularly conduct environmental inspections on marine sites, including taking samples of the seabed. We employ a multi-faceted monitoring approach which provides us with a comprehensive understanding of the impact from marine farming activities on the benthic ecosystem and helps to ensure that these activities remain environmentally sustainable. Samples taken from the seabed show continuous environmental improvement following measures taken in recent years. For the past couple of years in the Faroe Islands about 80-90% of the sites have been assessed to be within minimum impact by national seabed quality standard in the closest vicinity of the net pens, while near the pens all sites have been assessed to be at minimum impact.

In addition to monitoring potential impact on nature, we also conduct benthic fauna inspections underneath and close to the pens. Through testing of samples from the seabed, we monitor the biodiversity, including registering the number of different species, the number of animals of each species, and registering which of the observed animals are assessed to be indicating a healthy seabed.

All Bakkafrost marine sites in the Faroes are certified against the ASC standard, and benthic inspections are carried out at peak biomass.

In 2022, the ASC marine fauna site audits verified that all the audited Bakkafrost sites in the Faroe Islands are sustainably managed.

In Scotland, regular monitoring of benthic is carried out when a site's biomass reaches 75% of the peak biomass achieved during that production cycle. This maintains good ecological and biodiversity status in the coastal ecosystems in which we operate.

In Scotland, benthic monitoring is currently carried out following two different regulatory regimes. The first regime stations are monitored at pen edge and at the allowable zone of effects (AZE) stations (AZE-10m, AZE and AZE+10m).

The second is an area-based approach where a minimum of 4 transects are monitored protruding from each side of the site. A minimum of seven stations are monitored along each transect to calculate when 'Good' ecological status is achieved. The distance along each transects is then used to calculate the total area of impact. This ensures marine farming activities remain environmentally sustainable.

Bakkafrost has partially funded collaborative research projects to assess the potential environmental impact of aquaculture on the biodiversity of benthic macrofauna in Faroese fjords and to establish a baseline and a classification system for marine biological diversity state undisturbed by human impact.

Burðardygt Vinnulív - the Faroese Sustainable Business Initiative

Bakkafrost is one of the founding members of Burðardygt Vinnulív (the Faroese Sustainable Business Initiative) which aims to lead the green transition through collaboration, action and engagement for system change and contribute towards UN Sustainable Development Goals, including Climate Action.

Burðardygt Vinnulív is a network of twelve businesses operating in the Faroe Islands representing more than 20% of the private workforce, seeking to advance sustainable business practices in response to three specific sustainability challenges: climate change, ocean health and biodiversity loss.

Together with the other members of Burðardygt Vinnulív, we have set ourselves a task to follow well-established guidance to understand how we can have a net positive impact on biodiversity. Through our Biodiversity and Ocean Health workstream we have had seminars to understand more about global threats to biodiversity. We have also conducted a top-level materiality analysis of our impact, deepening our understanding of our task to reduce and reverse any potential negative impacts on nature.

In 2022, the Faroese Sustainable Business Initiative was shortlisted at the edie Awards 2023 for Partnership and Collaboration of the Year.

After the first year of working together we have achieved a reduction in our combined CO₂ emissions by 17%, made over 50 commitments to reduce impact on nature and launched the first ESG reporting standard in the Faroe Islands.

In December 2022, Burðardygt Vinnulív and the Faroese Environment Agency committed to making it easier for



Photo:Føroya Tele

businesses in the Faroe Islands to reduce their CO₂ footprint through the launch of a free-to-use GHG reporting tool. The tool aims to support businesses in measuring and reducing their GHG emissions to meet proposal from scientist to halve CO₂ emission by 2030.

In 2022, Burðardygt Vinnulív was shortlisted at the edie Awards 2023 in the Partnership and Collaboration of the Year category.

You can read more about the initiative here: www.burdardygtvinnuliv.fo



Healthy environment

Feeding Research and Technology

Optimal feeding processes are key in our marine operations as this can strengthen fish health, avoid and reduce the impact on the environment, including the benthic environment by only feeding out the amounts that the fish can eat, reduce resource demand for the production of feed and lower overall production cost. Our goal is to have industry-leading feed conversion ratios, and optimal use of technology has proven key in this area.

We operate according to our feeding strategy, which builds upon the principles of good fish health and preventing harmful environmental impact. In the Faroese operations, we have invested significantly in underwater cameras in recent years. These have provided the fish farmers with an indispensable tool for monitoring and evaluating fish appetite and animal behaviour and furthermore contributing to more efficient feed utilisation and minimising environmental impact. We have started establishing remote feeding hubs with automated feeding enabling us to deliver centralised feeding and remote expert solutions.

In 2022, the feeding system at one of the sites in Scotland was upgraded for a trial so that feeding could be run with automatic camera movements during feeding, meaning the cameras were searching for pellets rather than remaining static. Additionally, the same site has been running a trial in conjunction with The University of Stirling looking into behaviour, shoaling patterns and the position in the water during different environmental and other events such as

treatments and net washing. They collected data using 5 cameras placed in the 1 pen which are constantly recording the fish behaviour. The end goal is to learn more about the best camera positions for feeding and learning about the impact of different events on the fish.

In addition to this, the technology provider generates reports on many different aspects of the feeding, the obvious number of pellets and number of alerts in a day, but also things like activity during meals, alert depth and feeding depth.

Optimal feeding

- In 2022 we continued the establishment of dedicated feed control stations on every shore base, with dedicated feed technicians, which now covers the feeding on all of our sites in Scotland. This means that all 35 sites can be fed at once from just a few specific locations.
- Investment in cameras to optimise feeding on marine sites and employ specialist feed technicians trained to optimise feeding. In 2022 we continued the establishment of dedicated feed control rooms which are now on all sites in Scotland.
- High focus on training and knowledge sharing to ensure industry low FCR.

Handling of sunken feed barge

In November 2021, following Storm Arwen, a 400-tonne feed barge belonging to Bakkafrost sank at our Portree site in Scotland. We decided to recover the barge and reduce the environmental impact, this was a long and complex process. The barge was sealed to prevent feed oils escaping into the environment and specialist recovery contractors tendered for the recovery project.

Throughout the process, we were aware of the risk of development of hydrogen sulphide gas and continually monitored the gas levels. In August 2022, as expected, low levels of hydrogen sulphide were detected, and specialist consultants were appointed to deal with the issue. Throughout the process there was continual dialogue with the relevant authorities and safety was at the forefront of operations. Through to the lifting, the barge has been purged with nitrogen, reducing the levels of hydrogen sulphide to keep at completely safe levels.

In December 2022, the barge was recovered. Once lifted, the waste inside the barge was removed for disposal at a biogas plant. Later in December we had removed all possible waste, but the barge was not stable enough to move to a quay or float on its own. We consulted MCA, Marine Scotland, SEPA and Nature Scotland, and together we identified a location where the barge was temporarily beached to remove the last of the feed. Following this, the barge was moved to a nearby site for further inspection prior to moving to a location to commence repair work.

Total costs of the operation will exceed 7 M GBP.



RESPONSIBLE RESOURCE MANAGEMENT

Reducing and minimising the environmental impact of waste from a product's lifecycle is an important and growing issue for all businesses. We seek to maximise the efficient use of resources and minimise waste generation across our value chain. The global interest in responsible waste management continues to grow, particularly the use of plastics that can impact the natural environment and human health. Although salmon has the highest edible yield of the five largest groups of animal protein, we must continue to investigate how we can reduce, reuse and recycle materials from the moment the eggs enter the hatchery, until the salmon leaves our factory.

Despite its high edible yield, we also strive to utilise all the co-products from our salmon, selling backbones, offcuts, bellies, skin, viscera and heads.

Waste

In the Faroe Islands, the total amount of offsite waste decreased by 14% from 2021. Energy recovery and recycling constituted the vast majority of the total amount of waste by 58% and 41%, respectively. In the recycling category, recycling of plastics was the largest fraction (56%) followed by oil recycling with oil/water separation (30%), paper (8%), and metals (4%).

In Scotland, the total amount of waste increased by 19% from 2021, mainly due to increased mortality. The overall landfill rate remained fairly static and over 70% of waste (an increase from 2021) was either reused, recycled or sent for energy recovery or anaerobic digestion.

We are committed to supporting the circular economy. Our award-winning biogas plant FÖRKA in the Faroe Islands sources waste products from our farms and other farmers to produce renewable energy and natural liquid fertilizer for local use.

Site	Waste stream	Total (ton)	%	Non-Hazardous (ton)	%	Hazardous (ton)	%
Offsite	Reuse	1402,3	8,3	1402,3	8,3	0	0
	Recycling	1357,5	8,1	1100,9	6,6	256,6	1,5
	Incineration with ER*	1230,4	7,3	1230,4	100	0	0
	Incineration	0,6	>1	0	0	0,6	>1
	Landfill	4046	24,2	4046	24,2	0	0
	Composting	5231	31,3	5231	31,3	0	0
	Biodiesel	3457	20,6	3457	20,6	0	0
	Other	3	>1	3	>1	0	0
	Total	16727,8	100	16470,6	98,5	257,2	1,5
Onsite	AD**	8636	100	8636	100	0	0
	Total	8636	100	8636	100	0	0
All sites	Total	25363,8	100	25106,6	99	257,2	1

Total amount of waste for Bakkafrost. *is energy recovery, ** is anaerobic digestion.

IN 2022
FÖRKA PROVIDED



2.3%

of the total
RENEWABLE ELECTRICAL
PRODUCTION
(Faroe Islands)

In 2022, FÖRKA decreased the amounts of sourced organic waste, both from Bakkafrost operations as well as other farmers. In 2022, FÖRKA received 9,674 tonnes of biological waste (a decrease from 2021) from the Faroese salmon industry and 19,820 tonnes of manure from farmers for the production of green energy and fertilizer and in addition, 1,141 tonnes of other biological waste.

The total production of electricity at FÖRKA in 2022 was 6,113 MWh, equivalent to the annual usage of 1,223 households, and 3,893 MWh of heating was produced, covering the demand of 260 households.

In 2022, FÖRKA delivered 30,345 tonnes of high-quality fertilizer for Faroese agriculture and provided 2,3% of the total renewable electricity production in the Faroe Islands.

In 2022, FÖRKA partnered with Tórshavn Municipality, Hotel Hilton, Hotel Brandan, the National Hospital of the Faroe Islands, FK (retail) and Poul Michelsen (wholesale company) to explore opportunities for using food waste for anaerobic digestion. Around 1,000 tons a year of vegetable and fruit waste will be used, and the project is expected to commence in early 2023.

As part of our commitment to food waste reduction targets in Scotland, Bakkafrost Scotland has continued to be part of the WRAP & IGD Food Waste Reduction Roadmap. This initiative facilitates the UK's largest retailers, food producers, manufacturers, and hospitality and food service companies to commit to milestones laid out in the Roadmap, which has been developed to tackle food waste in the UK laying out food waste reduction milestones for in the UK for the next 10 years. The benefit of the Roadmap for Bakkafrost Scotland has been in measuring and reporting food waste and setting year-on-year targets to reduce food waste. In 2022 we reported the 2021 food waste (FLW – Food Loss and Waste) figures as 8.15% of tonnes of food produced. This is a slight increase from the 2020 figure (reported in 2021).

We ensure every part of the salmon is used. Guts from the production plants at Glyvvar are used in the production of salmon meal and oil for the pet food at our feed production Havsbrún in the Faroes. And in Scotland salmon viscera from our processing plants is used to produce salmon oil for use in the pet food and animal feed markets and hydrolysed protein for use in the pet food industry.

The production of salmon meal and oil is new and has increased significantly over the last two years. In 2022 we used 2,897 tonnes of guts to produce a total of 1,391 tonnes of salmon meal and oil.

In the Faroe Islands, we have regular employee offers on salmon and we continually look for optimal packaging solutions to reduce food waste.

At our seafood canning business Munkebo Seafood, bent cans that cannot be sold are given to the employees to reduce food waste.

Packaging

We continue to investigate innovative sustainable solutions for packaging, and in 2022 we became part of a workstream within the Faroese Sustainable Business Initiative aiming at sharing best practice and knowledge on sustainable packaging.

In 2022, we ran big trials of new mono-plastic 100% recyclable packaging materials in the Faroe Islands, and in 2023 we will review the trials and continue building on experience and exploring sustainable solutions enabling responsible waste management for customers and consumers.

We continue to put great effort in investigating sustainable packaging solutions for our finished products. In 2022, we saw a slight decrease in the share of recyclable plastic material used for packaging in the Faroe Islands from 56% in 2021 to 52% in 2022, due to reduced quantities of plastic wrapping, which is recyclable material.

In Scotland, we are involved in a number of sustainable packaging projects. Throughout 2022 we have undertaken numerous packaging trials, exploring reduced plastic packaging and alternatives to conventional EPS packaging. One trial involved reduced micron plastic liner, which was tested for strength. The reduced micron liner which contains 25% less plastic was successfully trialled and will become the preferred choice going forward.

We have also been trialling thermal cardboard boxes, and returnable fish bins and bulk bins. These trials will continue into 2023.

In 2022, in Scotland wrapping materials were replaced with recyclable materials, and in 2023 we will look further into reducing the quantities of plastic wrap for pallets. We will also continue to look at alternatives to polystyrene boxes, and to continue to reduce plastic content in line with the UK Plastics Tax and the Extended Producer Responsibility Regulations which is due to come into force in 2024.

In 2023 we are looking to be part of a responsible plastics management initiative in collaboration with GSI (Global Salmon Initiative). This will include recording all types and volume of plastics used, setting benchmarks and targets with a view to continual improvement.

All aluminium cans used at our canning business Munkebo Seafood are 100% recyclable and the product can be stored without cooling elements.

Examples of 2022 trials/initiatives:

- Ran trials of two types of returnable boxes in Scotland
- Ran big trials of recyclable mono-plastic packaging in the Faroe Islands
- Introduced pallet wrap containing 30% recycled plastic in Scotland
- Continued the use of wool insulation packaging for ecommerce in Scotland
- 100% FSC certified paper use in the Faroe Islands
- Conducted a four-part trial on a cardboard box in Scotland
- Conducted a biodegradable glove trial in Scotland

Please see www.bakkafrost.com/sustainability/data for our packaging data.

Recycling and reusing

In the Faroe Islands, we are continuously looking for opportunities to strengthen our initiatives to reduce waste and packaging and increase the amount of resource going for recycling.

Where possible we recycle or repurpose old farming nets and moorings and repair and reuse cables and pipes. We continue to upgrade our pens using stronger materials to increase their lifespan. In the Faroes, we send used nets to a company which recycles them into carpets, bulk feed bags are also recycled where possible.

Bakkafrost has a long tradition of extending the lifespan of materials and workboats are regularly overhauled in local shipyards and equipped with the latest technology, adding many years of operation to these boats. The work includes replacement of steel, sandblasting, painting, and installing new motors and cranes, and all hydraulics are often replaced with a new electric and eco-efficient system. The benefits of repairing and recycling are significant, including resource efficiency by reducing the number of new materials needed per year of operational activity optimising energy use by using the latest technology and reduction in Scope 3 GHG emissions from upstream transportation and distribution of materials.



Stangarnes **Before**



Stangarnes **After**

Photos: Mest Shipyard



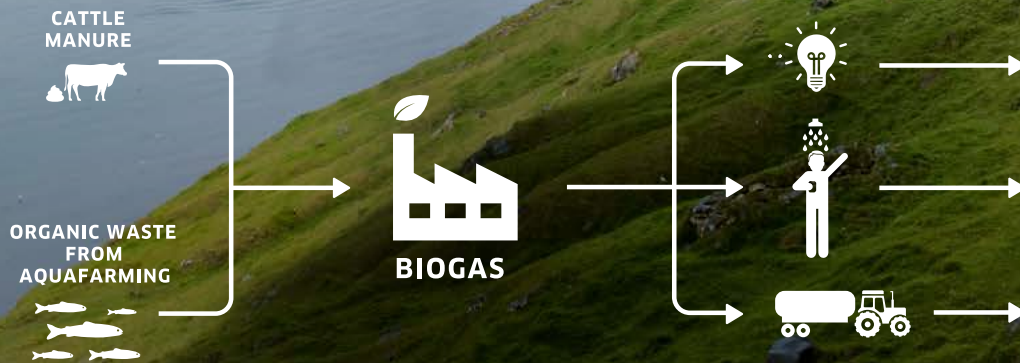
Recycled nets

Photos: Vónin/Nofir

Complete overhaul of 'Stangarnes' at the local Mest shipyard in the Faroe Islands.



Healthy environment FÖRKA – Biogas Plant



POWER
1,223

Homes
(à 5 MWh)

DISTRICT HEATING
260

Homes
(à 15 MWh)

LIQUID FERTILIZER
30,345

Tonnes

In 2022, FÖRKA received in total 30,636 tonnes of biological waste. The biological waste mainly originates from the aquaculture industry. In 2022, FÖRKA delivered 30,345 tonnes of high-quality fertilizer for Faroese agriculture and provided 2.3% of the total renewable electrical production in the Faroe Islands.

In the year 2022:

6,113 MWh (7,532 MWh) Power produced.

3,893 MWh (5,413 MWh) heat delivered to the district heating system.

Logistics

Transport is a big part of our daily business. Our customers expect fast and reliable deliveries. Bakkafrost is accelerating efforts to make our business and supply chain more sustainable with the urgency of tackling climate change increasing. One of the biggest challenges is shipping of our products to worldwide customers. Sea freight is our main transport. We use sea freight to all our frozen products and wherever possible and then air freight to transport our fresh salmon to the overseas markets. The second biggest item when it comes to our Scope 3 emissions, after feed ingredients, is air freight, and we are committed to a more sustainable logistics. In this decade, the sector will make significant steps to handle intercontinental supply chains more sustainably. Still, we cannot wait for others to solve the issue and we want to be part of the solution.

