



ESTABLISHED 1968

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# HEALTHY LIVING

## SUMMARY

SUSTAINABILITY  
REPORT 2022

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[www.bakkafrost.com/sustainability](http://www.bakkafrost.com/sustainability)



# About Bakkafrost



**BAKKAFROST:** Established in 1968.

**Location:** Faroe Islands Headquarters, Glyvrrar, Eysturoy

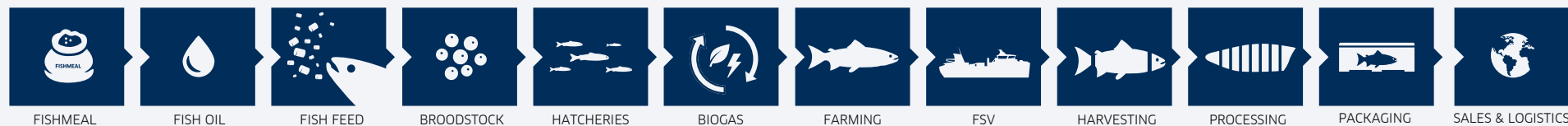
**Production and business-to-business sale:** salmon, packaging, canned seafood, cleaner fish farming, biogas, fish meal, oil and feed.

**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) Svínøyar Rognkelsisstøð (cleaner fish farming), FarCargo (airfreight) and subsidiary Munkebo Seafood, Denmark (canned seafood processing and sales).

**Listed:** Oslo Børs with the ticker symbol BAKKA

**FTE:** 1,778

## Our Value Chain



## Output

164,000t annual capacity	110,000t annual capacity	255,000t annual capacity	Increasing part of roe from our own strains	20 million 500g & 11 million 250g annual capacity in 2023	90- 100,000t annual capacity	57 marine sites	8 farming service vessels	90,603t of salmon harvested in 2022	140,000t primary & 40,000t secondary annual capacity	80,000t annual packaging capacity	7,130 DKK billion operating revenues
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# Sustainability highlights in 2022



Group scope 1 & 2 GHG emissions increased by 13% which is a

**0.5%**  
increase in GHG intensity  
per products sold



**-8%**  
GHG intensity for  
scope 3 emissions

Strong biological  
performance in  
the Faroe Islands with  
**95%**  
annual survival rate

**Historically low  
sea lice  
levels in Faroes  
and Scotland**

**0.28 0.22**  
FAROE ISLANDS SCOTLAND



Delivery of 100% electric workboat (Grønárók)

**edie awards**

Shortlisted for  
edie award with  
The Faroese Sustainable  
Business Initiative



Delivery of 7,000 m3 well boat "Bakkafossur" in the Faroe Islands



Delivery of 4,000 m3 well boat in Scotland

# Top 2023 targets from Bakkafrøst Healthy Living Plan

Our mission is to produce healthy, sustainable, 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.

- Investment in key skills to facilitate sustainable growth
- Increase transparency on local value creation
- Educate key stakeholders on the benefits of salmon aquaculture
- Continue investment via our Healthy Living Fund in the Faroes and Community Fund in Scotland

- Faroese Scope 1&2 CO<sub>2</sub> emission reduced 50% in 2030.
- Net zero by 2050
- 97% water recycling in all hatcheries
- Ensured sustainable feed ingredients for further growth.



- 500g smolt
- bFCR<1.05 in the Faroes and 1.15 in Scotland
- Salmon survival rate >94% in the Faroes and >88% in Scotland
- Yield per smolt >4.3 for the Group

- Further organic growth opportunities explored
- Industry leading EBIT/kg in Scotland
- 150,000kt harvest by 2026
- 180,000kt value chain capacity by 2026

- Truly One Company
- Harmonised Best Practice Processes
- Group LTIR less than 5
- 0 fatalities

# Salmon aquaculture, a sustainable solution

Today's food systems face extraordinary challenges, as the global population is growing, putting an enormous pressure on food resources. To feed nine billion people by 2050, we must focus on growing 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.

Aquaculture is the most 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 has the highest protein retention. It also has the lowest feed conversion ratio and water footprint compared to these proteins.

