



BAKKAFROST

ESTABLISHED 1968

CORPORATE GOVERNANCE REPORT

2025

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Corporate Governance Report 2025

INTRODUCTION

Bakkafrost is committed to maintaining a high standard of corporate governance. Strong corporate governance builds confidence among shareholders, investors and the public, and contributes to long-term value creation by ensuring a clear division of roles and responsibilities between shareholders, the Board of Directors and Bakkafrost's management.

Bakkafrost's corporate governance framework is based on applicable Faroese legislation, the rules of the Oslo Stock Exchange and the Norwegian Code of Practice for Corporate Governance (the "Code of Practice" or "NUES"), as updated by the Norwegian Corporate Governance Board (NUES) on 28 August 2025. The application of the Code is based on the "comply or explain" principle, whereby Bakkafrost either complies with each recommendation or explains any deviation.

Bakkafrost has adopted formal Corporate Governance Principles that summarise Bakkafrost's key governance principles and supporting governance policies. To ensure adherence to these principles, Bakkafrost has adopted specific guidelines and instructions, including:

- *Instructions of procedure for the Board of Directors*
- *Instructions for the Nomination Committee*
- *Instructions for the Chief Executive Officer and other management*
- *Guidelines with regard to values and ethics*
- *Guidelines for non-auditing work by Bakkafrost's auditor*
- *Investor Relations Policy*
- *Guidelines relating to take-over bids*
- *Guidelines for related party transactions*
- *Instructions for the Audit Committee*
- *Guidelines concerning social responsibility*

These principles and policies form an integral part of Bakkafrost's governance framework and are reflected throughout this report. The Board of Directors conducts a comprehensive annual review

of the Corporate Governance Principles to ensure they remain aligned with the latest NUES recommendations and industry best practices.

This report is structured in accordance with the 15 sections of the NUES Code of Practice.

GOVERNANCE STRUCTURE

Bakkafrost's governance structure is based on a clear allocation of responsibility between Bakkafrost's governing bodies.

The General Meeting

Through the General Meeting, shareholders exercise the highest authority in Bakkafrost. All shareholders are entitled to submit items to the agenda, attend, speak and vote at General Meetings.

The General Meeting elects the members of the Board of Directors, determines Board remuneration, elects the members of the Nomination Committee, appoints the auditor and resolves such other matters as follow from law and the Articles of Association.

The Board of Directors

The Board of Directors has the overall responsibility for the management of Bakkafrost. This includes responsibility for supervising and exercising control of Bakkafrost's activities. The Board determines Bakkafrost's strategy, ensures sound organisation of the business, monitors financial position and internal control, approves annual accounts and considers matters of major importance to Bakkafrost.

The proceedings and responsibilities of the Board are governed by formal rules of procedure.

The Chief Executive Officer

The Chief Executive Officer is responsible for the day-to-day management of Bakkafrost and reports to the Board of Directors. The CEO is responsible for ensuring that Bakkafrost's accounts are prepared in accordance with Faroese legislation and other relevant laws, and that Bakkafrost's assets are soundly managed.

The powers and responsibilities of the CEO are set out in written instructions adopted by the Board.

The Nomination Committee

In accordance with the Articles of Association, Bakkafrost has a Nomination Committee consisting of three to five members elected by the General Meeting. The Committee proposes candidates for election to the Board and the Nomination Committee and makes recommendations regarding the remuneration of Board members and the Committee.

Audit Committee (sub-committee)

Bakkafrost has an Audit Committee elected by and among the members of the Board. The Audit Committee acts as a preparatory body for the Board and supports the Board in matters relating to financial reporting, auditing, internal control and overall risk management.

Remuneration Committee (sub-committee)

Bakkafrost has a Remuneration Committee established as a sub-committee of the Board of Directors. The Remuneration Committee supports the Board in matters relating to remuneration of executive management and the overall remuneration framework.

The Remuneration Committee prepares and reviews remuneration policies and practices to ensure alignment with Bakkafrost's long-term strategy, promotes responsible incentive structures and supports alignment of interests between management and shareholders.

The Committee's work includes reviewing principles for salary, pension, incentive arrangements and other remuneration elements for executive management before such matters are considered by the Board of Directors.