With today's technology there are no solutions to transporting fresh fish to overseas markets, without compromising quality, leading to significant food waste. According to our customers, Bakkafrost has a superior quality salmon, excellent for high-end restaurants and the fresh market. To serve our customers overseas, we are reliant on airfreight. We have established a

new airfreight company to ensure that we are in control and able to reduce the emissions both on short term, by flying shorter distances, less ice and more fillets etc. and on the long term by e.g., be able to trial environmentally friendly fuel.

Even though we transport a significant amount of our salmon by sea (79% in 2022), sea freight is not the best type of transport for fresh fish due to the time it takes. To New York from the Faroe Islands takes 12 days. Bringing airfreight into our value chain and optimising each link, we can reduce CO₂ emissions by up to 40%.

In 2022 79% of our products were transported by sea and 21% with air freight.

Total Share of harvest volume transported by air:

- 2022: 21% (US: 13% Asia: 8%)
- 2021: 22% (US: 13%, Asia: 9%)*
- 2020: 19% (US: 12%, Asia: 7%)
- 2019: 33% (US: 17%, Asia: 16%)

*Updated figures

Bakkafrost will reduce transportation emissions by bringing airfreight into our value-chain and thereby

- Shortening the flight distance and shipping boat and trucking to London Heathrow
- Reduce food waste by providing products with longer shelf life
- Reduced weight, fly less ice and less heads and bones
- Increased control of the cold chain
- Trial environmentally friendly air fuel

EXAMPLE:



Freshwater

The planet faces growing water constraints as climate change causes fluctuations in supply resulting from both global drought and flooding events. Although we do not operate in areas with freshwater scarcity, no location is immune to water scarcity effects. Thus, we continue to focus on freshwater efficiency, and operate according to our freshwater use policy, which sets out guidelines for both limiting and efficient use of freshwater throughout our value chain.

Hatcheries have the highest demand for water, and we have invested in improved technology to recycle water at all hatchery sites in the Faroe Islands. In Scotland, we have started introducing Recirculating Aquaculture Systems (RAS) at our Applecross site. RAS sites are much more water and feed efficient. Our freshwater hatcheries and processing sites in Scotland operate under strict water abstraction and discharge licences. We were one of the first salmon farmers to start recirculating water in hatcheries, currently in the Faroe Islands 98.7% of all water used by hatcheries is recycled.

70% of freshwater used in the world today is estimated to be for agricultural use and an efficient use of our natural water resources is required. Salmon has the lowest water footprint of the four largest sources of animal protein, this is an industry average, and our own calculations show that Bakkafrost salmon's water footprint is even lower. Source: FAO and GSI

For more information, please see our Bakkafrost Policy on Freshwater use found on our website.

Examples of water initiatives:

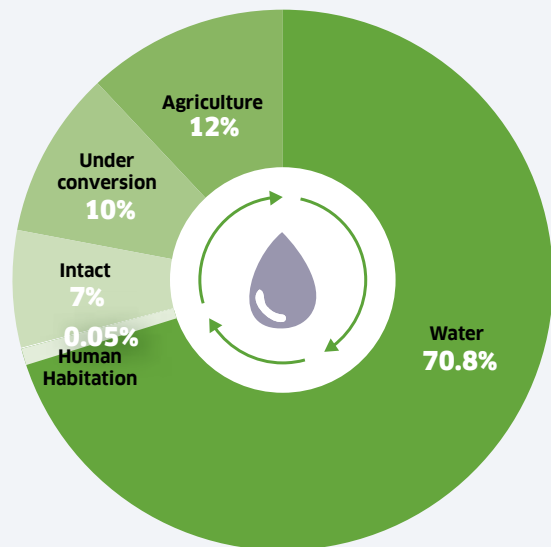
- Recycled approximately 60,000 cubic metres of water per hour in our hatcheries.
- Introduced the new Bakkafrost Freshwater Use Policy stipulating that we do not operate in areas with water scarcity and formalizing that we carry out continuous water risk assessments and monitoring.

- Introduced Recirculating Aquaculture Systems at some of our locations in Scotland, already in place in the Faroe Islands, which are more water and feed efficient.
- Reduced water usage by 95% by introducing RAS at Applecross.
- Integrated the capture of rainwater filtered through the surrounding mountains instead of surface water in the construction plans for the new Ónavík hatchery in Suðuroy
- Started disclosing against CDP Water for the first time in 2022

We already have plans to invest in additional RAS sites in Scotland and continue to decrease water used. We will continue improving water use monitoring and work to further optimise freshwater use with an ongoing target to have 97% water recirculation rate.

Water recirculation rate in hatcheries in the Faroe Islands 98,7%. In Scotland at our Applecross RAS site it is 94%.

Please see www.bakkafrost.com/sustainability for 2022 water data.



Global freshwater use

WATER CONSUMPTION

(liter per kg edible meat)



Source: GSI

CLIMATE CHANGE AND ENERGY

The salmon industry has relatively low CO₂ emissions compared to other industries, see figure on page 94. Despite having the lowest carbon footprint relative to the five largest sources of animal protein, we aim to maintain a low level through efficiencies in our vertically integrated value chain. We have an opportunity to directly control our own local feed production, using a high proportion of certified and mostly local marine content, as well as our own farming service vessels, processing facilities, packaging production and circular waste management solution with FÖRKA biogas plant.

Energy Efficiency

We recognise the importance of continued investment into the efficiency of our operations as we continue to grow. Our aim is to decouple carbon emissions from our production, and we have achieved this in some areas including linking feed barges to electricity from the shore, recycling energy at our hatcheries and feed and processing factories, consolidation of operations, and through training of responsible behaviour.

As one of the world's largest salmon producers, our production has a significant footprint. Thus, using renewable energy to produce our salmon is one of our top priorities.

Across our entire value chain, we seek to maximise the efficient use of resources, this is not only the right thing to do, but also makes business sense.

When investing in new buildings, we ensure that they are as energy efficient as possible. At our production plant at Glyvrrar, all heating, including warm water for washing, comes from excess heat generated from the production of packaging material - there is no other heat source. The same applies for the hatchery at Strond, which is only heated with



excess heat generated from pumps and machinery. At our new Applecross hatchery, we take this to another level with the use of renewable energy from the on-site photo-voltaic cells and adjacent hydro scheme.

For many years, we have pursued energy efficiency and we continue to look for less energy-intensive processes. We are continuously seeking to minimise biological risk in our operations, and shortening the farming cycle in the marine environment by moving production on-land is part of the strategy. This is however more energy intensive, and to minimise the increase in energy consumption we continue

to introduce more efficient technology, including at our hatcheries.

We have worked with energy efficiency onboard our Farming Service Vessels for many years, and we have reduced energy consumption measurably by reducing sailing speeds for less urgent assignments. This has proved highly effective and energy efficiency is now an integrated part of the work practices onboard the Farming Service Vessels which we control ourselves.

Data

ESG data, including data on climate impact, is becoming an increasingly important tool for companies to support their sustainability journey. To provide further transparency on our sustainability efforts to customers, investors and other stakeholders, and to support better knowledge-based strategic sustainability decision-making, we are working on building an internal data warehouse holding data from across our organisation. One of our first priorities was to capture data related to energy consumption and emissions. We now have live access to energy data, providing accurate monitoring and thus better transparency and support for decision-making.

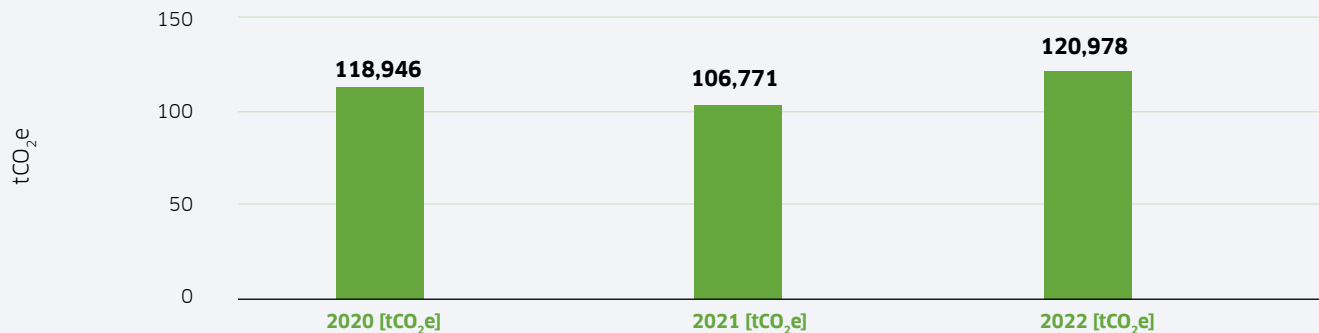
We will continue to expand the data capture to include all areas covered by our Healthy Living Plan to provide the full sustainability picture.

We have installed an energy monitoring system at the Glyrvær factory plant and dashboards in processing to register and optimise energy consumption.

In Scotland almost all our sites have AMR (automated meter reader) fitted to their electricity supply which records power usage in real time, allowing for improved ownership, continual improvement and accurate billing. We are currently looking into capturing and including energy consumption data in our data warehouse.

We recognize the importance of continued investment into the efficiency of our operations as we continue to grow. Using renewable energy to produce our salmon is one of our top priorities.

TOTAL GHG EMISSIONS SCOPE 1 & 2



Our Carbon Footprint

Given the relatively young and evolving nature of our sector, we are often faced with new challenges which in the past have impacted our carbon emissions, for example our new delousing strategy. As we continue to extend our value chain, we remain committed to looking for opportunities to continue this decoupling growth from emissions.

We anticipate our emissions from electricity use to reduce in the Faroe Islands as the national electricity provider SEV decarbonises the grid. They are working towards a 100% renewable energy target by 2030.

On Group level, overall scope 1 & 2 emissions have increased from 106,771 tCO₂e in 2021 to 120,978 tCO₂e in 2022. This is due to increased fuels use, mainly within our feed production. Although total electricity consumption on Group level increased by 6% in 2022, scope 2 GHG emissions have decreased from 31,851 tCO₂e in 2021 to 27,332 due to revised emission factors in the Faroe Islands, where the share of renewable energy provided through the grid increased from 38% in 2021 to 52% of the total energy production in 2022.

Scotland

The scope 1 & 2 carbon footprint of our Scottish operations increased by 10% compared to 2021 figures. This is mainly due to an increase in scope 1 emissions as a result of an increase in boat utilisation. The increased scope 2 emissions are associated mainly with additional power consumption at our Applecross RAS facility which underwent significant expansion in 2022. Almost all power demand at the Applecross is anticipated to be from on-site renewable generation once the site is fully operational.

Rest of the Group (including Faroe Islands, US, UK, DK and FR)

Our total scope 1 and 2 carbon footprint for the rest of the Group, including Faroe Islands, US, UK, DK and FR operations increased by 15% in 2022 and accounts for 76% of our total scope 1 and 2 emissions. The increase is mainly due to the return to previous production levels at our feed division at Havsbrún after a low-production year in 2021.

With a significant increase in the share of renewable energy provided through the national grid in the Faroe Islands in 2022, we slowly start to see a decoupling of growth from

emissions, with electricity consumption in our Faroese operations increasing with 4% in 2022 compared to 2021, but with absolute scope 2 emissions decreasing by 16% in 2022 compared to 2021.

On Group level, the overall Scope 1 and 2 GHG intensity increased 0.5%, since we sold 13% more products in 2022 compared to 2021.

Scope 3 emissions

Our scope 3 emissions account for 79% of the total GHG emission.

In 2022, scope 3 emissions have increased by 4% compared to the previous year from around 398,000 tCO₂e to around 412,000 tCO₂e. This is mainly due to an increase in purchased quantities of feed ingredients, especially rapeseed oil, soy protein concentrate, fishmeal input and wheat products.

In 2022 our tons of sold products increased with 13%, which means that our GHG intensity for Scope 3 emissions decreased by 8%.

Purchased goods and services, downstream transportation and distribution, use of sold product and fuel and energy related activities form 92% of the total Scope 3 (excl. capital goods) footprint.

We have set ourselves an ambitious target of reducing scope 3 GHG emissions by 52% per tonne of product sold by 2030 from a 2020 base year.

We are continuously looking for ways to reduce our scope 3 emissions, and in 2022 we engaged with our most significant suppliers in the Faroe Islands on climate change topics at our Bakkafrost Supplier Day. We plan to arrange a similar event in Scotland for our most significant Scottish suppliers.

We have also commenced engagement with our suppliers of feed ingredients as these products have the most material

impact on our scope 3 emissions, and we plan to build robust partnerships to collaborate on achieving sustainability goals, including reducing GHG emissions.

Our progress towards verified SBTi status:

During 2021 we began work on setting a scope 3 carbon reduction target for the entire Group. Scope 3 emissions are indirect emissions which relate to the upstream and downstream activities of a company. That work resulted in a target recommendation, committing to reduce scope 3 GHG emissions by 52% per tonne of product sold by 2030 from a 2020 base year. Prior to this, work was done to set an ambition level for an SBTi target for Scopes 1 and 2, resulting in a target of 50% reduction in absolute emissions for Scope 1 and 2 by 2030 from 2020 levels, consistent with reductions required to keep warming to 1.5°C. The targets were approved by the board and submitted via target validation form to the Science Based Target initiative (SBTi) in June 2022. We are now in the process of achieving verification of this target and will be able to report further progress in due course, via our website.

The SBTi independently assess corporate emission reduction targets in line with what climate scientists define as needed to meet the goals of the Paris Agreement.

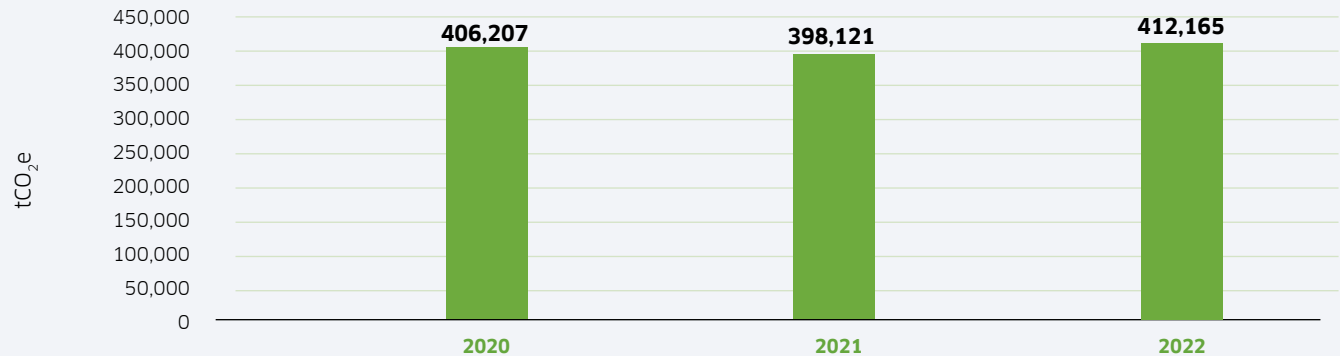
Renewable electricity



100%
Market-based
and REGO-certified
Scotland

52%
Grid-average
Faroe Islands

SCOPE 3 GHG EMISSIONS:



Carbon Reduction Initiatives

We continue to investigate innovate ways to reduce our carbon footprint across our entire value chain, ranging from small initiatives to huge innovative projects.

Renewable energy in Scotland

In Scotland we are focused on using renewable sources where possible, and in 2022 100% of our electricity supplied was from renewable sources.

Applecross

We have continued to develop a new RAS unit at Applecross, our Centre of Excellence in freshwater production, which is supplied by renewable energy from a hydro scheme. There are plans to supplement this power with both photovoltaic renewable energy and battery storage with PV cells on a number of the buildings on site. RAS systems are more water and feed efficient and thus with the introduction of Applecross we are reducing our resource demand in smolt production.

Electric vehicles

We are exploring the option of having more electric vehicles (EV) in our fleet. In the Faroe Islands, we have accelerated the transition to EV's with 13 of the 78 vehicles in our fleet now being 100% electric. We plan to further expand our fleet of EV's both in the Faroe Islands and in Scotland.

In 2022, we accelerated the transition to electric vehicles now making 17% of our vehicle fleet in the Faroe Islands.



Electrification

Our aim is to decouple carbon emissions from our production, and we have managed to achieve this in some parts of the value chain - through electrification in areas such as feed barges, recycling of energy at our hatcheries and feed and processing factories, consolidation of operations, and through promoting responsible behaviour.

In September 2022, we reached a milestone on our journey to electrify our operations when we took delivery of our first 100% electric catamaran workboat. The electric catamaran is the result of an energy project facilitated by the Nordic Council of Ministers, which aims to find sustainable energy solutions for remote areas. The national grid company SEV also participated in the project by delivering an advanced charging system which ensures that the vessel is charged when spare renewable energy is available, which is typically during night-time.

In the Faroe Islands, we are well underway in electrifying all feed barges, and in Scotland we are also looking into direct shore supply of electricity to barges. We are also still looking

at ways in which hybrid technology can be deployed in our workboats. We have started introducing more hybrid barges in Scotland, including at Strondoir Bay, Lower Loch Fyne, where our new barge was fitted with a hybrid system, which is estimated to reduce the site's diesel generator running time down to 20%.

Engaging with suppliers on climate-related issues

In November 2022, we arranged our first Bakkafrost Supplier Day where we engaged with our most significant suppliers in the Faroe Islands. The event is part of our plan to reduce our scope 3 GHG emissions. We also plan to arrange a similar event for our Scottish suppliers. Read more on the supplier engagement event on page 97.

We include climate change adaptation measures in our long-term plans for the business. We have strengthened our Corporate Responsibility Policy outlining our approach to environmental management, including energy use, pollution, waste and water management. This can be found at www.Bakkafrost.com/sustainability.