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

## Growing population..

200 years ago

  
**1 billion**

2022

  
**8.0 billion**

2050

  
**9.7 billion**

## requires more resource..

Available

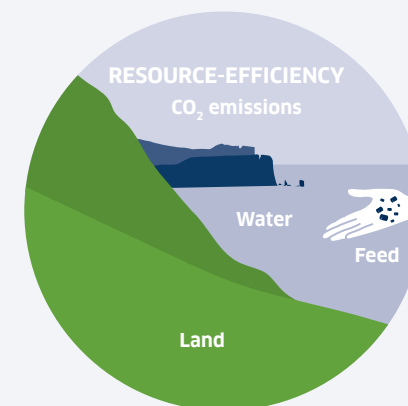


Needed in 2050



**70%**  
more protein needed

## Sustainably produced salmon is one of the most resource-efficient and healthy sources of animal protein



**Salmon has an important role to play for feeding the growing population**

# Bakkafrost and the UN SDGs

## Bakkafrost and the UN Sustainable Development Goals (SDGs)

We have conducted a mapping of the SDG 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.

We continue to work hard to help achieve these goals.



## THE GLOBAL GOALS

### High positive impact



### Limited positive impact



### Minimise negative impact



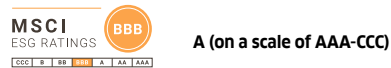
# Memberships and ratings



## VOLUNTARY DISCLOSURE



## 2022 RATINGS



## 2022 AWARDS



In 2022, the Faroese Sustainable Business Initiative (Burðardýgt Vinnulív) 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.