NUES Code of Practice for Corporate Governance Compliance Summary

Section	Topic	Compliance
1	Implementation and reporting on corporate governance	Complies
2	Business	Complies
3	Equity and dividends	Complies with deviation*
4	Equal treatment of shareholders and transactions with close associates	Complies
5	Shares and negotiability	Complies
6	General meetings	Complies
7	Nomination Committee	Complies
8	Board of Directors: composition and independence	Complies
9	The work of the Board of Directors	Complies
10	Risk management and internal control	Complies
11	Remuneration of the Board of Directors	Complies
12	Remuneration of executive personnel	Complies
13	Information and communications	Complies
14	Takeovers	Complies
15	Auditor	Complies

*Summary of deviation:

Bakkafrost deviates from recommendation 3.4 regarding the duration of Board authorisations to increase share capital and repurchase own shares.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Directors is responsible for ensuring that Bakkafrost implements and maintains sound corporate governance. Bakkafrost's Corporate Governance Principles state that the Company is dedicated to maintaining high standards of corporate governance and seeks to comply with the Norwegian corporate governance regime.

The principles are reviewed and assessed annually by the Board and management. Bakkafrost has established a governance framework supported by written policies and appendices covering the work of the Board, the CEO, the Nomination Committee, the Audit Committee, the Remuneration Committee, values and ethics, investor relations, take-over situations, related party transactions, auditor independence, and social responsibility.

Bakkafrost's corporate governance principles are available on the Company's website. This report provides a comprehensive overview of Bakkafrost's adherence to each section of the Code of Practice.

Deviations from the Code of Practice:

None.

2. BUSINESS

Bakkafrost's business purpose is defined in Article 3 of the Articles of Association:

"The objects of the company are to hold shares in other companies, fish farming activities, trade and any business related to these activities."

The Board of Directors has established clear objectives, strategies, and risk profiles to ensure sustainable value creation for shareholders. Bakkafrost's long-term strategic objective is to be a global leader in premium salmon, producing healthy, world-class salmon to meet the world's growing demand for sustainably and responsibly produced protein. Each business unit within Bakkafrost's vertically integrated value chain has its own goals and strategies aligned with this overarching objective.

Bakkafrost's strategy is deeply integrated with its sustainability framework, including the Healthy Living Plan, and is consistent with Bakkafrost's Guidelines Concerning Social Responsibility.

These guidelines state that Bakkafrost shall seek to operate a sustainable business, reduce harmful impact on society and the environment, create value through profitable operations, support research and development, promote new products and markets, and contribute positively to local communities.

The Board evaluates Bakkafrost's objectives, strategies, and risk profiles at least annually.

Deviations from the Code of Practice:

None.

3. EQUITY AND DIVIDENDS

The Board of Directors ensures that Bakkafrost maintains a capital structure appropriate to the Company's objectives, strategy, and risk profile. Bakkafrost's Corporate Governance Principles state that the Company shall have a level of equity which is appropriate to its objectives, strategy, and risk profile. In the Board's rules of procedure, the Board is specifically tasked with monitoring Bakkafrost's equity and taking immediate action if equity is lower than may be deemed appropriate.

Bakkafrost has a clear and predictable dividend policy, aiming to provide shareholders with a competitive return on their investment through both dividends and an increase in the value of the equity. The long-term goal is to distribute 30–50% of adjusted earnings per share, while ensuring that Bakkafrost maintains a healthy capital base for operations and future growth.

Mandates granted to the Board to increase share capital or purchase Bakkafrost's own shares are intended for defined purposes. The authorisation to purchase own shares is limited to the next Annual General Meeting.

Deviation from the Code of Practice:

The Articles of Association § 4A grant the Board authorisation to increase share capital. The authorisation is granted until the Annual General Meeting in 2030, which extends beyond the next Annual General Meeting, thereby deviating from recommendation 3.4. This is permitted under the Faroese Company Act for practical reasons. The Board has stated that it will support an amendment to the Articles if shareholders find this unacceptable.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Bakkafrost has one class of shares, and each share carries one vote.

Bakkafrost's Corporate Governance Principles provide that all shareholders shall be treated on an equal basis and shall not be exposed to differential treatment lacking a factual basis in Bakkafrost's and shareholders' common interest.

Any decision to waive the pre-emption rights of existing shareholders in the event of a share capital increase will be justified and publicly disclosed.

Transactions in Bakkafrost's own shares are conducted through the stock exchange or at prevailing market prices.

Bakkafrost has adopted written *Guidelines for Related Party Transactions*. Under these guidelines, members of the Board and executive management must notify the Board in writing if they have any material direct or indirect interest in a transaction entered into by Bakkafrost. Interested persons must refrain from participating in the consideration of such matters. The Board shall consider whether shareholder approval is required and whether an independent third-party valuation should be obtained. All related party transactions shall be executed according to arm's length principles.

Deviations from the Code of Practice:

None.

5. SHARES AND NEGOTIABILITY

All shares in Bakkafrost have equal rights and are freely transferable.

Bakkafrost's Corporate Governance Principles expressly state that all shares in Bakkafrost are freely transferable.