Grønarók – Bakkafrost 100% electric workboat

Partnerships and collaboration between stakeholders are key elements of solving the complex sustainability challenges facing us going forward. In September 2022, Bakkafrost took delivery of the 100% electric catamaran workboat, Grønarók, which is the result of a collaboration between the Nordic Council of Ministers, the Faroese Government and the Faroese power company SEV. The construction of an 100% electric catamaran was part of a project facilitated by the Nordic Council of Ministers aiming to find sustainable energy solution for remote areas, and Bakkafrost committed to participate in the project and eventually buy the vessel once completed.

The Faroese shipyard MEST tendered the construction project and has through this project in many ways become a pioneer within the area of constructing electric boats for the aquaculture industry.

In conjunction with MEST shipyard, Bakkafrost arranged an event where the green catamaran was officially handed to Bakkafrost.

Speeches were made, and Regin Jacobsen, CEO of Bakkafrost, talked about Bakkafrost's sustainability strategy and the importance of cooperation between the authorities and the industry if sustainable solutions are to be implemented in the Faroe Islands.

Regin Jacobsen said:

“Cooperation enables dreams and visions to be realised, but they can turn into nightmares if the cooperation does not work or is unorganised. Thus, it is of the utmost importance that we facilitate a land-based grid, which can produce and supply enough green energy.

We need to cooperate openly and willingly to explore new paths in all areas if we want to make a positive impact. There



Photos: Faroephoto

are still many changes that must be made if we are to reach our goals, but currently, things are going too slow, and if we do not start to make courageous decisions, we will be too late”.

Also, the Faroese Prime Minister (at the time), Mr Bárður á Steig Nielsen, and Mr Kári Mortensen, director of the energy department at the Faroese Environment Agency, gave speeches. Also, Mr Terji Nielsen from the national energy company SEV talked about the advanced technology, which has been developed to ensure that the boat will be powered with the most sustainable energy available. The software

utilizes weather forecasts and machine learning to analyse when renewable energy is available.

Finally, Mr Mouritz Mohr, CEO of MEST shipyard, talked about, how the electric catamaran will provide the Bakkafrost staff with a more comfortable workday with no engine noise or smell from diesel engines. Finally, the keys were handed over to CEO Regin Jacobsen.

The catamaran has commenced operations at the Gulin farming site in Tórshavn.



“Cooperation enables dreams and visions to be realised, but they can turn into nightmares if the cooperation does not work or is unorganised. Thus, it is of the utmost importance that we facilitate a land-based grid, which can produce and supply enough green energy.

We need to cooperate openly and willingly to explore new paths in all areas if we want to make a positive impact. There are still many changes that must be made if we are to reach our goals, but currently, things are going too slow, and if we do not start to make courageous decisions, we will be too late”.

Regin Jacobsen Bakkafrost CEO

TCFD Climate-related scenario analysis

Bakkafrost has been working toward consistency with the TCFD recommended disclosures since 2019. One of the final tasks was to complete a climate-related scenario analysis, which we did in 2022.

A sub-set of climate-related issues were identified as priority risks and opportunities to the business. These were chosen following three multi-stakeholder workshop sessions in which a long-list of over 30 climate-related risks and opportunities were discussed in detail. Full list of issues explored was consistent with those described in Appendix 1 of the TCFD implementation guidance (2021), with further developments to fit the specific geographical and sectoral context in which the business operates.

For climate-related transition risks, the biggest risk to the business comes from a "late transition" scenario. For physical risk, a "hot house" scenario poses the largest challenges.

The analysis suggests that Bakkafrost is most exposed to the risk of a carbon tax on emissions given the ambitious growth strategy and carbon intensive operations. Aside from carbon pricing, in the time period from now to 2050, Bakkafrost primarily faces risk through the Havsbrún (feed segment) supply chain, even though the vertical integration of feed and farming brings it a level of resilience and independence.

Finally, significant climate-related opportunities exist for the business, like further revenue streams in biogas production and energy independence through renewables have shown to be significant under transition scenarios.

Scenarios and timeframes

Scenario	Short description	Reference data
Early transition	Gradual and deliberate shift towards a low carbon economy with the outcome of successfully limiting global average temperature within 2°C by 2100.	SSP1 (UNFCCC) RCP1.9 (IPCC)
Late transition	Sudden shift towards a low carbon economy with governments making dramatic policy interventions to make up for a late start. Global average temperature increase to be kept within 2°C by 2100 with possible overshoot.	SSP1-2 (UNFCCC) RCP2.6 (I PCC)
Hot house	Continuation of current projection of carbon emissions without any significant abatement or mitigation. Likely to result in temperature increases in excess of 4°C by 2100.	SSP2-5 (UNFCCC) RCP8.5 (I PCC)

The potential impacts on Bakkafrost under each scenario have been considered for two time horizons, 2050 and 2070. These time horizons were chosen to reflect a sufficiently long-term timeframe in order to adequately capture physical risk exposure (2070), while also allowing cross comparison with transition risks (2050).

Priority risks at 2050

Value chain stage	Risk description	Early transition	Late transition	Hot house
Upstream	Sourcing feed inputs for Havsbrún (soy and marine proteins)	■	■	■
	Electricity supply	■	■	■
Direct operations	Carbon pricing	■	■	■
	Harmful algal blooms	■	■	■
	Extreme weather events	■	■	■
Downstream	Use of air transportation	■	■	■

Key: High= ■ Medium= ■ Low= ■

Beyond 2050, it is possible that harmful algal blooms may lead to significant losses in yield through mortality events. Similarly, increases in extreme weather events may also lead to increased operating costs through challenges associated in marine farming security and attracting skilled labour. However, it should also be noted that these are evolving areas of understanding with a high degree of uncertainty.

In terms of the climate-related opportunities most likely to be realised over the chosen scenarios, expansion of biogas production in the Faroe Islands and exploration of future renewables generation are both potentially significant opportunities for the business. Of the chosen scenarios, "Hot house" demonstrated the lowest potential for capitalising on climate-related opportunity.

BAKKAFROST: ENERGY CONSUMPTION AND EMISSIONS 2022

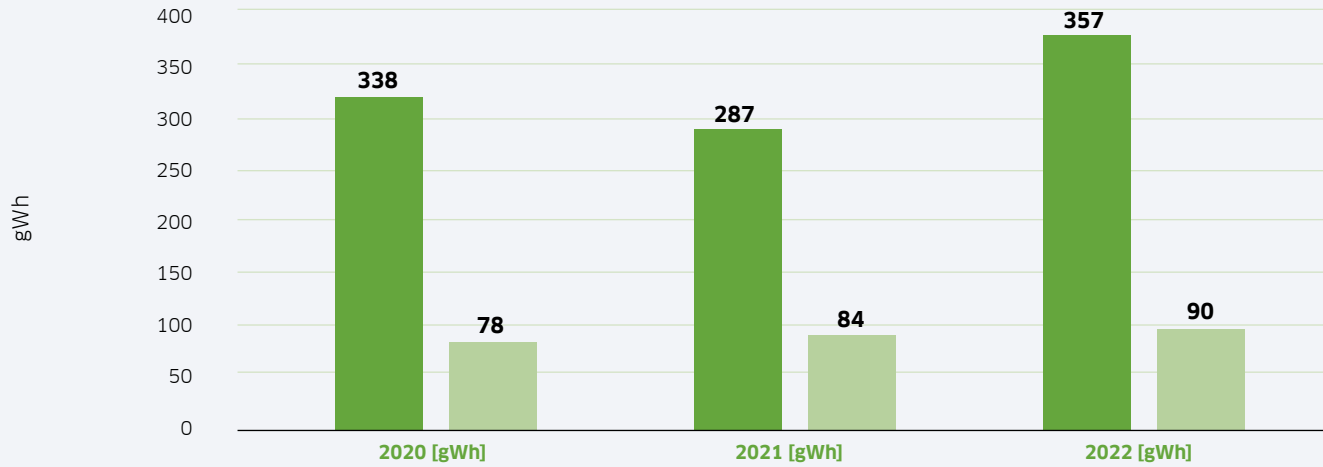
ENERGY CONSUMPTION AND EMISSIONS 2022	2020	2021	2022	% Change – 2022 from 2021
Energy Consumption	[kWh]	[kWh]	[kWh]	
Direct energy use - scope 1	338,249,751	286,953,462	357,398,280	25%
Indirect energy [electricity] use - scope 2	77,807,180	84,301,681	89,775,154	6%
Total energy use	416,056,931	371,255,143	447,173,434	20%
GHG Emissions	[TCO2e]	[TCO2e]		
Direct energy use - scope 1	88,510	74,881	93,646	25%
Indirect energy [electricity] use - scope 2	30,437	31,851	27,332	-14%
Total emissions from energy (scope 1 and 2)	118,947	106,732	120,978	13%
Total scope 3 emissions (see boundary below)	406,207	398,121	412,165	4%
GHG Intensity				% Change – 2022 from 2021
Tonnes of product sold (see products below)	127,658 [tonnes]	123,478 [tonnes]	139,267 [tonnes]	13%
tCO2e emitted per tonne of product sold (all Bakkafrost Faroe Islands/Scotland) – Scope 1, 2	0.93	0.86	0.87	0.5%
tCO2e emitted per tonne of product sold (all Bakkafrost Faroe Islands/Scotland) – Scope 3	3.18	3.22	2.96	-8%

The table above outlines the energy consumption and GHG emissions for scope 1, 2 and 3 between 2020 and 2022. Please note:

- Energy consumption and GHG emissions are now reported from our selected base year (2020) to the most recent reporting period.
- As of 2022, energy consumption and GHG emissions for Bakkafrost Faroe Islands, US, UK, Scotland and Munkebo (Denmark) are reported together. This includes energy consumption from:
 - Bakkafrost Faroe Islands - biogas, broodstock, hatcheries, farming, harvesting, processing (including smokery), packaging used for fishmeal, oil and feed production, and biogas production to be sold to the national grid.
 - Bakkafrost US - fishmeal, oil and feed, packaging which we produce and sell to other fish farmers, and service vessels used for other farms.
 - Bakkafrost UK - office energy consumption.
 - Bakkafrost Scotland - all our farming, harvesting, and processing operations.
 - Munkebo Denmark - site energy consumption.
- Our two-and-a-half-year production cycle means there is some variability in production. Environmental data will be impacted by this, and trends will be most meaningful over a four-year period. This should be taken into account when comparing data.
- Electricity consumption (Scope 2) gives rise to indirect emissions, i.e. via combustion of fossil fuels by the power company to generate energy. Direct emissions (Scope 1) result from the combustion of fossil fuels, i.e. solid, liquid or gas for heating, creating propulsion in vessels etc.
- The methodology used for the carbon accounting is The Greenhouse Gas Protocol, a Corporate Accounting and Reporting Standard (Revised Edition).
- We quantified our indirect scope 3 emissions for Bakkafrost Faroe Islands in 2019, and Bakkafrost Scotland in 2021. We reviewed the 15 Scope 3 categories of the GHG Protocol and identified 9 that were material for which there was good primary evidence available to estimate associated emissions. Using industry carbon benchmark data, we estimated the emissions associated with each category. This included downstream transportation and distribution of products, purchased goods or services, use of sold products, end-of-life treatment of sold products, upstream transportation and distribution, employee commuting, business travel, fuel and energy related activities and waste generated in operations. Since undertaking the initial exercise, we have added processing of sold products for sold oil and waste products. We endeavor to report this figure on an annual basis. We are aware that, in future, further categories may be included within the scope of our Scope 3 calculation.
- We have also re-confirmed the materiality of capital goods emissions for Bakkafrost Faroe Islands and Bakkafrost Scotland in the 2022 scope 3 footprint, in order to be able to continue to justify its exclusion. Capital Goods emissions are not included within the reported Scope 3 figures from 2020 to 2022.
- We have made improvements to the methodology of the scope 3 calculation in 2022. As a result, the 2020 value for Scope 3 has decreased by 11% compared to what was published in last year's report. The 2021 figure has decreased by 6%. The main reason for the reduction is the exclusion of embodied feed emissions supplied from Bakkafrost Faroe Islands to Bakkafrost Scotland, which are captured under Scope 1 and 2 emissions, and the removal of capital goods emissions from Bakkafrost Scotland, which were previously reported under Scope 3 emissions.
- We have implemented a new KPI which now benchmarks annual Scope 1, 2 and 3 emissions against tonnes of sold product rather than salmon produced. This KPI is more representative of Bakkafrost's operations and takes account of all salmon, fish feed, meal and oils sold.
- The chosen consolidation approach for emissions was operational control. All figures are direct consumption reported for each Business Unit, multiplied by an energy conversion factor (as appropriate) and carbon emission factor per unit consumed.
- Estimates were made for Scotland Ferry business travel between August - December. No other estimates have been made for missing or incomplete data from across the operations of Bakkafrost.
- All emission and conversion factors for direct emissions (Scope 1) are from BEIS [UK] 2022's dataset, while emission factors for electricity use are based on the most recent statistical data available obtained from IEA, BEIS, or direct from Umhvörvisstovan, the Faroe Islands Environment Agency.
- Tonnes of Carbon Dioxide equivalent (tCO₂e) has been calculated and stated here - this then takes account of the global warming potential attributed to the other two key greenhouse gases associated with combustion of fossil fuels, in addition to carbon-dioxide (CO₂), i.e. methane (CH₄) and nitrous oxide (N₂O).

SCOPE 1 & 2 ENERGY CONSUMPTION

■ Direct energy use - **SCOPE 1**
 ■ Indirect energy [EI- and Heat] use - **SCOPE 2**



There has been an overall increase of 20% YOY in energy consumption. Broken down by scope:

- **Scope 1** 24% YOY
- **Scope 2** 6% YOY

There has been an overall increase of 13% in total scope 1 and 2 GHG emissions

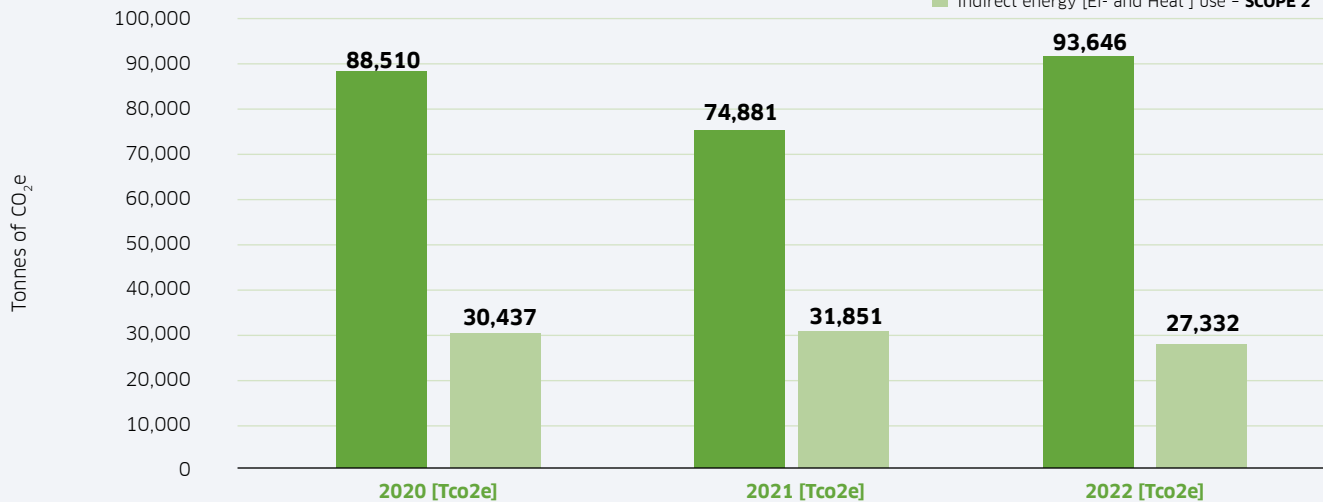
- **Scope 1** +25% YOY
- **Scope 2** -14% YOY

Our total scope 1 and 2 carbon footprint went up by 13% in 2022. This is mainly due to a 24% increase in scope 1, caused by a significantly increased production of fish meal at Havsbrún which primarily relies on fuel oil.

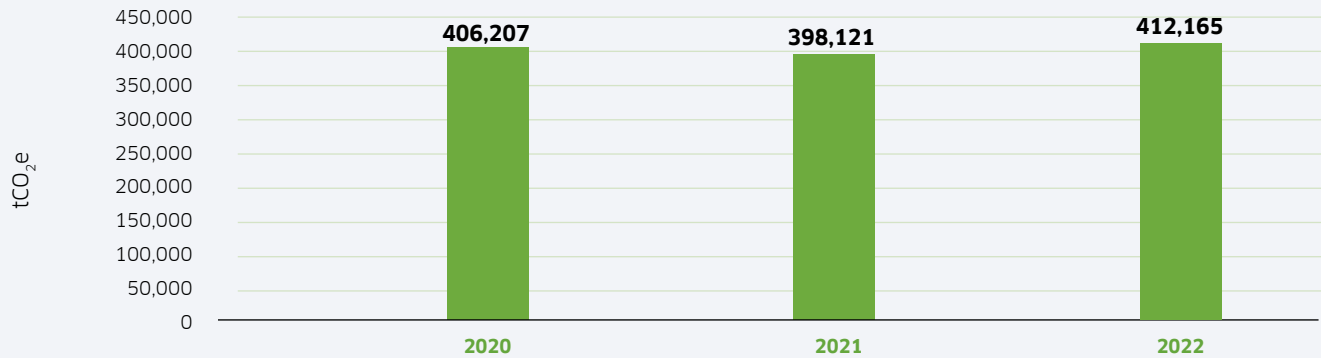
In 2022 our tonnes of sold products increased with 13%, so the overall Scope 1 and 2 GHG intensity increased 0.5%, compared to 2021.