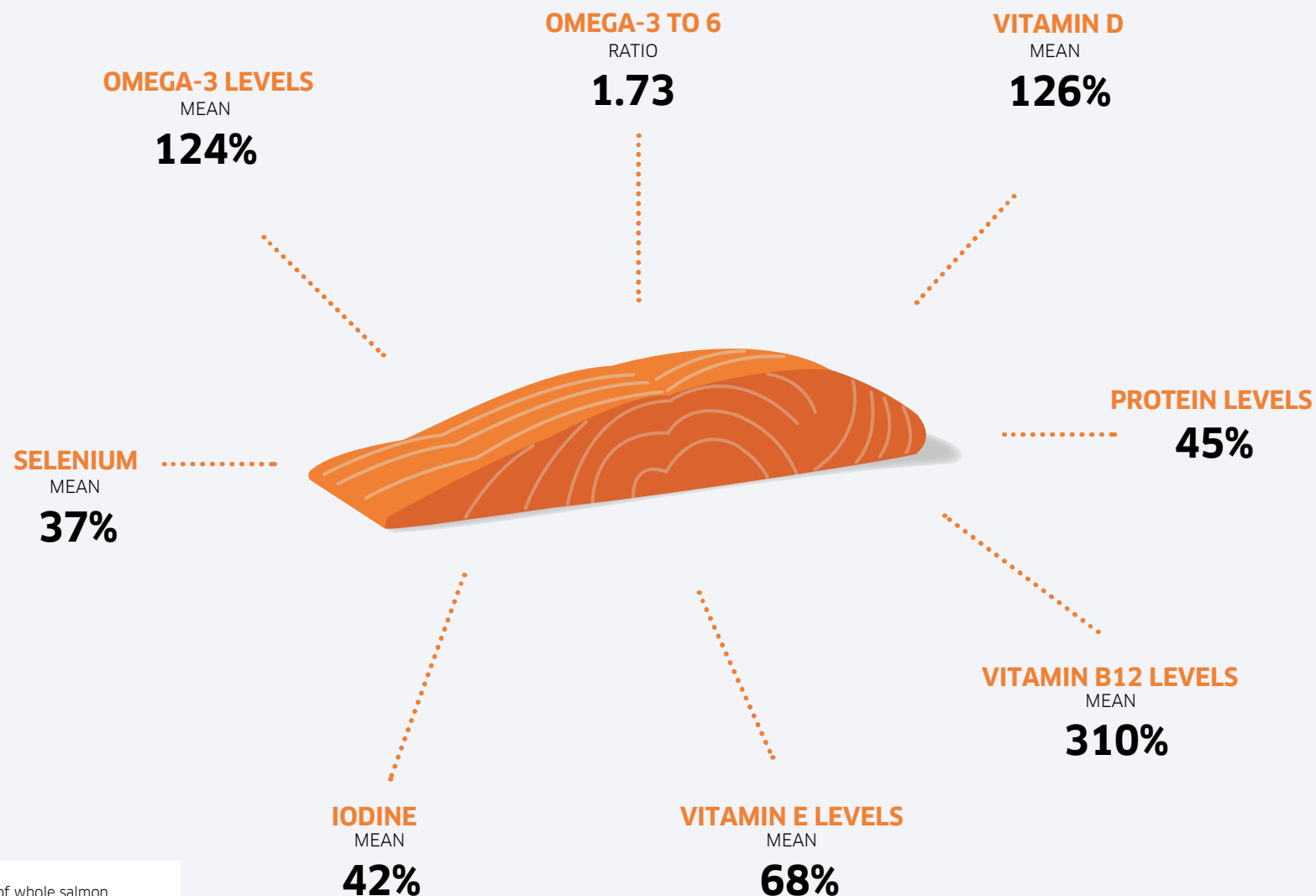
## MEMBERSHIPS



# Bakkafrost salmon at a glance

## NUTRITION

125 g of Bakkafrost salmon provides  
(of recommended daily intake)



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: Nordic Nutrition 2012 and EFSA

## ENVIRONMENT & HEALTH

### ASC CERTIFIED SITES

**100%**

Faroe Islands

### BAP

★★★★

Scotland

### AUDITS PASSED

**100%**

at Bakkafrøst 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 Bakkafrøst 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/m<sup>3</sup>**

Faroe Islands

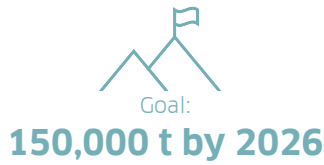
**8.31 kg/m<sup>3</sup>**

Scotland



# Healthy business

## Production



2022  
**90,603t**

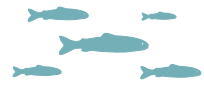
## Produced



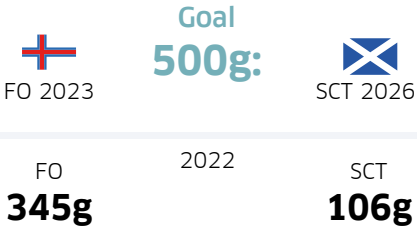
**0**

## Had zero cases of non-compliance:

- No product recall
- No market bans
- Zero security incidents
- No reports relating to human rights violations