There are no restrictions on any party's ability to own, trade or vote for shares in Bakkafrost, except that Faroese farming legislation stipulates that no foreign-based legal entity or individual may own or hold 20% or more of the voting rights in Bakkafrost.

Deviations from the Code of Practice:

None.

6. GENERAL MEETINGS

The General Meeting is the highest decision-making body of Bakkafrost. The Board of Directors ensures that all shareholders can participate and exercise their rights, making the General Meeting an effective forum for dialogue between shareholders and Bakkafrost.

The Board is responsible for convening General Meetings and preparing the matters to be considered. The Board's rules of procedure provide that General Meetings shall be organised in a way that enables shareholders to exercise their rights and participate without unnecessary difficulties, and that sufficient information shall be made available in advance. Notices are sent with a minimum of three weeks' notice and not longer than five weeks.

Notices and supporting documentation are distributed in accordance with applicable requirements, and shareholders are given the opportunity to vote on each individual matter and on each candidate for election. Shareholders who are unable to attend in person may vote by proxy, and proxy forms are designed to allow voting on each individual agenda item.

The Chairman of the Board, the Chairman of the Nomination Committee, the CEO, and the external auditor are normally present at the Annual General Meeting. An independent chairperson for the General Meeting is elected to ensure impartial proceedings.

Deviations from the Code of Practice:

None.

7. NOMINATION COMMITTEE

Bakkafrost has a Nomination Committee in accordance with the Articles of Association and Bakkafrost's Corporate Governance Principles. The Nomination Committee consists of three to five members who are shareholders or representatives of shareholders. The members, including the Chairman of the Committee, are elected by the General Meeting for two-year terms, and the General Meeting determines their remuneration.

The Committee's duties are set out in formal written instructions. Its responsibilities include nominating candidates for election as members of the Board of Directors, including the Chairman and Deputy Chairman, proposing remuneration for Board members,

and nominating candidates for election to the Nomination Committee itself.

To ensure independence, the Committee members are independent of the Board and executive management. No executive personnel may be members of the Committee, and in strict compliance with the 2025 NUES Code, no member of the Board of Directors serves on the Nomination Committee.

Shareholders are actively encouraged to propose candidates for the Board of Directors. Proposals can be submitted to the Nomination Committee via a dedicated section on the Bakkafrøst website or by email to the Committee Chair, with a deadline clearly communicated prior to the Annual General Meeting.

The Committee justifies its proposals for each candidate, taking into consideration the Board's annual evaluation of its own work, and ensures that the proposed composition meets the needs for expertise, capacity, and diversity.

Deviations from the Code of Practice:

None.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The composition of the Board of Directors is designed to safeguard the common interests of all shareholders and meet Bakkafrøst's need for expertise, capacity and diversity.

According to Bakkafrøst's Corporate Governance Principles, members of the Board shall be selected in light of Bakkafrøst's need for expertise, capacity and balanced decision-making, and with the aim of ensuring that the Board can operate independently of any special interests and function effectively as a collegiate body.

The majority of the shareholder-elected members of the Board shall be independent of Bakkafrøst's management and main business connections, and at least two of the shareholder-elected members shall be independent of Bakkafrøst's main shareholders. Members of management shall not be members of the Board.

Board members are elected by the General Meeting for one-year terms and may be re-elected. The Chairman of the Board is elected by the General Meeting.

Information regarding the background, expertise, independence and attendance of each Board member is provided in the annual report. Board members are encouraged to own shares in Bakkafrøst.

Deviations from the Code of Practice:

None.

9. THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors has adopted written rules of procedure for its own work and written instructions for the Chief Executive Officer and other management, ensuring a clear allocation of responsibilities.

Under the Board's rules of procedure, the Board is responsible for, among other matters:

- *deciding the overall strategy of Bakkafrøst*
- *ensuring that Bakkafrøst's business activities are soundly organised*
- *supervising day-to-day management*
- *drawing up plans and budgets*
- *keeping itself informed of the financial position of Bakkafrøst*
- *ensuring adequate control of activities, accounts and asset management*
- *appointing the CEO and approving terms of employment*
- *reviewing the CEO's reports on activities, financial position and performance*
- *reviewing and approving the annual accounts and directors' report*
- *establishing guiding principles for take-over situations*
- *establishing an Audit Committee*
- *ensuring sound internal control and risk management*
- *carrying out an annual review of the most important areas of risk exposure and internal control*
- *assessing its own work and competence annually*

The Board has established an Audit Committee composed of Board members. The Audit Committee supports the Board in matters relating to financial reporting, audit, internal control and overall risk management.