SCOPE 1 & 2 GHG EMISSIONS

■ Direct energy use - **SCOPE 1**
 ■ Indirect energy [EI- and Heat] use - **SCOPE 2**



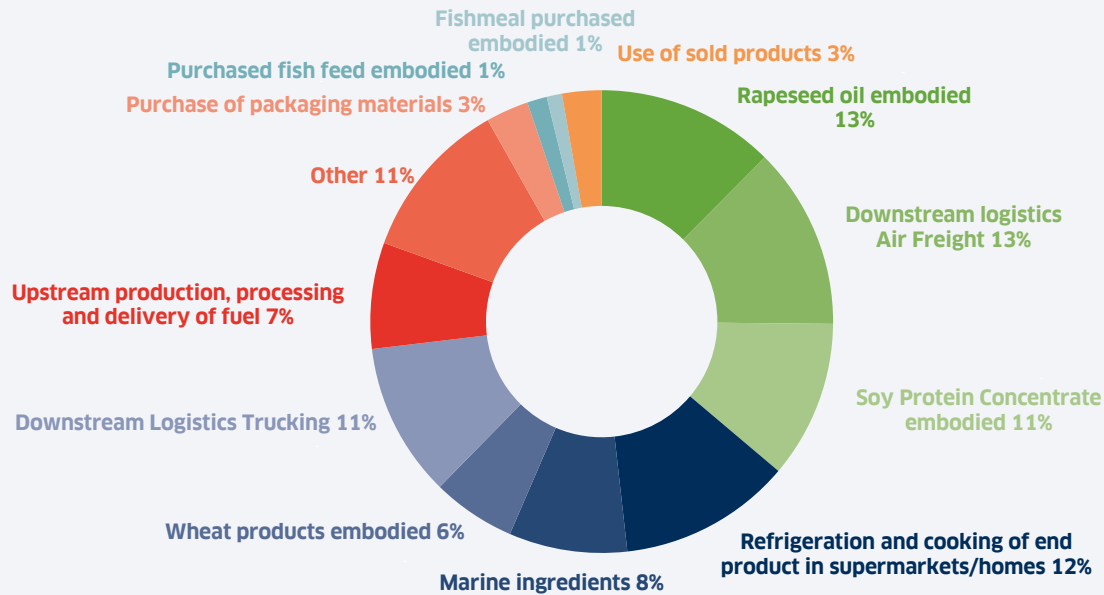
SCOPE 3 GHG EMISSIONS:



There has been an overall increase of 4% YOY in Scope 3 greenhouse gas emissions. The increase in the emissions in 2022 reported figures is mainly due to the increased emissions in the Purchased Goods and Services category due to increased purchased quantities of ingredients used in feed production.

In 2022 our tonnes of sold products increased with 13%, which means that our GHG intensity for Scope 3 emissions decreased by 8%.

SCOPE 3 BREAKDOWN BY SOURCE - 2022



Salmon's environmental footprint

Approximately 25% of greenhouse gas emissions comes from food, so we must dramatically reduce this. In northern Europe we individually create on average 3 tonnes of carbon per year, from the food and drink we consume or 8.2 kg per day. So how do we reduce this?

Carbon footprint

If we base our diet on salmon, chicken or pork, we will reduce our carbon footprint compared to beef or lamb. The salmon industry has the lowest carbon footprint relative to the five largest sources of animal protein outlined in the figure below. Switching from beef to salmon will lower your carbon footprint related to animal protein consumption by up to 85%.

SALMON FARMING | CARBON FOOTPRINT

KG CO₂e PER KG PRODUCT



CO₂e is calculated by multiplying the emissions of each of the six greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs and SF₆) by its 100-year global warming potential (GWP) Source: WWF Sverige & Carboncloud

Land use

It's not only CO₂ that is the issue. If we look at the land area needed to produce 100g of edible protein, we can see that again pork, chicken and salmon have the lowest demand on land.

LAND AREA NEEDED TO PRODUCE 100G OF EDIBLE PROTEIN



Source: GSI

Feed Conversion ratio

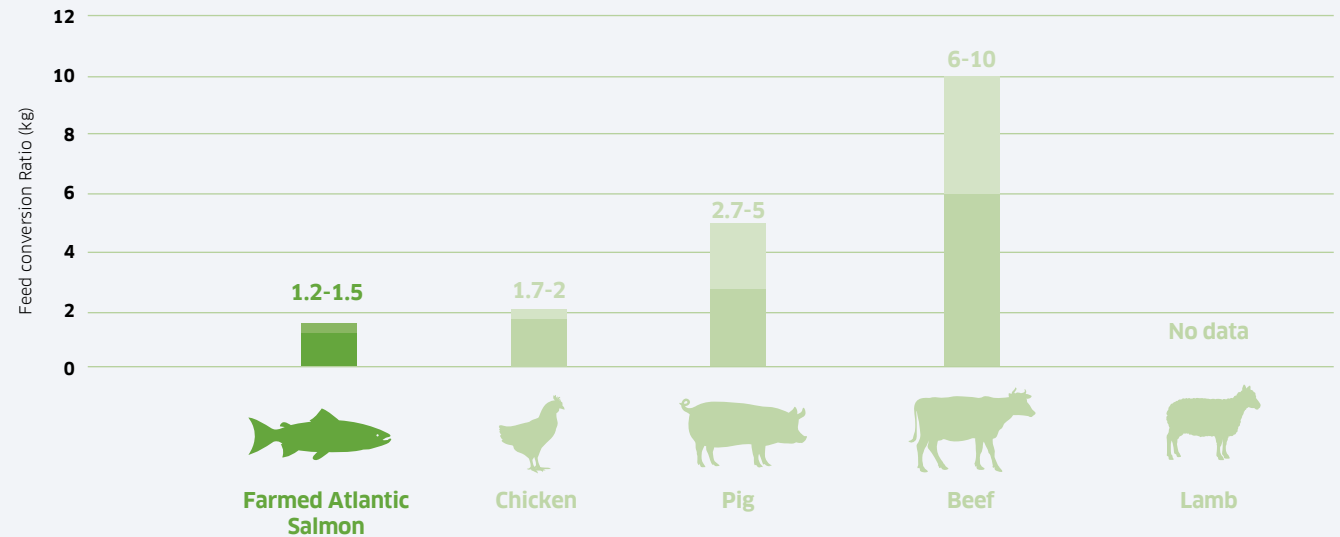
The feed conversion ratio (FCR) describes the efficiency in terms of how much kg feed is required to produce 1 kg of protein. Farmed salmon has the lowest feed conversion ratio of the four largest sources of animal protein: around 1.2 kg of feed for every 1 kg increase in body weight, compared to between 6-9 kg to every 1 kg for cattle (GSI).

Our biological feed factor remains very low in the Faroe Islands at 1.06 in 2022, and in Scotland our biological feed factor was 1.26 in 2022, we remain focused to keep this low. Protein retention from salmon is double that of beef.

As one of the most efficient forms of protein, experts are promoting responsible aquaculture as one sustainable solution to the growing global demand for protein.

For more information on FCR, please see page 101.

FEED CONVERSION RATIO (FCR)



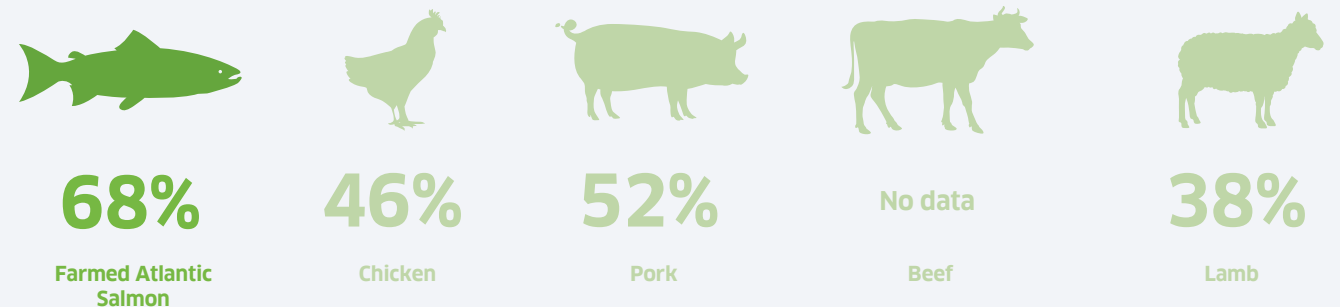
Note: Feed conversion ratio (FCR) measures the productivity of different protein production methods. It demonstrates the kg in feed needs to increase the animals bodyweight by 1 kg. Source: GSI

Edible meat

The most important parameter is the efficiency of the animal in converting feed to edible meat and here salmon stands out. This means that with 100 kg of feed you get 68 kg of salmon meat, compared to much lower volume from the other animal species.

EDIBLE MEAT PR KG FEED

Calculated with avg. FCR of 1.3. Bakkafrost Faroes FCR (2021) was 1.06



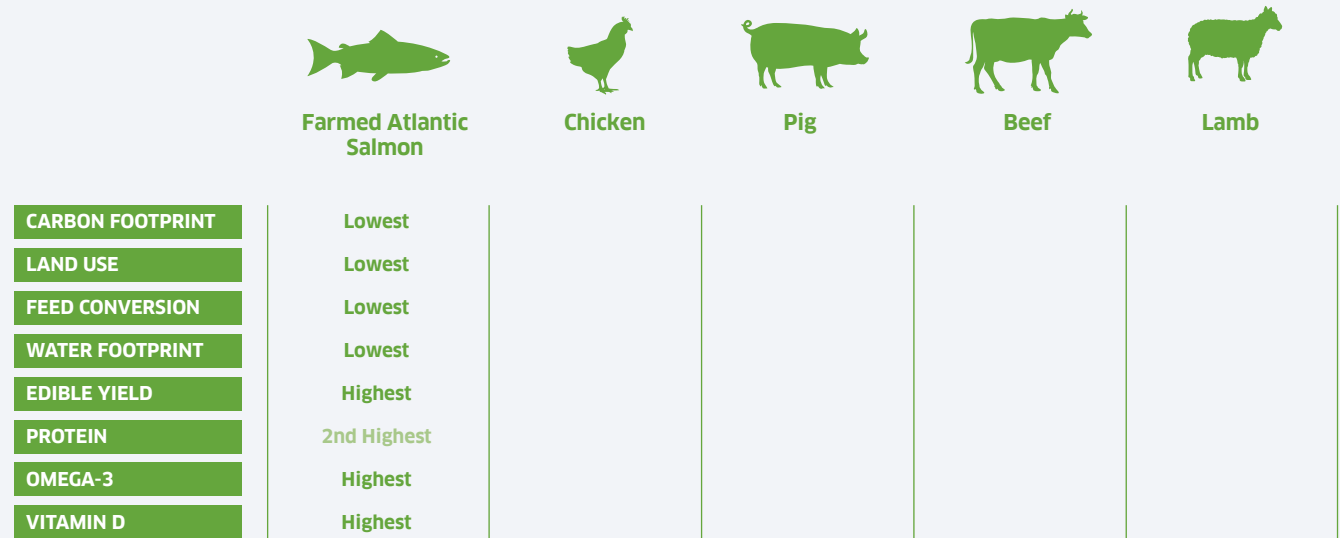
These calculations take into account differences in FCR, edible yields and the cost of progeny. Source: Global Salmon Initiative, Bakkafrost

As well as the environmental advantages, Bakkafrost salmon is also a healthy source of protein. An average 100g of Bakkafrost salmon contains 2.47g of Omega-3 and 10.11 microgram Vitamin D, this means that a 125g portion of salmon has the recommended daily intake of Omega-3 and Vitamin D.

In summary, farmed salmon is one of the most eco-efficient forms of protein available.

Low carbon footprint, low demand on land, efficient feed conversion ratio, low requirement for freshwater, high yield of edible meat and rich in nutrients. On several of these parameters Bakkafrost salmon performs better than the industry average and this means that Bakkafrost salmon is a highly resource-efficient source for healthy and sustainable protein.

FARMED SALMON IS A VERY RESSOURCE EFFICIENT SOURCE OF HEALTHY PROTEINS





Healthy environment Engaging with our suppliers on climate change

In November, we hosted the Bakkafrost Supplier Day where we engaged with our most significant suppliers in the Faroe Islands to discuss sustainability actions and ESG reporting. Bakkafrost has set a target of a 52% reduction of Scope 3 GHG emissions per tonne of product sold by 2030. In 2021, we sourced 59% of products and services locally in the Faroe Islands. Thus it is essential that we build robust partnerships with our local suppliers to ensure that we work on reducing our general carbon footprint.

Collaboration is key to meeting sustainability goals, and we prioritize an open and respectful dialogue with our suppliers to ensure that everyone benefits from the transition to low-carbon solutions.

Our new sustainable procurement policy was presented at the event, encompassing eight procurement principles which will ensure that both expansions, as well as maintenance investments, support continuous sustainable development.

We will continue to engage with our suppliers on sustainability topics, including suppliers for the rest of the group and smaller suppliers.



Applecross

Bakkafrost has a substantial investment programme in Scotland over the next five years to strengthen and grow the business with sustainability at its heart, this will transform our operations.

Our new RAS facility at Applecross will be fully operational by 2024. It will not only be the largest RAS facility in Scotland, but it will also be the most sustainable, with an ambition to be 100% powered by locally produced renewable energy with over 90% reduction in both waste and water consumption. The development of the Applecross RAS site began in 2018 and now four out of the six phases of the site are fully complete, with Phase 5 (AP5) & Phase 6 (AP6) due to be completed in 2024.

Sustainability initiatives have included solar panels to provide up to 30% of the site's power need (when at maximum output), a local hydro power scheme, power factor correction to reduce energy consumption, a saltwater heat exchanger to reduce heat pump energy usage, a wastewater treatment system, and a heat recovery system to reduce power consumption and increase efficiency. During construction concrete re-use saved 195,000 road miles.

There are plans to install a filter belt system to dewater filter sludge from the site in 2023. This will significantly reduce sludge volumes by up to 80%, which will in turn reduce transport and disposal costs and associated GHG emissions.





SUSTAINABLE FISH FEED - HAVSBRÚN

A secure supply of high-quality feed is crucial to ensuring healthy, nutritious, world-class salmon and the long-term sustainable growth of our business. We are committed to transparent, responsible and sustainable sourcing of feed ingredients. Our salmon feed has a high content of marine ingredients, and we are committed to responsible sourcing of raw materials, production of fishmeal, fish oil and feed at our FOF segment (Fishmeal, oil and feed) Havsbrún. Our responsible sourcing practices bring positive social and environmental impacts to our communities. We have an open and transparent relationship with our marine ingredient suppliers. Fish caught in our nearby water not only provides sourcing fish material caught in our nearby surrounding waters not only provides employment for the Faroese community, but it also reduces unnecessary carbon emissions from imported raw materials. Our water and land footprint would be increased if marine ingredients were replaced with plant material as there is no production of plant protein in the Faroe Islands.

We continually review the high inclusion of marine raw material in our feed, monitoring potential implications for migrating North Atlantic fish stocks. To mitigate these risks, we continue to include the use of trimmings*. We source off-cuts from pelagic fish factories in the Faroe Islands and we source as much leftovers as possible. Trimmings which are used for the production of fish meal derive solely from responsibly caught marine raw material. In recent years, processing plants for pelagic species have been built in the Faroe Islands, increasing access to trimmings from this production.

Trimmings used for feed production at Havsbrún derive solely from responsibly caught marine raw material and are leftovers from the production of fish for human consumption.



Free from

We use carbon filtering to decontaminate environmental pollutants like dioxins and DL-PCBs from fish oil despite it being within EU safety limits. Our feed remains free from medicine, growth-promoting hormones, and any salmon meal or residuals from any other farmed species. All fishmeal and fish oil used in the feed is free from ethoxyquin.

* According to the ASC standard version 1.3 2019, trimmings are defined as by-products when fish are processed for human consumption or if whole fish is rejected for use of human consumption because the quality at the time of landing does not meet official regulations with regard to fish suitable for human consumption.

ASC Salmon Standard, version 1.3, July 2019

In 2022, 47% of the fishmeal and 72% of the fish oil included in our feed was derived from fish trimmings. The species used are all responsibly caught in well-regulated fisheries.

Feed conversion

Our biological feed conversion (bFCR) in the Faroe Islands remains very low at 1.06 in 2022. In Scotland, it was 1.26 in 2022 and we are striving to reduce this. A low feed conversion ratio depicts an efficient use of feed resources. We remain focused on keeping this figure as low as possible through our feed development strategy.

Method

The biological feed conversion ratio (bFCR) explains how efficiently the feed is converted into biomass - in other words, how much feed is used to produce 1 kg of salmon biomass, regardless of if the salmon is harvested, dead or otherwise lost. For a harvested site, the bFCR can be calculated as follows: $bFCR = \text{Feed used} / ((\text{Biomass harvested} + \text{Biomass dead} + \text{Biomass culled or lost}) - \text{Biomass released})$.

A bFCR of 1.06 means that our salmon gained 1 kilogram of weight for every 1.06 kilogram of feed consumed. The lower the FCR, the more efficient salmon are in converting feed into food.

We also measure the eFCR (the economic feed conversion ratio) where mortality is included in the measurement. In 2022, the eFCR in the Faroe Islands was very low at 1.16.

The biological challenges Scotland during 2022 is reflected in the FCR for Scotland, which increased in 2022 to 1.26 from 1.21 in 2021, the focus moving forward is to reduce this.