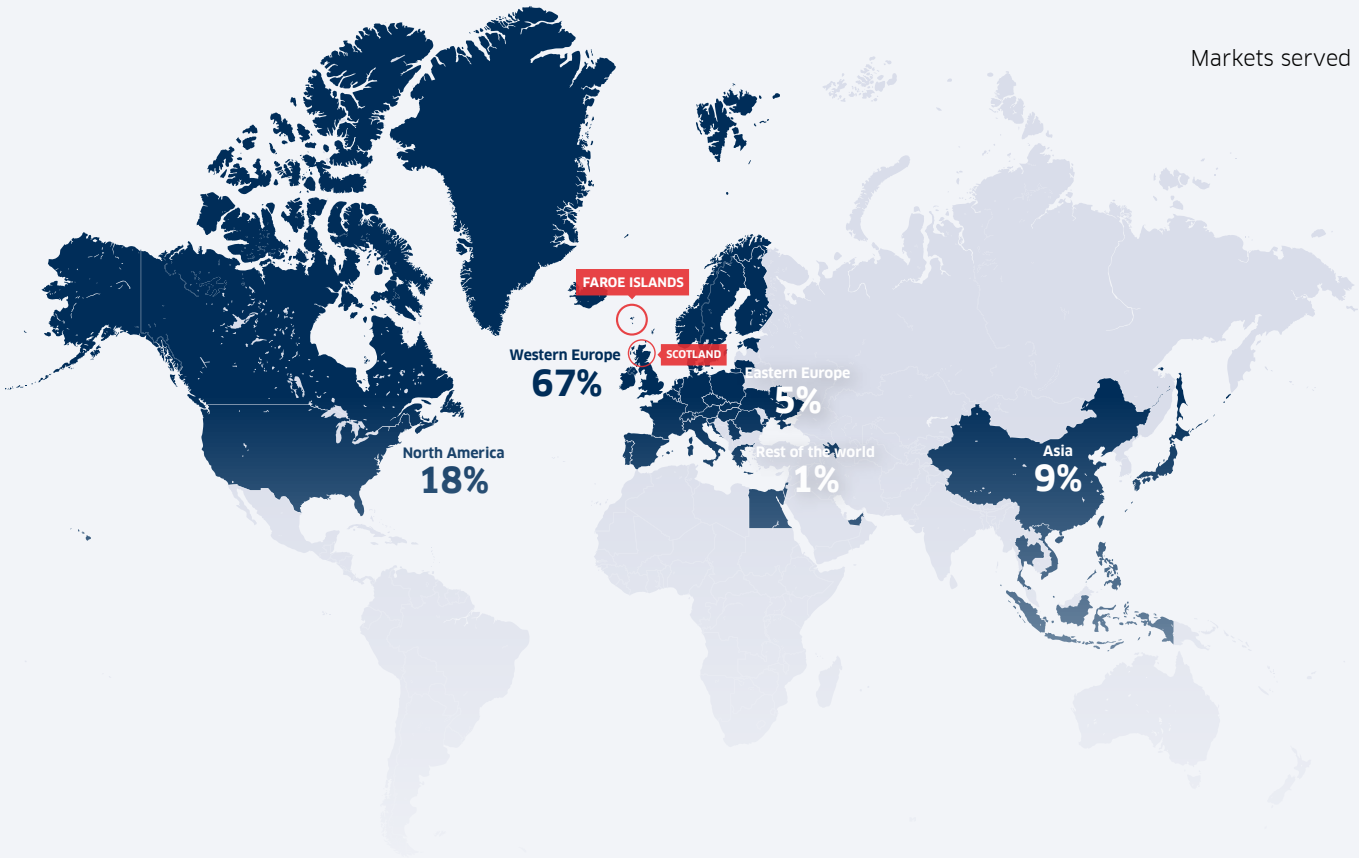
## Smolt size



## Customer Score

**92%**

of Bakkafrost customers were either satisfied or more than or very satisfied



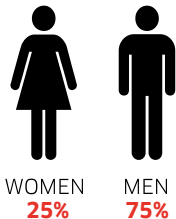


## Healthy people

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. Our people are the heart of our business and we treat our employees equally and fairly. We are committed to the health and safety of our employees and their personal development.