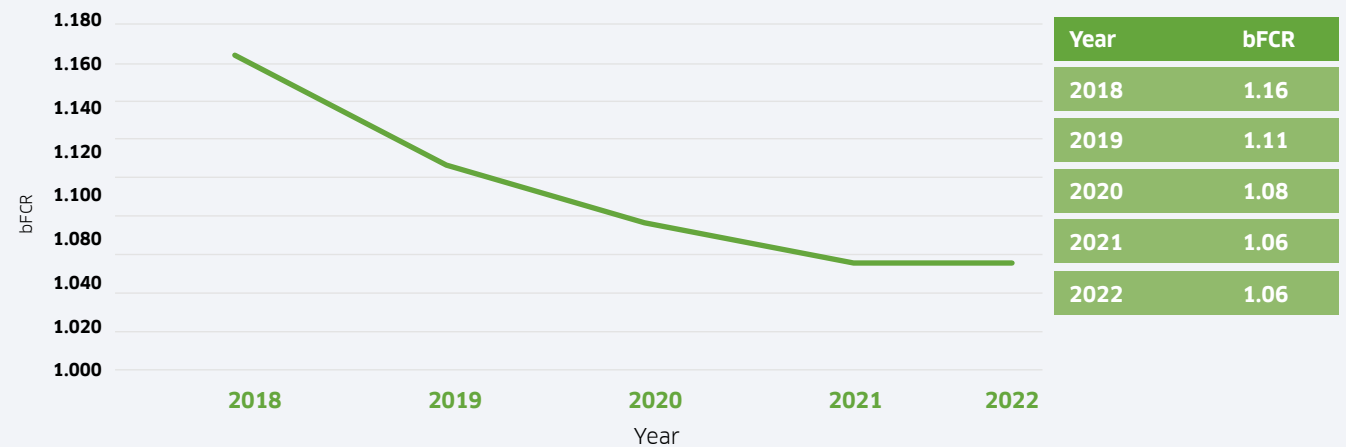
FCR improvement

Many years of research into feed strategy and feed compositions together with improved farming management have been pivotal in improving production performance with enhanced growth and optimal feeding (reduced feed conversion ratio).

*Industry peers in general have a range from 1.2-1.5 according to GSI



HISTORIC bFCR FAROE ISLANDS



The plant proteins and oils in our feed

All suppliers of plant proteins and oils are individually and continuously assessed against our Sustainable Feed Policy, outlining that raw materials must be traceable to their origin, and suppliers should act in accordance with national laws and international agreements regarding use of land.

A sustainable production pattern is key to sustaining the livelihoods of current and future generations and our ingredients cannot be produced at the cost of the environment. We expect all feed suppliers to be certified to best-practice international standards and all plant oils and proteins not considered low-risk to be certified sustainable, not genetically modified and not produced in areas threatened by deforestation.

- All non-GMO
- Soybeans (Pro-Terra, Europe Soya or similar)
- No use of palm oil
- Not produced in areas threatened by deforestation.

In 2021, as part of our focus to reduce our scope 3 carbon footprint, we changed the origin of soy from Brazil to Europe. However, due to the war in Ukraine, we changed the origin back to Brazil in 2022.

We have started to actively engage with our suppliers of plant proteins and oils to build partnerships aimed at reducing the overall environmental footprint of the products, including reducing the carbon footprint and end all deforestation.

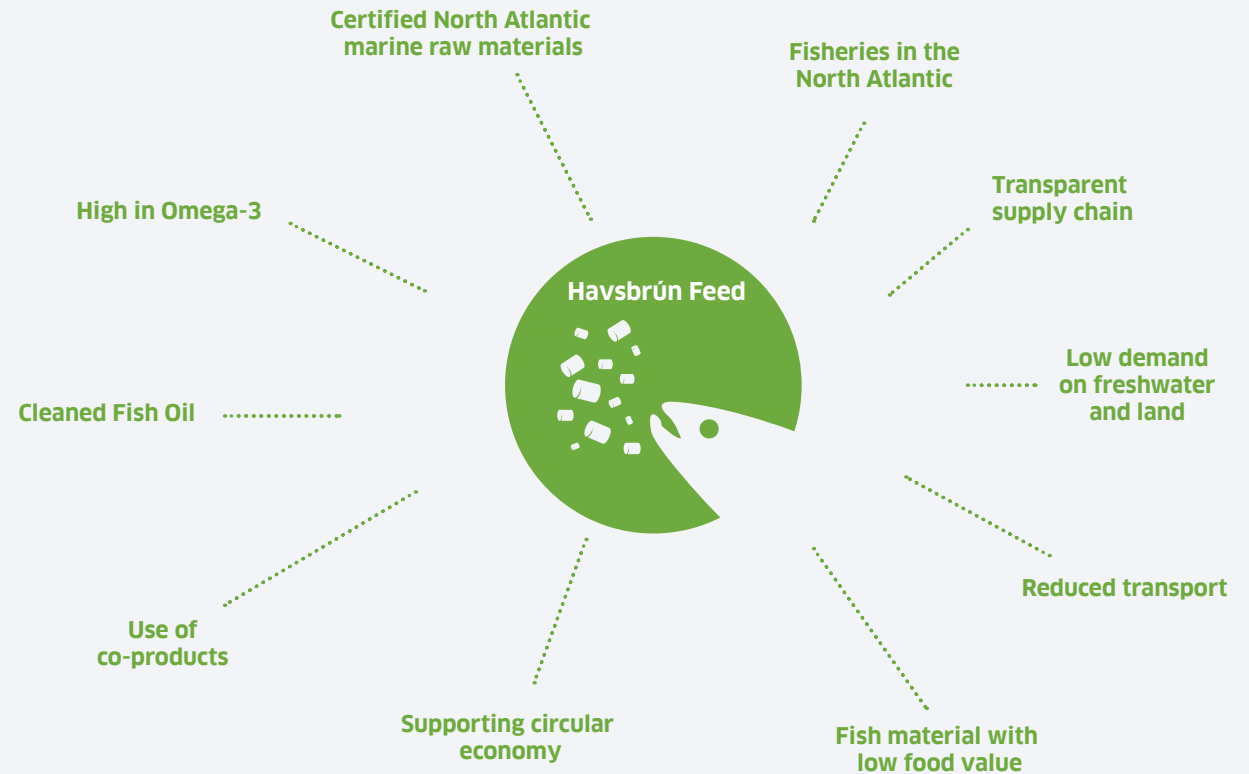
Marine raw materials

Whilst the feed industry has focused on replacing marine raw material with alternatives, Bakkafrost has chosen to continue with the relative high inclusion of marine content as this is a more sustainable approach given our location. The local availability of marine raw material means that marine ingredients are sourced with a relatively low carbon footprint.

High inclusion of marine content is beneficial for several reasons:

- Marine raw material for fishmeal and fish oil from fisheries in the North Atlantic, mostly within Faroese waters
- Transparent supply chain
- Low demand on freshwater and land compared to imported plant proteins
- Reduced transport by using marine ingredients instead of imported plant protein.
- Fish material with low food value and low market demand for direct human consumption
- Supporting circular economy, trimmings purchased in the Faroes Island.

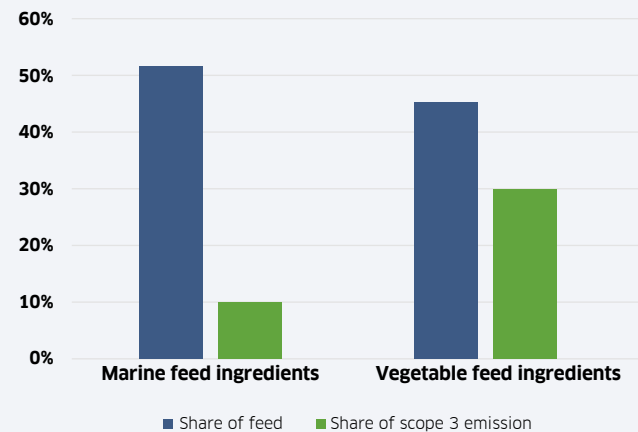
- Increased use of trimmings from species fished for human consumption.
- Positive economic impact for the Faroe Islands
- Increased nutritional value in the feed, high in omega 3.
- Feed composition close to the natural diet of wild salmon.
- Using a high proportion of certified North Atlantic marine raw materials. In 2022 100% of our marine raw materials complied with our Sustainable Feed Policy.
- The most complete natural source of essential nutrients which lowers dependency on additional dietary supplements and additives



Bakkafrost marine vs plant feed ingredients share in our scope 3 emission

Fishmeal and oil ingredients account for 10% of our Scope 3 emissions, while vegetable ingredients (rapeseed oil, soy & wheat) represent 30%. As seen below, our feed has a high share of marine ingredients than plant-based ingredients. The vegetable ingredient share of the scope 3 emission is three times the CO₂ footprint compared to the marine ingredients. This proves that even with the high marine profile we have in feed – keeping the high inclusion of sustainable marine raw material is not only good for the fish health, but also keeps our emissions down and therefore is a more sustainable approach for Bakkafrost.

FEED INGREDIENTS
SHARE IN FEED AND OF SCOPE 3 EMISSION



Research and Development

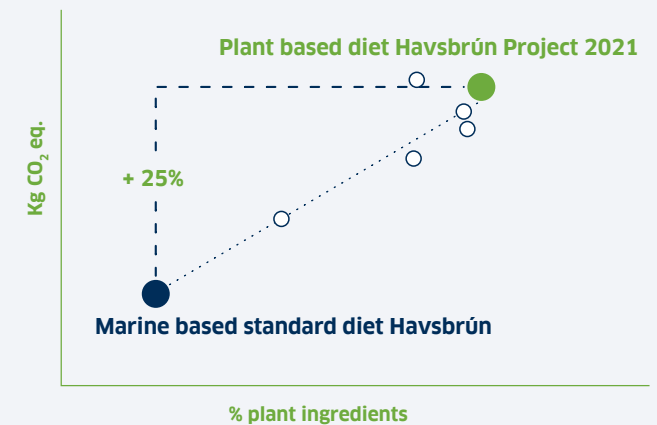
Feed development and optimisation is an ongoing process at Havsbrún. Through our Research and Development activities, we deploy significant resources in four main areas.

1. Recipe development – driven by improving fish health, quality and welfare.
2. Recipe development – driven by reducing the environmental footprint of the feed.
3. Investigating new opportunities - we spend considerable amount of time with potential collaborators where we investigate new opportunities.
4. New ingredients - including assessing opportunities in novel ingredients and resource efficiency through improved FCR performance.

Examples of research projects:

- In 2021, we finished a comprehensive large-scale feed trial where the goal was to investigate the effects of new and different dietary mineral sources. The results clearly demonstrated improved mineral retention in the salmon and associated lower mineral excretion in faeces. These effects were associated with improved salmon quality as well as reduced environmental influence. Based on this research all feed has therefore been changed to new mineral sources.
- We have also completed a second commercial-scale feed experiment. The aim was to copy the nutritional composition of our current feed strategy with the majority of the feed ingredients being plant-based. As depicted in numerous scientific papers and demonstrated in the industry, the results in our trial underline the capacity and potential of Atlantic salmon to utilise nutrients deriving from plant sources. However, the experiment stresses the challenge of manufacturing an energy-dense, high-performance feed based on plant sources, and that the feed needs to be supplemented with nutrients that are

lacking compared to fishmeal. Our experiment clearly demonstrated that replacing marine ingredients with plant alternatives increases the carbon footprint of the feed. The results depicted that the experimental plant-based feed had a 25% higher carbon footprint compared to our standard diet.



The figure displays that although the marine-based diet has a higher proportion of marine ingredients, these represent a significantly lower carbon footprint compared to the plant ingredients. When the same carbon footprint calculations are made for the dietary compositions reported in scientific papers below, we can clearly depict a significant correlation between carbon footprint and feed ingredient inclusion.

In 2022, we:

- Commenced the construction of a new feed mill which will increase feed production capacity to meet future demand and enable the use of other alternative feed ingredients.
- Passed 100% of audits across our various certification programmes.
- Demonstrated our commitment to responsible sourcing and increased transparency of marine ingredients by voluntarily reporting sourcing details to the Ocean Disclosure Project.
- Continued our participation in a Horizon 2020 project in collaboration with EU Fishmeal to further explore alternative sources (such as mesopelagic fish) to minimise risk in the food chain.
- Conducted research into feed composition and how this influences feed utilisation, growth performance and quality changes in the final salmon product.
- Continued looking into alternative sustainable, high-quality marine ingredients.

Next we will:

- Continue projects to develop our feed in line with our customer needs and sustainability priorities.
- We will continue to work to optimise our feed strategy to maintain industry-leading feed conversion ratio and grow healthy salmon.
- We will continue to investigate how to include novel feed ingredients into our feed.



HAVSBRÚN FEED COMPOSITION IN 2022 PRODUCTION



Wheat products
21.3%
(28,162 tonnes)



Plant oil
13.5%
(17,843 tonnes)



Non-GMO SPC
10%
(13,261 tonnes)



Marine proteins
38.3%
(50,630 tonnes)



Fish oil
13.7%
(18,068 tonnes)



Others
3.3%
(4,384 tonnes)

Please see our sustainability webpages for more information on the source of marine products in our feed.

Please note, there is a very small variation in content for Bakkafrost feed, which is around 97% of all feed produced and sold in 2022 by Havsbrún.



Healthy environment

Double feed production capacity at Havsbrún

In 2022 Havsbrún commenced the construction of a new feed mill facility. Our technical team collaborating with experts have designed and engineered a complete future proofed solution for our third feedline. The team have navigated this project accordingly to high standards to provide accountability across all stakeholders.

With this new project, we have focused on noise reduction, preventing fire outbreaks and scrubbers for odour purification. We have also focused on high standards for good working conditions. Most of all we will have the flexibility to store and use new alternative raw materials in our recipes.

With the construction of the new third feedline, Bakkafrost will double our current feed production capacity. The new mill will have significant production flexibility regarding feed ingredient selection. This will enable us to use a wider variety of ingredients in our recipes and we can quickly introduce and adapt our process to include novel ingredients. The new feed mill will be in operation for the peak season in 2025.





Healthy Communities Performance review

★ STRATEGIC PRIORITY

- To create shared value

📊 2022 PERFORMANCE AGAINST OUR 2023 COMMITMENTS

- Educate key stakeholders on the benefits of salmon aquaculture ●
- Increase collaboration with key stakeholders to achieve the Healthy Living Plan ●
- Increase transparency of local value creation ●
- Continue 10m DKK 3yr investment in Healthy Living Fund in the Faroe Islands ●
- Continue investment in Community Fund in Scotland ●

🌐 SDGS



WHY THIS IS IMPORTANT

Bakkafrost is committed to our local communities and proud of our heritage. We farm in some of the most remote coastal locations in the Faroes and in Scotland. We respect the integral role we play in the local communities in which we live and work. We are focussed on driving multinational growth and global market share and recognise that our future is intrinsically linked with our communities.

As a responsible business, we are passionate about both driving economic growth and sustainability of our rural economy through; employment, investment, taxes, sourcing locally, and supporting sport, arts and culture. We are committed to environmental stewardship and working closely and transparently with our local communities. We seek to ensure open and transparent communication with stakeholder groups and communities, including development projects. Through the value we create for the local communities and our collaborative approach to business, we are contributing towards UN Sustainable Development Goals 8 and 17. Please see page 13 for more information.

What we do

Our commitment to 'Healthy Communities' is built on four pillars: Responsible Leadership, Value Generation, Community Engagement and Transparency.

RESPONSIBLE LEADERSHIP

We are committed to demonstrating responsible leadership on sustainability and sector issues. We contribute at an international level through initiatives such as the Global Salmon Initiative (GSI), and at a local level through the Faroese Fish Farmer's Association, Salmon Scotland and other industry groups.

Bakkafrost is also one of the founding members of the Faroese Sustainable Business Initiative, which aims to encourage collaboration to advance sustainable business practices and contribute towards UN Sustainable Development Goals, including Climate Action. In 2022, the 12 participating companies jointly reported on progress in sustainability development, for many companies this was the first time they had reported on sustainability.

The Faroese Sustainable Business Initiative was nominated for edie Sustainability Awards 2023 in the 'Partnership and Collaboration of the Year' category.

We aim to inspire and share best practice to encourage positive change and participate in many events and initiatives involving key stakeholders. In 2022, this included the North Atlantic Seafood Forum where stakeholders meet to discuss views on sustainable development.

Regin Jacobsen, CEO, also presented at an academic conference in the Faroe Islands focusing on aquaculture as a knowledge-intensive sector, offering a wide range of career opportunities in Research and Development.

We are committed to reducing our scope 3 GHG emissions by 52% per tonne of products, as part of this we hosted a supplier day at our head office, attended by our top 25 local Faroese suppliers to further advance sustainable working practices. We presented our updated sustainable procurement policy which includes eight procurement principles covering both expansion and maintenance investment. We focused on the importance of building strong partnerships with our suppliers and customers to inspire and encourage collaboration to achieve sustainability goals.

VALUE GENERATION

We operate in some of the most remote and fragile regions in the countries in which we operate and remain committed to creating and retaining value in the rural economy. We respect the major role that salmon farming plays in these regions and are committed to being an active and integral part of our communities. As the largest private employer in the Faroe Islands and the largest private employer in the Outer Hebrides in Scotland, we create long-term career opportunities across all stages of our value chain.

As part of our commitment to retain value and employment in the rural communities in Scotland, we have further developed our housing programme during 2022 to support recruitment opportunities in local areas where housing options are limited, this included three new accommodation lodges in West Strome in 2022.

Bakkafrost's financial performance (EBT) was 1.7 bn mDKK in 2022 in Faroe Islands, resulted in record-high tax contributions to the communities in which we operate; in total our operation generated around 739 mDKK in taxes.

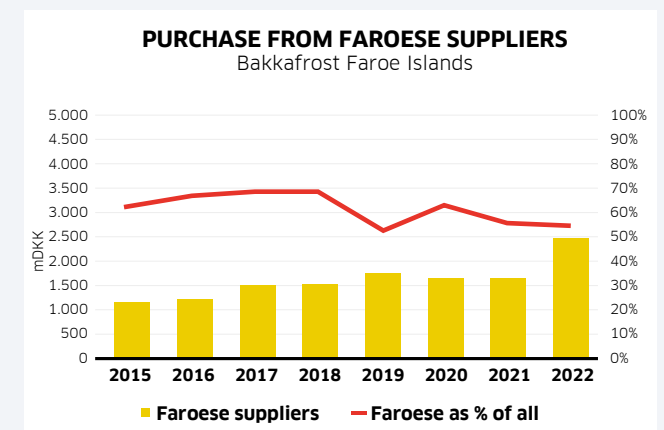
We are committed to creating shared value in our local economies by sourcing locally where possible. 60 % of procurement was spend locally in 2022. For the last decade, Bakkafrost has been the single salmon farming company with the highest investment rate per kilo of salmon produced compared to Norwegian peers, and we continue to progress our 2026 sustainable growth investment plan, focusing on farming healthy, quality salmon. As part of the plan to reduce biological risk in our value chain, we have made a significant investment in the construction and expansion of hatcheries in both the Faroe Islands and Scotland. With local sourcing being a core principle in our sustainable procurement policy, our investments in hatcheries are key to creating value in our local communities.

We contribute to the local economies through CAPEX expenditure as well as through significant investment in the maintenance and upgrades. These investments include a reduction in GHG emissions from existing equipment, such as electrification and using hybrid technology. for example, feed barges in Scotland and our new well boat Bakkafossur as well as our new contracted 4,000m³ wellboat in Scotland.

We are committed to driving sustainable development in our local communities through innovative projects. In 2020, Bakkafrost signed an agreement to participate in a joint project with the Faroese government and the Nordic Council of Ministers to build an electric workboat, and in 2022, we took delivery of our first green workboat, which is now fully operational. A software solution has been developed in cooperation with Faroes national grid company SEV which ensures the vessel is charged at night when there is lower electricity demand.

We continue to support various local and national initiatives through our Healthy Living fund both in the Faroe Islands and in Scotland. We support causes that align with our community investment policy focused on healthy living, the environment and local cultural events.

Since 2016, Bakkafrost has purchased from faroese suppliers:



Contribution to local economies



Salaries and employee taxes

Group
832 MDKK

Corporate, revenue and dividend taxes

Around 739 MDKK

Initiatives supported

4.5 MDKK

Locally sourced products and services

60%



Among projects in the Faroe Islands, which we have supported with 300,000 DKK is the speech-to-text software, which launched in 2022 and is now available for public use. We have also continued our partnership with the Faroese men's national football team.

One key investment in 2022 was signing a new five-year partnership agreement with the University of the Faroe Islands to support natural sciences, specifically supporting the establishment of the University Centre for Ocean Modelling. The project aims to improve knowledge of the ecosystems in the Faroese fjords and wider marine environment to support the development of aquaculture industry in the Faroes. The collaboration will also improve understanding of the potential impact that climate change can have on the ecosystems of the fjords and on Faroese aquaculture.

Other fund investments in the Faroe Islands included:

- The establishing of a plantation in Viðareiði, Faroe Islands
- Humanitarian organisations such as the Red Cross.
- Team Rynkeby Faroe Islands, a cycling team raising funds for children with serious health conditions and their families
- Annual children's football event "Summar Cup"

We continue to invest in local economies in Scotland. We have commissioned the building of three bespoke boats with Macduff Shipyards, a local Aberdeenshire business due to be completed in summer 2023. Which will support a number of local jobs.

Bakkafrost Scotland won the Community Initiative Award at the 2022 Aquaculture Awards held in May in Aviemore. The award recognises the work we have achieved in enhancing relationships with local communities, with particular focus



Karin Kass, project lead, presenting the speech-to-text software

on supporting local services, charities and culturally valuable initiatives through our Community Fund and the Community Charter.

Inverlussa on the Isle of Mull will provide two boats to our Scottish operations. Leco Marine in Alness, Ross-shire will supply one boat, the Alyssa. The boats will work alongside the freshwater treatment well boats.

Bakkafrost Scotland offers community groups and charities across Scotland the opportunity to apply directly to support local causes in their area.

In 2022, we supported 22 local community groups in our areas of operation through our Community Fund and programme of sponsorship and events. Since starting the fund, over 120 community groups have received financial support from the fund, including community food banks and local schools that needed the finances to purchase equipment to take part in outside learning. It has also supported several local sports teams, as well as groups that organise beach cleans, including Clean Coast Outer Hebrides.

Following the success of the scheme, the Company last year extended the Community Fund to include external applications, allowing communities near the company's 60 sites on Scotland's west coast to bid for financial support for projects that promote health and wellbeing, stewardship of the natural environment or economic development.

There were a significant number of inspiring applicants promoting health and wellbeing in the local communities in which our people live, and work. The successful nominations included:

- Kyles Athletic Shinty Club - Youth Section
- Isle of Skye Pipe Band
- Kirn Primary School
- The Leanne Fund
- Stornoway Running & Athletics Club
- Tarbert Recreation
- Currie Chieftains Rugby Football Club
- Lochcarron Junior Shinty Club
- Oban Ravens Squash Team
- Uist Riding School
- Visit Kickboxing Uist

In Denmark, Munkebo Seafood mainly sponsors local initiatives, sports clubs and their local football club. Munkebo has also made a small sponsorship to Danish Hospital Clowns, which supports hospitalized children and their families.

In 2022, we:

- Paid DKK 545 million in salaries and employee taxes in the Faroe Islands from DKK 486 in 2021
- Paid £ 27.2 million in salaries and employee taxes in Scotland
- Our operation generated 739 million in corporate, revenue and dividend taxes
- Signed a new five year 5.6 million partnership agreement with the University of the Faroe Islands to support the establishing of a new University Centre for Ocean Modelling
- Contributed DKK 3,7 million in the Faroe Islands and over £100,000 in Scotland through our Healthy Living Fund to local causes including sport, arts and culture, education, environment and social inclusion.

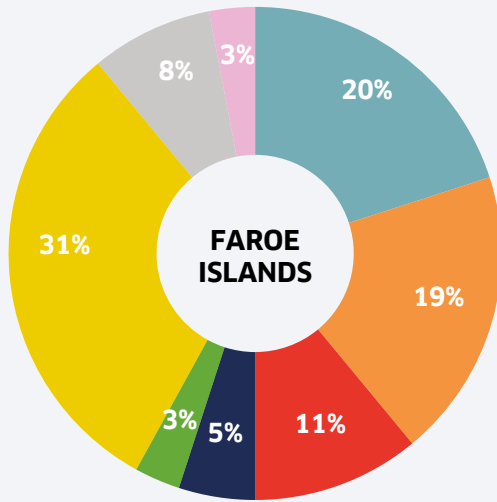


Kyles shinty club

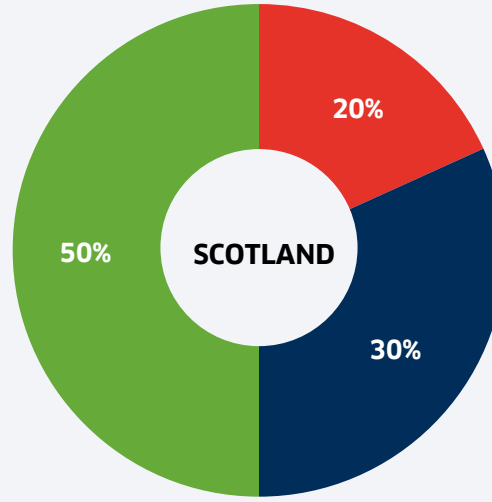


Isle of Skye Pipe Band

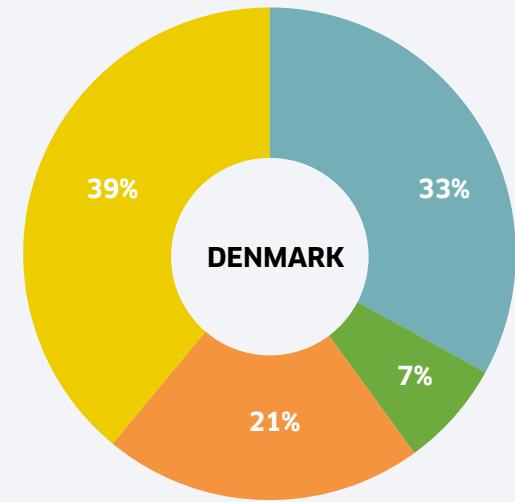
INITIATIVES SUPPORTED



- National sports teams 20%
- Local football clubs 19%
- Arts and culture 5%
- Environment and biodiversity 31%
- Local sports clubs 11%
- Social inclusion of the elderly or the disabled 3%
- Other local giving 8%
- Emergency relief 3%



- Arts and culture 30%
- Local sports clubs 20%
- Environment and biodiversity Incl. Salmon Scotland Wild Salmonid Fund 50%



- School football 33%
- Munkebo Football Club 21%
- Danish Hospital Clowns 7%
- Other Sports Clubs 39%



Local school, Munkebo skole, football team wearing t-shirts sponsored by Munkebo Seafood



Team Rynkeby Faroe Islands, a cycling team raising funds for children with serious health conditions and their families

COMMUNITY ENGAGEMENT

We are committed to being a good neighbour and an integral part of the communities in which our employees live and work. We aim to encourage engagement in our communities and support local initiatives.

Community events in the Faroe Islands

To mark World Environment Day on 5th of, Bakkafrost handed out free trees and bushes, providing all employees in the Faroe Islands with the opportunity to contribute to a greener future. The type of tree had to be carefully selected to survive the extreme weather in the Faroes.

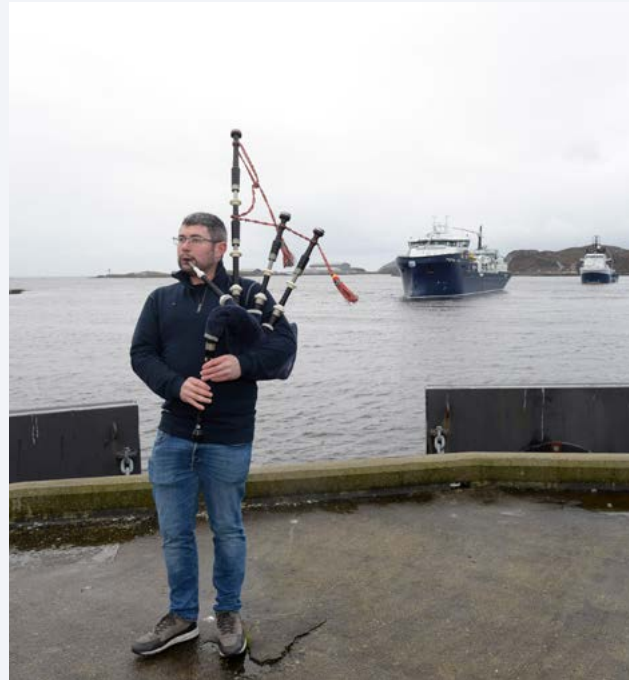
At the local “Salmon Market” at Glyvvar, Bakkafrost contributes to the community culture by offering guided tours and free salmon for all participants.

Another community event is the annual clean-up week, where Bakkafrost employees during working hours go to locations across the Faroes to clean the shores. Once again, this year, Bakkafrost employees cleared up several tonnes of waste.

We also participated at the Seafarer Day (Sjómannadegnum) in Klaksvík and at the Cultural Days in Fuglafjørð with a booth at the event, where we talked to visitors and handed out free salmon meals.

Community Engagement in Scotland

During the summer we held a reception to mark the opening of our new Edinburgh office. It was an opportunity to welcome key sector stakeholders including Mairi Gougeon, Cabinet Secretary for Rural Affairs and Island, representatives from the Scottish Government and our valued suppliers. We update everyone on the progress with the investment programme demonstrated through our Five Sustainability Pillars. Guests were entertained in true Scottish style with pipes played by Hamish McLean, Area Manager in Harris.



4,000m³ wellboat welcome reception

In November we welcomed 4,000m³ wellboat Ronja Star – the largest well boat fish farming vessel in Scottish aquaculture to Scotland at a series of Open Day events in Stornoway.

The hybrid vessel boasts world-leading technology with an FLS sea-lice removal system and freshwater treatment. It uses a reverse osmosis system for the desalination of water-producing freshwater to improve gill health and remove sea lice.

The 4,000m³ wellboat Ronja Star has been specifically built to handle fish with care, while increasing biosecurity in line with Bakkafrost Scotland's sustainability strategy, which will see an increase in the use of freshwater treatments across its marine sites on the West Coast of Scotland.



We were delighted to welcome members of the local community on board the hybrid vessel at a reception including local Members of Parliament, Councillors and key partners. A key part of the welcome was to invite students from the local school and colleges for an educational tour and an opportunity to meet our team and understand more about sustainable salmon farming in Scotland and careers in Aquaculture. We also held an employee open day to tour the 4,000m³ wellboat Ronja Star which is so important for our farming operations.

Examples of initiatives in the Faroe Islands



SALMON MARKET

On the 23rd of July, as part of the local “Salmon Market” at Glyvrrar, we opened the doors of our offices and production plant in the Faroe Islands to the community. We received more than 2,000 visitors, who were given an insight into our corporate and sustainability strategy and had the opportunity to ask our CEO questions.



VISITS

We have hosted many visits from local schools and high schools at our headquarters during the year. The students get a tour of the facility in Glyvrrar and a presentation

focusing on the value chain, who we are as a company and on sustainability and future career opportunities. It has been a delight to experience how the students have been interested in Bakkafrost as a company and how Bakkafrost, as a listed international company, is impacted by geopolitical development, market fluctuations and stakeholders’ increasing interest in sustainability.



GREEN WORKBOAT RECEPTION

In the autumn of 2022, we took delivery of our first fully electric catamaran named Grønárók. We had a reception for invited stakeholders, including business partners, politicians, Faroese media and other key stakeholders, who got a trial of the boat.



ANNUAL CLEAN UP WEEK

For several years, Bakkafrost has arranged a clean-up week in the Faroe Islands where Bakkafrost staff cleans coasts in the areas in which we operate.

Bakkafrost has recently purchased Svínøyar Rognkelsisstøð, a facility which produces lumpfish for our farming operations.

Shortly after the purchase, as one of the first actions, a team of Bakkafrost employees went to the small island of Svínøyr to clean up remains from a previous production (Bakkafrost was not responsible for the production at the time). Significant amounts of waste were cleaned and transported off the island for appropriate disposal.

In addition, Bakkafrost staff participated in the national clean-up day in the Faroe Islands supporting the community by providing equipment for the cleaning of the harbour in the capital of Tórshavn, including removing 79 rubber tires from the seabed.



PROVIDING FACILITIES FOR LOCAL YOUTH CLUB

We aim to create shared value in the local areas in which we operate, and in the autumn of 2022, our feed division at Havsbrún, located in the town of Fuglafjørður, signed a contract with the local municipality to use available facilities for a youth club. Youth in Fuglafjørður have been asking for a place for social gatherings, and we are delighted to be able to offer our facilities for this meaningful purpose.

Examples of initiatives in Scotland



ISLE OF SKYE HALF MARATHON

2022 events included the Isle of Skye Half Marathon which took place in challenging conditions but those involved enjoyed breath-taking views of the world-famous local landscape throughout the 13.1mile closed-road course.

The event is also important for local businesses, with runners keen to experience all the island has to offer.



BEACH CLEANS ON THE SCOTTISH COAST

We are committed to preserving the natural environment in the rural areas in which we operate. In Scotland, we have a tradition of facilitating beach clean ups, and in 2022 we carried out seven beach cleans across Scotland, providing both manpower as well as equipment.



COWAL HIGHLAND GATHERING

Bakkafrost Scotland also celebrated the company's ninth year as headline sponsor of the Cowal Highland Gathering which welcomed local and international visitors from across the globe.

Renowned across Scotland, the Gathering is a celebration of traditional Highland festivities including the Heavy athletics events, pipe bands, solo piping, drum majors, ceilidh, fun run, and an exhibition of Argyll's finest food and drink.



LOCHCARRON GAMES

The company also took the role of headline sponsor, at the Lochcarron Games and more than 2,000 people enjoyed a variety of traditional Scottish activities in a 'live' environment for the first time in three years.

Now in its 42nd year, the 'Friendly Games', brought locals and visitors together to be a part of history and to celebrate the unique traditions of the Scottish Highlands.

The event includes the traditional mixture of 'heavy events' such as hammer throwing and tossing the caber, alongside track and field events and a tug of war.



TRANSPARENCY

Bakkafrost plays an important role in the rural communities in which we operate, and we aim to engage with our community about the sector and our business. By conducting regular materiality assessments, we ensure that we provide transparency on the sustainability issues which our stakeholders find the most material.

We regularly host groups of visitors to our headquarters, production plants and marine sites, and the guests range from prime ministers and ambassadors to customers, investors and school groups.

In late 2022, the general election for the Faroese parliament took place. As the biggest private employer in the Faroe Islands, Bakkafrost plays a significant role in the Faroese community and economy, and to provide politicians and community stakeholders with key information on our operations, including community contributions through taxes and through local sourcing of equipment and services, we hosted visits for politicians as well as presenting our business model at campaign rallies to enlighten stakeholders on our operations.



In 2022, we were delighted to finally be able to invite our customers for the Bakkafrost Summit, where our key customers got a deep dive into the company, and they were provided with the opportunity to engage with the group management.

A key part of our Group alignment programme is the communication of the five-year business strategy and investment plan. A reception was held for over 100 stakeholders in Scotland in June, demonstrating progress of



Danish Prime Minister Mette Frederiksen visiting Bakkafrost's HQ at Glyvrrar. Photo: Ida Marie Odgaard/Ritzau Scanpix

the investment plan under our five sustainability pillars. In Scotland, we held a reception in Stornoway to welcome the new 4,000m³ wellboat hybrid well boat and among the participants were representatives from our local community, students and employees, who had the opportunity to tour the vessel.