### Employees

**1,778**



### Employee Training

**17.4**

Total average of hours per FTE

### Fatalities

**0**

2022  
WE HAD NO FATALITIES IN 2022

### Human Rights

**Zero**  
whistle blower reports

### Absence rate



2022

**4.53%**  
GROUP

### DIVERSITY COMMITMENT

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

### Equality

WOMEN

**25%**

Of workforce

33.3% Board of directors  
20% of managers with direct reports



### LOST TIME INJURY RATE

LTIR PER MILLION WORKING HOURS

**14.88**  
GROUP

We are members of **Sedex** and we conform to the **Ethical Trade Initiative**



## Healthy salmon



### Antibiotic use

0

FAROE ISLANDS

0

SCOTLAND

### ATLANTIC SALMON SURVIVAL RATE 2022

95.09%

FAROE ISLANDS

76.84%

SCOTLAND

### SEA LICE COUNT 2022

0.28

FAROE ISLANDS

0.22

SCOTLAND

At least **98.2%**  
of the volume is water  
in our cages\*



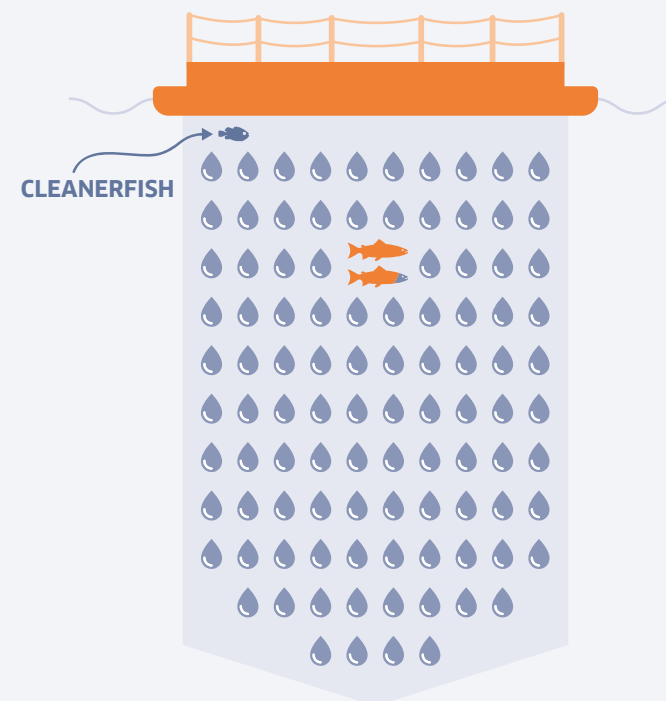
1.8%

SALMON

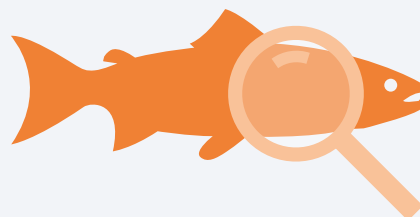


98.2%

WATER



\*Average on max biomass



### Main causes of reduced salmon survival



#### FAROE ISLANDS

##### Marine

- Treatment Handling
- Diseases (CMS)
- Reduced smolt quality

##### Freshwater

- Technical issues
- Reduced roe quality
- Treatment Handling



#### SCOTLAND

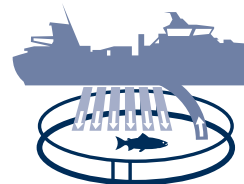
##### Marine

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

##### Freshwater

- Technical incidents
- Transfer
- Physical (Deformity)

### Biosecurity Risk Reduction



- Cleanerfish
- Freshwater & flushing treatments
- Larger smolt
- Broodstock
- Decreased stocking density
- Veterinary health plans