We are committed to educating community stakeholders on our sustainable operations as well as the benefits and the role of aquaculture in future sustainable food systems. As part of this work, we provide insight and support for students to use Bakkafrost as a case study. In addition, staff from Bakkafrost is involved in lecturing in the topic of sustainability at various educational institutions, e.g. at the University of the Faroe Islands and at the vocational education for the aquaculture industry, where farming and sustainability practices at Bakkafrost have been used as case studies, increasing the students' knowledge on our operations.

We seek to ensure open and transparent communication with industry, stakeholder groups and our community.

We approach and engage with key stakeholders local to our farming sites and update them on our approach to sustainability and ensure there is open dialogue, particularly if any concerns need to be raised.

To ensure we know of all potential negative impacts that we might have on stakeholders through our operations, we have grievance mechanisms in place, including a public form on our website enabling all stakeholders to raise concerns. As part of our work to update our Human Rights policy, we will start to regularly review the grievance processes, including reviewing the knowledge of and the availability of the form as well as an assessment of the effectiveness of the mechanisms.

We are committed to remediating any potential negative impacts we might have caused, and our grievance policy states that response should be given to the complainant within four weeks.

In 2022, no concerns were raised through our grievance mechanisms.

As members of Salmon Scotland, the salmon sector organisation in Scotland, we report key information in line with requirements. We also recognise our broader responsibility to engage, support and work collaboratively with stakeholders in our wider environment in key geographical areas. We are involved in various local wild fishery projects, including research and habitat.

To provide further and topic-specific insight into our sustainability management and performance, we disclose against various sustainability disclosures, including CDP Climate Change and CDP Water Security and S&P Global Corporate Sustainability Assessment (formerly Dow Jones).

In 2022, we:

- Hosted visits from key stakeholders, including ambassadors, investors, students as well as politicians as part of our engagement program in relation to the general election for the Faroese parliament.
- Arranged Bakkafrost Summit where we presented our operations and our mission and provided customers with the opportunity to see our operations and engage with the group management.
- Increased transparency on sustainability issues through reporting against various sustainability frameworks. In 2022, for the first time, we reported against CDP Forests & Water Security as well as S&P CSA.





Healthy Communities

Bakkafrost and the University of the Faroe Islands collaborate to establish new research centre

On the 20th of December 2022, The University of the Faroe Islands and Bakkafrost signed an agreement to extend their current research collaboration until the end of 2027.

The project aims to improve knowledge about the ecosystems in the Faroese fjords and wider marine environment to support the development of the Faroese aquaculture industry. The collaboration will work to improve knowledge and strengthen assessments regarding the impact from the aquaculture industry on the fjords as well as the potential impact that climate change can have on the ecosystems of the fjords and on Faroese aquaculture.

The funding will support the establishing of a new University Centre for Ocean Modelling. Ocean modelling is a vital element in research into oceanography and the impacts from climate change, and through the agreement, Bakkafrost commits to support the University of the Faroe Islands with 5.6 million DKK through the next five years. The University and Bakkafrost share the initial financing of the research Centre but the aim is to extend the project and raise funds from additional partners and research foundations.

Chik Collins, Rector at the University of the Faroe Islands, and Regin Jacobsen, CEO at Bakkafrost, signed the agreement. In addition to improving knowledge about the impact from salmon farming and the potential impact from climate change, the project includes research into fish health and welfare as well as biosecurity.

“We are delighted to extend the successful collaboration with Bakkafrost. With the new agreement, we can establish the Centre for Ocean Modelling, and we now have funds to employ key staff for the next five years. We will start working together with colleagues to benefit the industry and Faroese society with a specific focus on sustainability in the Faroese aquaculture industry.”

Chik Collins University Rector

“The extended agreement is part of our sustainability project, the Healthy Living fund, which aims to establish partnerships with companies, institutions and organisations which have a positive impact on the local communities in which we operate. We hope that this collaboration will provide valuable knowledge for the industry and support fish welfare and biologically and environmentally responsible operations.”

Regin Jacobsen Bakkafrost CEO



Bakkafrost Sustainability Governance Framework

This policy applies to all Bakkafrost operations and outlines the company's approach to sustainability governance, including the highest governance body's involvement in sustainability management.

Sustainability is at the heart of everything we do. Through our sustainability strategy, the Healthy Living Plan, which comprises our five Group Sustainability pillars Healthy Business, Healthy People, Healthy Salmon, Healthy Environment and Healthy Communities, we have set ambitious goals and targets to drive sustainable development in the organisation.

Through our Sustainability Governance Framework, we ensure that we have the organisational capability to implement measures necessary to achieve our sustainability goals, including integration of sustainability in business strategies and high-level decisions. In addition, the governance framework ensures that we manage sustainability-linked risks in an effective and responsible manner.

RESPONSIBILITY FOR MANAGING IMPACTS

The Bakkafrost Board of Directors oversees and has the overall responsibility of the sustainability management and reporting.

The Board of Directors has delegated the day-to-day responsibility for managing the organization's sustainability-related impacts to the CEO. However, major decisions and investments into climate and energy transition above DKK 5M are to be approved by the Board of Directors.

Responsibility for the compliance, reporting and management of impacts is delegated to the Group Sustainability Director.

The CEO reports back to the Board of Directors on sustainability topics and impacts at every board meeting.

REVIEW AND APPROVEMENT OF REPORTED INFORMATION

The Board of Directors is responsible for reviewing and approving reported information regarding the company's impact on the economy, environment, and people. The Board of Directors receives a report on the management of sustainability topics for every board meeting, and the most material issues are discussed.

The Board of Directors is also responsible for reviewing and approving the annual sustainability report.

Governance Structure

Board of Directors

Meets around 10 times a year

Responsible for setting the strategic direction for sustainability at Bakkafrøst, including overseeing and having the overall responsibility of sustainability management and reporting at Bakkafrøst. Responsibility of the board in relation to sustainable development includes:

- Approving the Group climate-related targets and monitoring progress against targets.
- Approving annual sustainability report.
- Approving significant sustainability initiatives, including projects and participation in sustainability-related disclosures and initiatives.
- Overall responsibility for the management of risks and opportunities in relation to climate change and sustainability topics in a broader sense.

Chair

Rúni M. Hansen, Chairman of the Board

Group Executive Management

Weekly meetings (or more if relevant)

The Group Executive Management is responsible for the implementation of sustainability programmes, including:

- Monitoring progress against sustainability targets at an operational level.
- Approving sustainability related policies.
- Responsibility for the implementation of sustainable solutions in the value chain.
- Responsibility for reporting operational risks to the board of directors, including climate-related risks.
- Assessing material sustainability topics.

CEO

Regin Jacobsen

Group Sustainability Committee

Meets six times a year (or more if relevant)

A board committee appointed by the Group Executive Management to oversee the implementation and performance against the company's sustainability strategy.

- Development and implementation of Bakkafrøst Corporate Responsibility & Sustainability Policy
- Overseeing implementation and performance against Bakkafrøst's sustainability strategy commitments

Chair

Regin Jacobsen, CEO

Key Executives

Weekly meetings

- Responsible for the everyday implementation of sustainability measures

RISK & IMPACT MANAGEMENT

Management of sustainability-related risks and impacts follows our risk management framework. Risks and impacts are identified and reported through group and department forums, and if risks/impacts are assessed to be significant, they are escalated through the reporting hierarchy, and eventually reported and discussed at board level.

The risk management framework ensures any potential negative impact is avoided or remediated.

Dialogue and transparency with stakeholders or potentially affected communities and authorities are key elements in the process in order to mitigate any impacts caused by the organisation's operations.

The board has delegated the implementation of stakeholder engagement to the Group Executive Management.

Stakeholders are regularly consulted to identify potential risks and concerns. We regularly engage with investors and customers through regular meetings and our biennial events, the Capital Markets Day and the Bakkafrost Summit. Community stakeholders are regularly consulted through our sustainability materiality assessment, and we partner with community stakeholders to support management in cases of impact.

The board is responsible for overseeing the organisation's due diligence and the effectiveness of risk management processes. The board reviews the organization's processes in relation to due diligence on an annual basis.

COMPETENCE OF THE BOARD OF DIRECTORS

We aim to support the transition to a global sustainable food system. To ensure decisions on sustainability issues are well-informed and science-based, the Board of Directors is updated annually on both general as well as company-specific sustainability topics and trends.

The competence of the members of the Board of Directors are reviewed annually.

THE EFFECTIVENESS OF OUR SUSTAINABILITY MANAGEMENT

To ensure effective sustainability management in the organisation, including effective due diligence processes and risk management, external independent audits and performance reviews are carried out annually at several levels, including the Board of Directors and the Group Sustainability Committee.

In addition, we perform quality assurance through certifications and standards such as Aquaculture Stewardship Council and ISO 9001.

EMBEDDING SUSTAINABILITY IN THE ORGANISATION

Our Healthy Living Sustainability Strategy sets out the aim, the purpose and our goals. The company policy is to produce healthy salmon, with sustainable use of resources, minimum impact on the environment, maximum respect for people, and optimum value for its stakeholders and society.

Policy commitments are embedded in the organisation through various mechanisms. Sustainability-related policies are reviewed and approved by the CEO.

Each management-level position has sustainability-related responsibilities assigned to it, and the responsibilities are delegated as follows:

• Executive leadership:

Ensuring governance of the company's sustainability ambitions and that sustainability commitments are integrated into corporate strategies and policies.

• Sustainability department:

Responsible for driving sustainability in the organisation, ESG reporting, compliance with regulations and sustainability standards, and support for the rest of the organisation to deliver on sustainability targets, including advisory for managers and employees on how to implement policy commitments.

• Quality/Biology department:

Advisory on strategic planning and ensuring preventative actions on responsible growth. Responsible for compliance on regulation and certification.

• Finance department:

Responsible for corporate governance, business conduct and compliance with legal regulations.

• Human Resources department:

Responsible for compliance with human rights, employee engagement

• Health & Safety department:

Responsible for health and safety in the organisation.

• Procurement department:

Responsible for ensuring a sustainable supply chain.

• The Group Sustainability Committee:

Responsible for assessing the competence needed and for providing necessary training for employees, who are responsible for implementing the policy commitments.



Stakeholder engagement

We engage regularly with a diverse group of stakeholders on a range of topics. Our engagement plan has provided a more structured approach to engage with key stakeholders on material issues.

Our senior executives and management team identify stakeholders to engage with on a routine and planned basis. These are identified as significantly affected by our activities or have the ability to influence our successful running of the business, including how we achieve our strategy.

Opposite is a list of all our key stakeholder groups. We will continue to implement our engagement plan during 2023.



Group	Engagement mechanisms	Notes on engagement
Employees	Whistleblower mechanism Employee engagement Survey Digital Communication Platform Staff Forums Toolbox Talks Weekly newsletter Healthy Living Awards Appraisal Bonus scheme	Employees have access to an online whistleblower mechanism. We run annual employee engagement surveys and additional feedback surveys where required Programme of Engagement Quarterly meetings with elected staff representatives Team briefings with Health & Safety focus Business updates for all employees Team awards recognising achievement and encouraging positive behaviour Appraisal programme + Sustainability-linked employee bonus scheme
Employees Unions	Regular contact and ongoing meetings with Unions Regular employee working group meetings	Main topics: labour conditions, remuneration, health and safety, human capital.
Customers	Biennial sustainability materiality assessment Biennial Customer Summit (which all customers are invited to) Annual online survey Annual engagement at seafood exhibitions including e.g.: Seafood Expo North America (Boston), Seafood Global (Brussels), China Fisheries & Seafood Expo (Qingdao), World Food Shanghai Exhibition, Ocean Group Seafood Show (San Diego), Wabel Frozen Summit (Paris) Annual engagement at client summits Annual Customer feedback survey Virtual Events Programme for long-term customer partnerships Customer visits at headquarters	Main topics: certification, quality, satisfaction, international relations, packaging, product development. We have trialed some changes to our packaging including reducing plastic on our retail tail bags a result of customer feedback. In 2022 we continued to explore new markets and we resumed customer engagement to pre-covid To further support customer service in the US market and to reduce the amount of ice used for transportation of salmon, resulting in carbon reduction, we have invested into a new cargo airline company and expect to commence flight in 2023.
Suppliers	Biennial sustainability materiality assessment Ongoing engagement Supplier audits Sedex Local Sourcing Policy + Supplier Summit	Main topics: certification, quality, company standards (including human rights, health and safety and environmental standards). Supply chain compliance programme, all suppliers are carefully assessed to ensure performance to an appropriate ethical standard Source locally where possible, supplier engagement sessions In 2022, we will arrange a supplier summit to further engage our suppliers on sustainability topics.
Government and regulatory bodies	Regular ongoing engagement Salmon Scotland Membership	Main topics: certification, quality, company standards (including human rights, health and safety and environmental standards). Supply chain compliance programme, all suppliers are carefully assessed to ensure performance to an appropriate ethical standard Source locally where possible, supplier engagement sessions In 2022, we arranged a supplier summit to further engage our suppliers on sustainability topics.

Group	Engagement mechanisms	Notes on engagement
Local communities	Biennial sustainability materiality assessment Ongoing engagement with local councils, harbour masters, and interest groups Periodic engagement at industry events with Faroese business community Annual local events such as Seaman's Day and Day at Sea Programme of community events and sponsorship Community consultation Community Charter and Fund	Main topics: new building projects, community investment, waste, water, pollution, value creation. We host visits at our Faroese headquarters and continue our partnerships with local educational institutions. Site development plans - where relevant
Investors	Quarterly investor roadshows and periodic engagements Biennial Capital Markets Day (which all investors are invited to) Annual engagement on investor ESG ratings Biennial sustainability materiality assessment Periodic investor visits	Main topics: transparency on all material issues. Bakkafrøst has increased transparency on material issues in each annual Sustainability Report, aligning reporting with the GRI Standard.
NGOs	Biennial sustainability materiality assessment	Main topics: pollution, fish health and welfare, community engagement. Represented on committees
Certification bodies	Ongoing engagement with third party certification bodies, including the ASC, BAP, MSC and GLOBALG.A.P. Biennial sustainability materiality assessment	Main topics: certification, quality (including food safety), health and safety.
Industry groups	Ongoing engagement with groups including the Faroese Working Environment Service, and Faroese Maritime Authorities, Faroese Employers Association and Faroese Aquaculture Association, Global Salmon Initiative (GSI) Biennial sustainability materiality assessment	Main topics: fish health and welfare, human rights, innovation, collaboration and certification, international relations, health and safety, pollution, feed ingredients, transparency.
Industry experts and academics	Ongoing engagement with external vets Biennial sustainability materiality assessment Sustainability training with experts Partnerships	Main topics: all material issues. Extended partnership with University of Faroe Islands on various biological topics, including establishing a baseline for marine biological diversity in the Faroe Islands + Participation in research projects

Certifications



Memberships and ratings

TRANSPARENT ABOUT PROGRESS

We aim to have a transparent approach to sustainability. We recognise our broader responsibility to engage, support and work collaboratively with stakeholders in our wider environment. We aim to be open and transparent; this includes reporting the progress we make in addressing our most material issues.



UN Global Compact

Bakkafrost is a participant in the UN Global Compact and member of the Business Action Platform for the Ocean. Through the action platform, we aim to contribute to the health of the ocean, through a focus on growth, innovation and sustainability.

Please see our Communication on Progress on page 110.

VOLUNTARY DISCLOSURE



Ocean Disclosure Project

Bakkafrost has signed up to the Ocean Disclosure Project to further increase transparency and focus on sustainable sourcing of marine ingredients.

For Bakkafrost's profile, please visit www.oceandisclosureproject.org.

MEMBERSHIPS



Global Salmon Initiative (GSI)

Bakkafrost is a founding member of the initiative, which is focused on promoting sustainable aquaculture leadership through collaboration.



EFFOP

Havsbrún is a member of the EU Fishmeal initiative, which is a European nongovernmental organisation representing European fishmeal and fish oil producers. IFFO The Marine Ingredients Association Havsbrún is a member of the IFFO is an international trade organisation that represents and promotes the marine ingredients industry, such as fishmeal, fish oil and other related industries.



Faroese Employers Association and Faroese Aquaculture Association

Bakkafrost was instrumental in the formation of the Faroese Aquaculture Association which promotes a joint approach to the management of material sustainability issues faced by the aquaculture industry in the Faroe Islands.



Lantra

The Sector Skills Council for Aquaculture and Land-based industries. Lantra is a key organisation in a collaborative network across Scotland supporting the development of the skills agenda across Aquaculture.



SEDEX

Bakkafrost is members of Sedex, a membership organisation that provides one of the world's leading online platforms for companies to manage and improve working conditions in global supply chains.

Please see our webpages for a comprehensive list of memberships and associations.

Feedback on this report, or on other material economic, environmental and social issues concerning Bakkafrost should be sent to bakkafrost@bakkafrost.com. These will be shared with the Bakkafrost Sustainability Committee.

2022 RATINGS



In 2022, Bakkafrost achieved Management 'B' score by the CDP for our coordinated actions on climate issues.



Bakkafrost ranked 6th by the 2022 Coller FAIRR Protein Producer Index of the world's most sustainable protein producers.



In 2022, Bakkafrost was rated 26.8 (on a scale of 0-40+) in the Sustainalytics ESG Risk Ratings assessment (a lower score indicates less unmanaged ESG risk).



Bakkafrost received a rating of A (on a scale of AAA-CCC) in the MSCI ESG 2022 Ratings assessment.



In 2022, Bakkafrost receive an ESG Score of 43, up from 30, in the S&P Global's Corporate Sustainability Assessment (CSA).



In 2022, a report from Position Green ESG100 stated that Bakkafrost, ranked with an A score, is among the top performers regarding ESG reporting of the 300 largest companies on the Scandinavian stock exchanges.