  
**BAKKAFROST**

ESTABLISHED 1968

**100%**  
**ASC Certified**  
Operations in the Faroe Islands

## Certifications





# Healthy environment

## Goal 2030

Scope 1 & 2



2021 → 2022

**+13%**

which is a 0.5% increase in GHG intensity per products sold

## Goal 2030

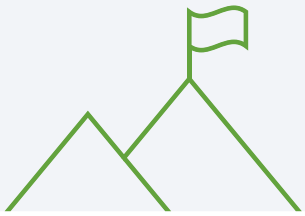
Scope 3



2021 → 2022

**-8%**

GHG intensity for Scope 3 emissions



## Renewable electricity



**100%**

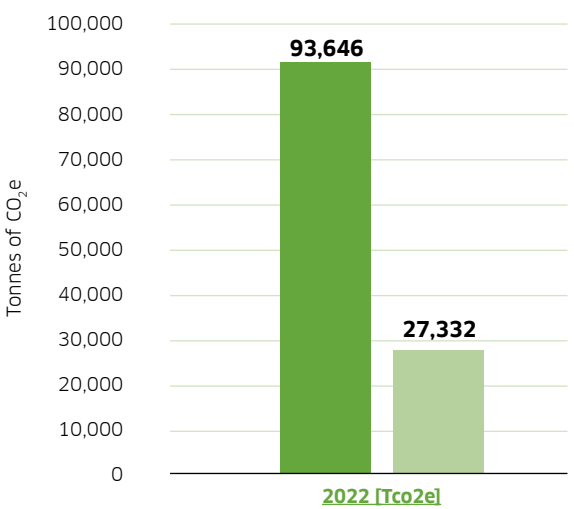
Scotland

**52%**

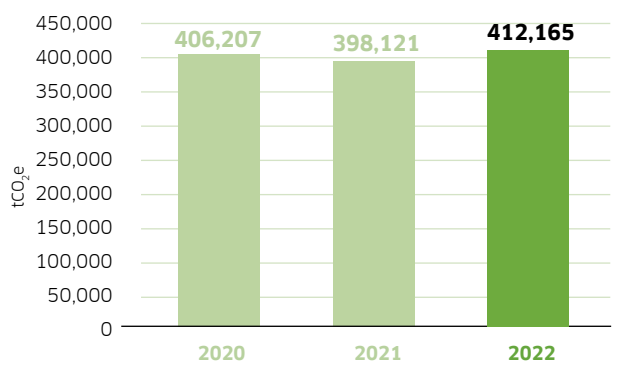
Faroe Islands

## SCOPE 1 & 2: GHG EMISSIONS

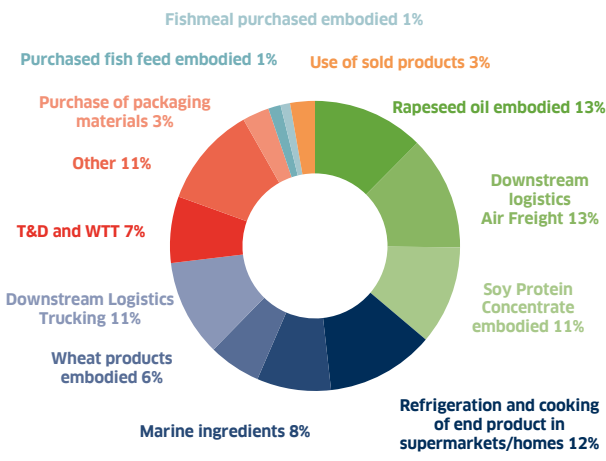
■ Direct energy use - **SCOPE 1**  
■ Indirect energy [El- and Heat ] use - **SCOPE 2**



## SCOPE 3 GHG EMISSIONS:



## SCOPE 3: BREAKDOWN BY SOURCE



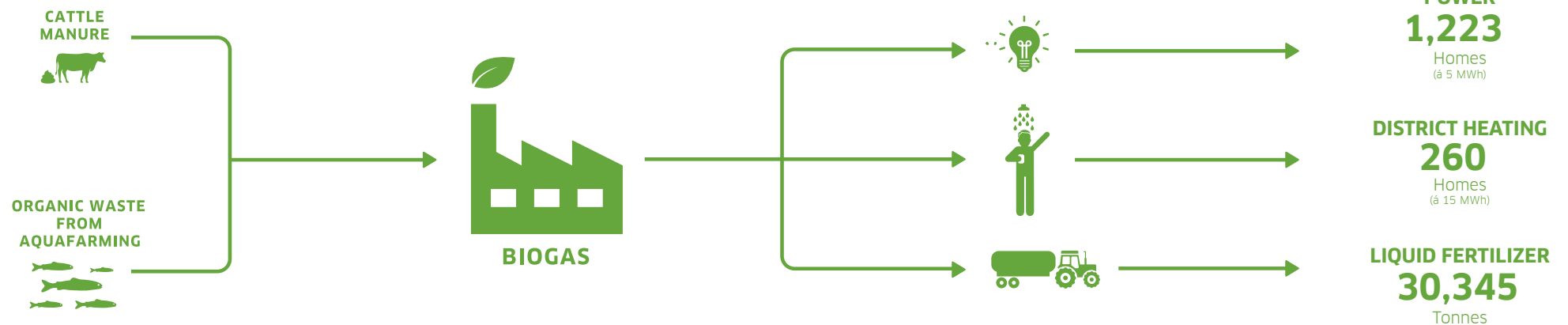
# Förka - Biogas Plant

IN 2022  
FÖRKA PROVIDED








2.3%

of the total  
RENEWABLE ELECTRICAL  
PRODUCTION  
(Faroe Islands)



FARMED SALMON IS A VERY RESSOURCE EFFICIENT SOURCE OF HEALTHY PROTEINS

					
	Farmed Atlantic Salmon	Chicken	Pig	Beef	Lamb
CARBON FOOTPRINT <small>CO<sub>2</sub>e PER KG PRODUCT</small>	Lowest 3.24	3.52	3.44	23.92	21.00
LAND USE <small>M<sup>2</sup>/100 G PROTEIN</small>	Lowest 3.7	7.1	11	102	185
FEED CONVERSION <small>RATIO (KG)</small>	Lowest 1.2 - 1.5	1.7-2	2.7-5	6-10	No data
WATER FOOTPRINT <small>LITRE / KG EDIBLE MEAT</small>	Lowest 2,000	4,200	6,000	15,000	No data
EDIBLE YIELD <small>EDIBLE MEAT PER KG FEED</small>	Highest 68%	46%	52%	No data	38%

CO<sub>2</sub> figures only for farming/production stages. Source: WWF Sverige, Carboncloud & GSI

bFCR

Feed Conversion Ratio

  
1.06

  
1.26

Industry average 1.2-1.5 (GSI)

# Sustainable feed

### The plant proteins and oils in Havsbrún feed

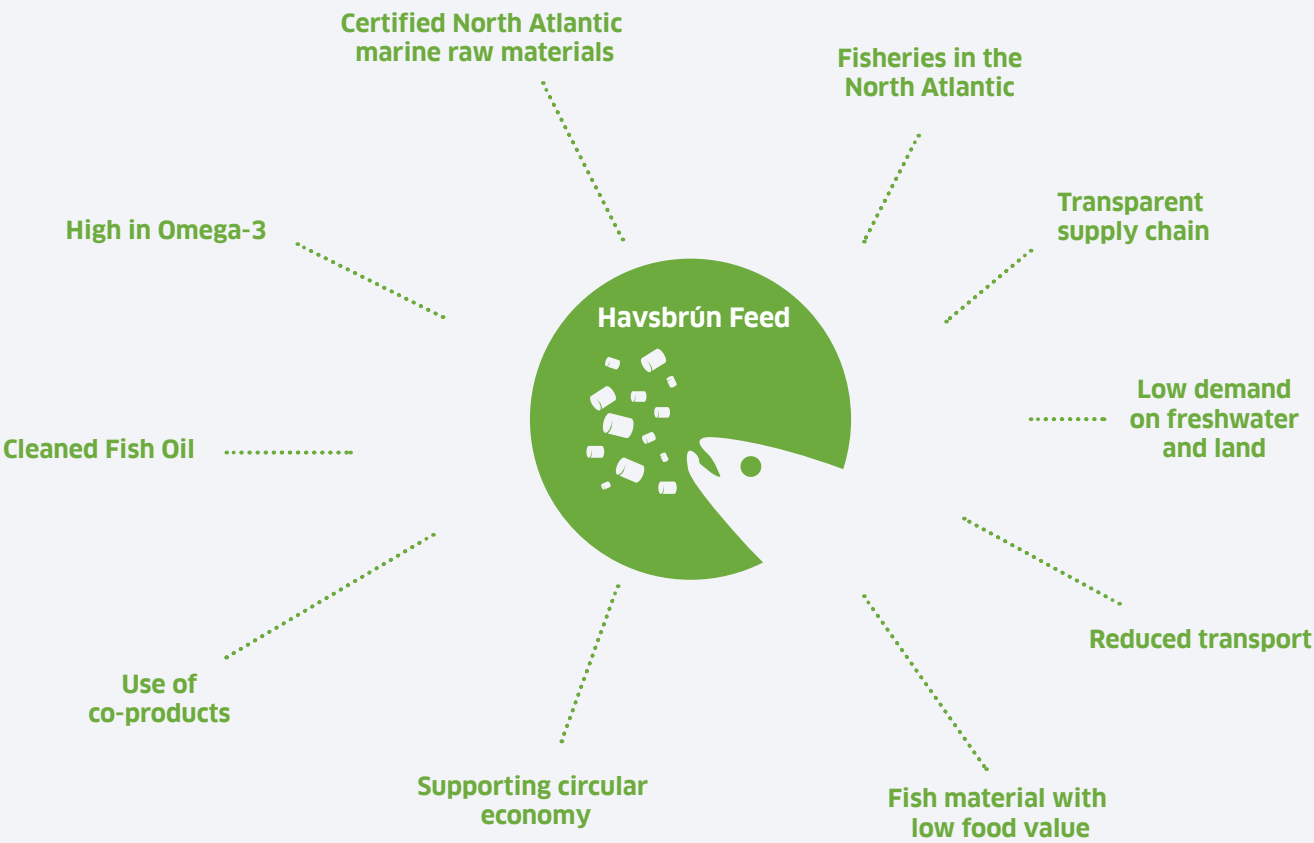
- All non-GMO
- Soybeans (Pro-Terra, Europe Soya or similar)
- No use of palm oil
- Not produced in areas threatened by deforestation