Bakkafrost is listed on the new OBX® ESG Index, launched by the Euronext Group in May 2022. The index identifies the 40 companies listed on the Oslo Stock exchange that demonstrate the best Environmental, Social and Governance (ESG) practices.

2022 AWARDS



In 2022, the Faroese Sustainable Business Initiative (Burdarddygt Vinnuliv) which is a collaboration between Bakkafrost and 11 other companies was shortlisted at the edie Awards 2023 in the Partnership and Collaboration of the Year category.



Bakkafrost Native Hebridean Scottish Smoked Salmon was awarded 'Best New Foodservice Product' at the 2022 Seafood Excellence Awards at the Seafood Expo North America (SENA) in Boston.



Bakkafrost Scotland also won two top awards at the Scotland Food & Drink Awards 2022. Native Hebridean Smoked Scottish Salmon won the top prize 'Product of the Year' as well as 'Artisan Product of the Year'.



In December 2022, Danish food magazine 'Gastro' voted Bakkafrost Smoked Salmon as "Best in Test". Bakkafrost Smoked Salmon was considered the best product in a test comparing eight different smoked salmon products, which are available in Danish supermarkets.



ESG Index 2022

BAKKAFROST GROUP	UNIT OF MEASURE	YEAR	
Energy Consumption		2022	2021
Direct energy consumption (Scope 1)	kWh	357,398,280	286,953,462
Indirect energy consumption (Scope 2)	kWh	89,775,154	84,301,681
Total scope 1 & 2 energy consumption	kWh	447,173,434	371,255,143
Energy Production		2022	2021
Electricity (share which is sold to the Faroese grid)	kWh	5,438,140	6,840,088
District Heating	LTR	5,284,895	5,365,835
GHG emissions		2022	2021
Direct GHG emissions (Scope 1) (tCO ₂ e)	tCO ₂ e	93,646	74,881
Indirect GHG emissions (Scope 2) (tCO ₂ e)	tCO ₂ e	27,332	31,851
Total GHG emissions - scope 1 and 2 (tCO₂)	tCO₂e	120,978	106,732
Indirect GHG emissions (Scope 3, excl. Capital Goods) (tCO ₂ e)	tCO ₂ e	412,165	398,121
Total GHG emissions - scope 1, 2 and 3 (tCO₂e)	tCO₂e	533,143	504,853
GHG Intensity			
Tonnes of product sold*	Tonnes	139,267	123,478
tCO ₂ e emitted per tonne of product sold - Scope 1 and 2	tCO ₂ e/product sold	0.87	0.86
tCO ₂ e emitted per tonne of product sold - Scope 3	tCO ₂ e/product sold	2.96	3.22
% renewable electricity - Scotland**	Percentage	100.00%	100.00%
% renewable electricity - Faroe Islands***	Percentage	52.00%	38.00%

*Bakkafrost Faroe Islands - Fishmeal, fish oil and feed production at our feed mill Havsbrún, broodstock, hatcheries, marine farming, including Farming Service Vessels, harvesting, processing (including smokery), production of packaging boxes including for 3rd party, electricity and heating produced at our biogas site

Bakkafrost Scotland - hatcheries, marine farming, including Farming Service Vessel, harvesting, and processing operations.

Bakkafrost US - Processing, transportation.

Bakkafrost UK - office energy consumption.

Munkebo Denmark - site energy consumption.

**Market-based and REGO-certified

***Grid-average

BAKKAFROST GROUP	UNIT OF MEASURE	YEAR	
Waste		2022	2021
Offsite			
Non-Hazardous waste	Tonnes	16,471	
-Diverted from disposal*	Tonnes	11,191	n/a
-Directed to disposal**	Tonnes	5,279	n/a
Hazardous waste	Tonnes	257	
-Diverted from disposal*	Tonnes	257	n/a
-Directed to disposal*	Tonnes	1	n/a
Total offsite waste	Tonnes	16,728	
Onsite			
Non-Hazardous waste	Tonnes	8,636	
-Diverted from disposal*	Tonnes	8,636	n/a
-Directed to disposal**	Tonnes	0	n/a
Total onsite waste	Tonnes	8,636	
Total waste			
Total waste	Tonnes	25,364	
-Diverted from disposal*	%	79%	n/a
-Directed to disposal**	%	21%	n/a

*Reuse, recycling, composting, recovery and biodiesel

**Energy recovery, incineration, landfill and other

BAKKAFROST GROUP	UNIT OF MEASURE	YEAR	
Water		2022	2021
Freshwater withdrawal			
Purchased water	m3	1,147,488	1,106,642
Water free of charge	m3	7,821,205	5,492,612
Total*	m3	8,968,693	6,599,254
Effluent water			
	m3	1,242,179	897,151
Total*	m3	1,242,179	897,151
Benthic impact - Faroe Islands			
% of frames - Using MOM-B scoring system. measured at peak biomass		2022	2021
Minimal impact (no measures needed or taken)	Percentage	85.30%	80.00%
Low benthic fauna impact - Measured against ASC standard	Percentage	100.00%	100.00%
Benthic impact - Scotland			
% of frames - Using the SEPA benthic monitoring scoring system. measured within one month of 75% of peak biomass		2022	2021
Minimal impact (no measures needed or taken)	Percentage	100.00%	94.10%
Low benthic fauna impact - Measured against SEPA standard	Percentage	100.00%	100.00%

*Increase due to improved data capture in 2022

BAKKAFROST GROUP	UNIT OF MEASURE	YEAR	
Wildlife interaction		2022	2021
Accidental mortalities - Birds - Group (weighted by number of sites)	Annual average number of lethal incidents per active site	0.52	0.27
Intentional mortalities - Birds - Group (weighted by number of sites)	Annual average number of lethal incidents per active site	0	0
Accidental mortalities - Mammals - Group (weighted by number of sites)	Annual average number of lethal incidents per active site	0	0
Intentional mortalities - Mammals - Group (weighted by number of sites)	Annual average number of lethal incidents per active site	0	0.099
Escape prevention		2022	2021
Number of escape incidents - Group	Number	0	1
Number of escaped fish - Group	Number	0	32,821
Fallow time between production cycles		2022	2021
Fallow time - Faroe Islands	Weeks	18.5	12.8
Fallow time - Scotland	Weeks	12.8	16.4
Feed Conversion Ratio		2022	2021
Biological Feed Conversion Ratio - Faroe Islands	bFCR	1.06	1.06
Biological Feed Conversion Ratio - Scotland	bFCR	1.26	1.21
Feed composition (Havsbrún)		2022	2021
Non-GMO Soy Protein Concentrate (SPC)	Tonnes	13,261	10,316
Wheat products	Tonnes	28,162	30,839
Plant oil	Tonnes	17,843	18,323
Marine proteins	Tonnes	50,630	48,415
Fish oil	Tonnes	18,068	18,208
Others	Tonnes	4,384	4,227
Total	Tonnes	132,348	130,328

BAKKAFROST GROUP	UNIT OF MEASURE	YEAR	
Fish Welfare		2022	2021
Annual survival rate. Group. weighted average by harvested volume (%)*	Percentage	90.27%	87.63%
Annual survival rate. Faroe Islands (%)*	Percentage	95.09%	91.76%
Annual survival rate. Scotland (%)*	Percentage	76.84%	78.29%
Monthly survival rate. Group. weighted average by harvested volume (%)*	Percentage	99.2%	n/a
Monthly survival rate. Faroe Islands (%)*	Percentage	99.6%	99.3%
Monthly survival rate. Scotland (%)*	Percentage	98.2%	98%
Average annual stocking density. Group. weighted average by harvested volume	kg/m3	7.19	n/a
Average annual stocking density. Faroe Islands	kg/m3	6.79	n/a
Average annual stocking density. Scotland	kg/m3	8.31	n/a
Sea Lice Management		2022	2021
Sea Lice Levels. Group. weighted average by harvested volume	Sea lice count	0.26	0.48
Medicine use in feed. Group. weighted average by harvested volume	Grams active pharmaceutical ingredients per tonne of live weight produced	4.19	1.44
Medicine in bath treatment. Group. weighted average by harvested volume	Grams active pharmaceutical ingredients per tonne of live weight produced	2.09	0.80
Sustainability certifications		2022	2021
Number of ASC sites certified	Number of sites	20	19
% of total harvested volume in the Faroe Islands which was ASC certified	Percentage	100%	100%
Number of BAP sites certified	Number of sites	39	41
% of total harvested volume in Scotland which was BAP certified	Percentage	100%	100%
Global G.A.P - Faroe Islands	Percentage	100%	100%
Global G.A.P - Scotland	Percentage	100%	100%

* Global Salmon Initiative (GSI) methodology. See page 61.

BAKKAFROST GROUP	UNIT OF MEASURE	YEAR	
Use of Marine Ingredients in Feed		2022	2021
Forage Fish Dependency Ratio - meal (FFDRm). weighted average. Group	Ratio	0.91	1.08
Forage Fish Dependency Ratio - meal (FFDRm). Faroe Islands	Ratio	0.79	0.98
Forage Fish Dependency Ratio - meal (FFDRm). Scotland	Ratio	1.23	1.29
Forage Fish Dependency Ratio - oil (FFDRo). weighted average. Group	Ratio	0.72	0.74
Forage Fish Dependency Ratio - oil (FFDRo). Faroe Islands	Ratio	0.63	0.65
Forage Fish Dependency Ratio - oil (FFDRo). Scotland	Ratio	0.98	0.94
Employees & FTE		2022	2021
FTE total	Full time equivalent	1,778	1,653
Employees, permanent	Full time equivalent	1,770	n/a
Employees, temporary	Full time equivalent	7	n/a
Employees, part-time	Full time equivalent	307	325
Employees, full-time	Full time equivalent	1,470	1,327
Employees, female (%)	Percentage	25%	24%
Employees, male (%)	Percentage	75%	76%
Employees, younger than 30 (%)	Percentage	24%	27%
Employees, aged 30-50 (%)	Percentage	47%	44%
Employees, older than 50 (%)	Percentage	29%	29%
Non-guaranteed hours employees	FTE	733.49	n/a
Non-guaranteed hours employees - Female	FTE	245.69	n/a
Non-guaranteed hours employees - Male	FTE	487.8	n/a
Workers who are not employees	Heads	3	n/a

BAKKAFROST GROUP	UNIT OF MEASURE	YEAR	
Turnover		2022	2021
Turnover total	Heads	534	564
Turnover, female	Heads	135	152
Turnover, male	Heads	399	412
Turnover of employees younger than 30	Heads	274	322
Turnover of employees aged 30-50	Heads	170	151
Turnover of employees older than 50	Heads	90	91
New Hires		2022	2021
New hires total	Heads	597	466
New hires, female	Heads	144	133
New hires, male	Heads	453	333
New hires, younger than 30	Heads	299	249
New hires, aged 30-50	Heads	207	164
New hires, older than 50	Heads	91	53
Occupational Health & Safety		2022	2021
Absence rate in % of total hours worked - Group - FTE weighted	Percentage	4.53	n/a
Lost Time Injuries - Group	Number of accidents	49	44
Lost days rate - Group - FTE weighted	Average number of absence days per injury	56.77	n/a
Lost Time Injury Rate (LTIR) per million hours worked - Group - FTE weighted		14.88	n/a
Fatalities - Group	Number	0	0
Training and further education		2022	2021
Total average hours of training (Faroe Islands and Scotland)	Hours	30,000	22,000
Average hours of training, female - Group - FTE weighted	Hours	10.0	n/a
Average hours of training, male - Group - FTE weighted	Hours	19.58	n/a

BAKKAFROST GROUP	UNIT OF MEASURE	YEAR	
Whistleblowing		2022	2021
Internal whistleblowing cases - Group	Number	2	n/a
Whistleblowing cases related to human rights, discrimination, or forced/child labour - Group	Number	0	0
Annual total compensation ratio - highest-paid ratio (CEO Pay Ratio) to the median salary of all employees		2022	2021
Annual total compensation ratio (CEO Pay Ratio) - Faroe Islands	Ratio	7.24	n/a
Percentage increase, Highest-paid / Median - Faroe Islands	Percentage	0% / 9.43%	n/a
Employees covered by collective bargaining agreements		2022	2021
Employees covered by collective bargaining agreements - Faroe Islands	Percentage	92,97%	n/a
Conditions based on similar agreements - Faroe Islands	Percentage	7.03%	n/a
Employees covered by collective bargaining agreements - Scotland	Percentage	0.00%	n/a
Conditions based on similar agreements - Scotland	Percentage	0.00%	n/a
Employees covered by collective bargaining agreements - Denmark	Percentage	78.00%	n/a
Conditions based on similar agreements - Denmark	Percentage	0.00%	n/a
Employees covered by collective bargaining agreements - UK	Percentage	0.00%	n/a
Conditions based on similar agreements - UK	Percentage	0.00%	n/a
Employees covered by collective bargaining agreements - France	Percentage	0.00%	n/a
Conditions based on similar agreements - France	Percentage	0.00%	n/a
Employees covered by collective bargaining agreements - USA	Percentage	0.00%	n/a
Conditions based on similar agreements - USA	Percentage	0.00%	n/a

BAKKAFROST GROUP	UNIT OF MEASURE	YEAR	
Employees receiving performance reviews by gender		2022	2021
Employees receiving performance reviews - Group - Female - FTE weighted	Percentage	1.67%	n/a
Employees receiving performance reviews - Group - Male - FTE weighted	Percentage	13.00%	n/a

Diversity of governance bodies and employees - FTE by end of reporting period		2022	2021
Board of Directors - Female	Percentage	33.33%	16.67%
Board of Directors - Male	Percentage	66.67%	83.33%
Directors reporting to the CEO - Female	Percentage	25.00%	n/a
Directors reporting to the CEO - Male	Percentage	75.00%	n/a
All Line Management (inclusive SLT) - Female	Percentage	19.89%	n/a
All Line Management (inclusive SLT) - Male	Percentage	80,11%	n/a

Membership of Associations

The Faroese Fish Farmers Association

Salmon Scotland

SEDEX

Global Gap

Aquaculture Forums

CIPD

NEBOSH

Mental Health Forum

DYW

SAIC

Lantra

IOSH

IEMA

Independent Assurance report

To the stakeholders of P/F Bakkafrost

P/F Bakkafrost has engaged us to provide limited assurance on the data and information provided by the Sustainability Report of Bakkafrost for the period 1 January - 31 December 2022.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing came to our attention that causes us not to believe, that the performance data in the 2022 Bakkafrost Sustainability Report are free of material misstatements and prepared, in all material respects, in accordance with the performance data accounting policies as stated on <https://www.bakkafrost.com/en/about-us/sustainability/reports>. This conclusion is to be read in the context of what is stated in the remainder of our report.

What we are assuring

The scope of our work was limited to assurance over Performance data in the 2022 Sustainability Report Bakkafrost.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with international standard on assurance engagements 3000 (revised) "Assurance Engagements Other than Audits and Reviews of Historical Financial Information" and in respect of the greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements 3410 "Assurance engagements on greenhouse gas statements". The quantification of greenhouse gas emissions is subject

to inherent uncertainty because of incomplete scientific knowledge used to determine the emissions factors and the values needed to combine emissions of different gasses. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks, consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior and ethical requirements applicable in Faroe Islands. Januar applies international Standards on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent team with experience in sustainability reporting an assurance.

Understanding reporting and measurement methodologies

Data and information need to be read and understood together with the accounting principles <https://www.bakkafrost.com/en/about-us/sustainability/reports/> which management are

solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable measurement techniques and can affect comparability between entities and over time.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the data and information, in doing so, and based on our professional judgement, we:

- Conducted interviews with management at Group level responsible for the sustainability strategy management and reporting.
- Performed an assessment of materiality and the selection of topics for the 2022 Bakkafrost Sustainability Report and comparison to the results of a media search
- Read and evaluated reporting guidelines and internal control procedures at Group level in regard to the data to be consolidated in the 2022 sustainability report
- Conducted analytical review of the selected data in scope for our assurance engagement submitted by all production sites for consolidation at group level
- Evaluated internal and external documentation to determine whether information in the 2022 sustainability report is supported by sufficient evidence
- Read other information included in the 2022 Bakkafrost Sustainability Report in order to identify any material inconsistencies with the selected data in scope for our assurance engagement and our limited assurance report thereon.

Management responsibilities

Management of Bakkafrost is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of data and information in the Sustainability Report that are free from material misstatement, whether due to fraud or error;
- Establishing objective accounting principles for preparing data and information;
- Measuring and reporting data and information in the sustainability Report based on the accounting principles; and
- The content of Sustainability Report for the period January 1 - December 31 2022.

Our Responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether data and information for the period 1 January - 31 December 2022 Bakkafrost Sustainability Report are free from material misstatement, in all material respects, in accordance with the preparation principles;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained, and
- Reporting our conclusion to the stakeholders of P/F Bakkafrost

Tórshavn, 31 March 2023

Januar

Løggilt Grannskoðanarvirki

Fróði Sivertsen

State Authorised Public
Accountant

Óli Joensen

State Authorised Public
Accountant



Statement of the Board of Directors and the executive Board

The Board of Directors and the Executive Board have today discussed and approved the Sustainability Report of Bakkafrost Group for 2022.

The Performance data in the Sustainability Report for 2022 has been prepared in accordance with the stated Performance data accounting policies.

Glyvvar, 31 March 2023

Executive Board

Regin Jacobsen

CEO

The Board of Directors of P/F Bakkafrost

Rúni M. Hansen

Chairman of the Board

Annika Frederiksberg

Board Member

Guðrið Højgaard

Board Member

Teitur Samuelsen

Board Member

Øystein Sandvik

Board Member

Einar Wathne

Board Member

In our opinion, the Sustainability Report for 2022 gives a fair presentation of Bakkafrost group's sustainability activities and results in the reporting period as well as a balanced presentation of Bakkafrost group's environmental, social and governance performance in accordance with the stated Performance data accounting policies.