### Marine raw materials

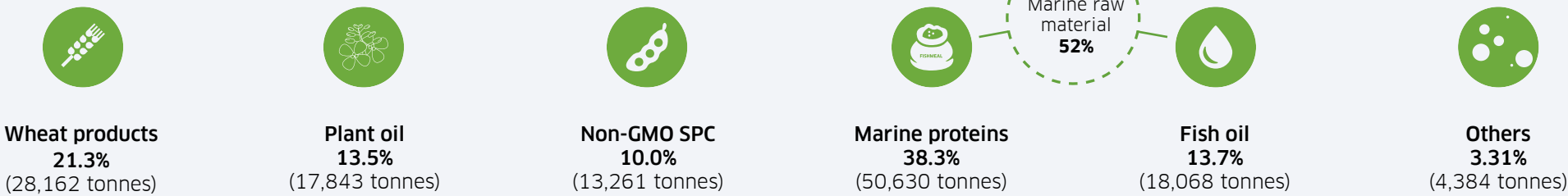
Whilst the feed industry has focused on replacing marine raw material with alternatives, Bakkafróst has chosen to continue with the high inclusion of marine content as this is a more sustainable approach given our location. The local availability of marine raw material means that marine ingredients are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

### R&D

Feed development and optimisation is an ongoing process at Havsbrún. Together with our R&D activities, which facilitate as feed experiments, we spend significant amount of time with potential collaborators where we investigate new opportunities. This includes assessing opportunities in novel ingredients.



## HAVSBRÚN FEED COMPOSITION IN 2022 PRODUCTION





## Healthy communities

Bakkafrøst 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 Scotland and 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 futures are intrinsically linked with our communities.



### Salaries and employee taxes

Group  
**DKK 832 MDKK**

### Corporate, revenue and dividend taxes

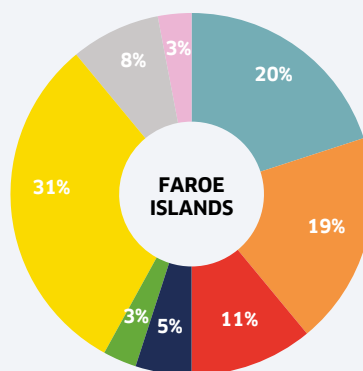
**Around 739 MDKK**

### Locally sourced products and services

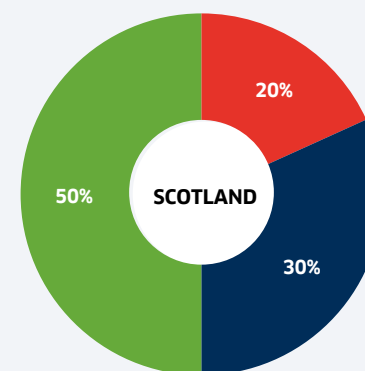
**60%**

## Initiatives supported

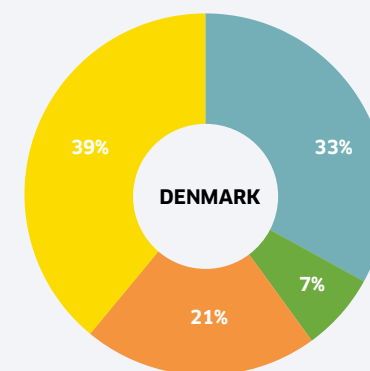
**4.5 M DKK**



- 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%



# Community Events



## 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.



## SALMON MARKET

On the 23rd of July, as part of the local "Salmon Market" at Glyvvar, 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.



## 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.



## 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 Svínø 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.



### 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 13.1 mile closed-road course.

The event is also important for local businesses, with runners keen to experience all the island has to offer.



### MUNKEBO SCHOOL FOOTBALL TEAM

Local school, Munkebo skole, football team wearing t-shirts sponsored by Munkebo Seafood



### 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 42<sup>nd</sup> 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.



# Grønarók

## - Bakkafrost 100% electric workboat



In September 2022, Bakkafrost took delivery of the 100% electric catamaran workboat, Grønarók, which is the result of a collaboration between Bakkafrost and 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.

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

# Bakkafossur



In December 2022, Bakkafossur, a new 109-metre well boat, one of the largest well boats in the global aquaculture industry, was added to Bakkafrost fleet of Farming Service Vessels.

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.

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.