Bakkafrøst has also established a separate Remuneration Committee supporting the Board in matters relating to remuneration of executive management and the overall remuneration framework. The Remuneration Committee prepares and reviews remuneration policies and practices to ensure alignment with Bakkafrøst's long-term strategy, promotes responsible incentive structures and supports alignment of interests between management and shareholders.

The Board conducts an annual evaluation of its own performance and competence, and this evaluation is discussed in a yearly meeting with the Nomination Committee.

Deviations from the Code of Practice:

None.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ensures that Bakkafrøst has sound internal control and risk management systems appropriate to the extent and nature of its activities. Bakkafrøst bases its risk management and internal control framework on the principles of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management framework.

The framework encompasses five components: Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring. Management performs continuous risk assessments, which are formalised and reviewed quarterly by the Audit Committee.

The key risk factors for Bakkafrøst include:

- **Biological risk:** Fish health, welfare, and mortality.
- **Financial risk:** Foreign exchange, credit, and interest rate fluctuations.
- **Strategic and Market risk:** Salmon price volatility and changing consumer preferences.
- **Climate and Nature risk:** Environmental impacts, extreme weather events, and resource availability.

- **IT and Cybersecurity risk:** Data breaches, system failures, and cyber threats. Bakkafrøst maintains dedicated IT security protocols and conducts regular vulnerability assessments.
- **Compliance risk:** Adherence to complex regulatory frameworks across jurisdictions.

Whistleblowing and Code of Conduct:

Bakkafrøst's approach to risk management is linked to its broader responsibilities under its Values and Ethics guidelines. The Company maintains a robust Code of Conduct and operates an independent, third-party whistleblowing channel. This channel allows employees and external stakeholders to report suspected breaches of the Code of Conduct, corruption, or other unethical behaviour anonymously.

The Board carries out an annual review of the most important areas of risk exposure and internal control arrangements, including those related to both financial and sustainability reporting.

Deviations from the Code of Practice:

None.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board of Directors is proposed by the Nomination Committee and determined by the General Meeting. Remuneration is intended to reflect the Board's responsibility, expertise, time commitment, and the complexity of Bakkafrøst's activities.

Board remuneration is fixed and is not linked to Bakkafrøst's performance. Board members do not receive share options in their capacity as Board members.

Any remuneration in addition to ordinary directors' fees (such as fees for serving on the Audit Committee or Remuneration Committee) is specifically identified in the annual report and approved separately by the General Meeting. Board members shall not take on specific assignments for the Company in addition to their appointment as a member of the Board.

Deviations from the Code of Practice:

None.

12. REMUNERATION OF EXECUTIVE PERSONNEL

The Board of Directors prepares guidelines for the remuneration of executive personnel and presents them to the General Meeting in accordance with applicable requirements. The Remuneration Committee acts as the preparatory body for the Board in these matters.

The remuneration policy is designed to be competitive and motivating, to support the recruitment and retention of key personnel, and to align the interests of executive personnel with those of shareholders.

The remuneration of the executive management consists of a fixed basic salary and a variable performance-related element. The variable element is strictly linked to value creation for shareholders, Bakkafrost's long-term performance, and the achievement of specific financial and sustainability (ESG) key performance indicators (KPIs).

The Board prepares a separate, detailed Remuneration Report annually, which provides full transparency on the remuneration awarded to executive management.

Deviations from the Code of Practice:
None.

13. INFORMATION AND COMMUNICATION

Bakkafrost is committed to open, timely, and equal communication with shareholders, investors, and the market generally. The Company has adopted a formal Investor Relations Policy, which states that communication with the financial markets is a priority to ensure that the pricing of the shares reflects underlying values.

The policy is based on openness and equal treatment of all shareholders. Important events affecting Bakkafrost are reported immediately. Bakkafrost publishes a financial calendar annually. Investor presentations are held in connection with quarterly and annual reporting, and all material presented to investors is made available simultaneously on Bakkafrost's website. All financial information is provided in English.

The Company observes a quiet period ahead of the publication of financial results, during which communication with investors and analysts is restricted. Under the Investor Relations Policy,

the Chief Executive Officer and the Chief Financial Officer are responsible for communication with shareholders outside the General Meeting.

Deviations from the Code of Practice:
None.

14. TAKEOVERS

The Board of Directors has adopted *Guidelines Relating to Take-over Bids*.

These guidelines provide that, in the event of a take-over bid, the overriding principle shall be equal treatment of all shareholders and that Bakkafrost's business activities should not be disrupted unnecessarily. The Board shall seek to ensure that shareholders are given sufficient information and time to form a view of the offer.

The Board will not seek to prevent any take-over bid unless it believes that the interests of Bakkafrost and the shareholders justify such action. The Board will not exercise mandates or pass resolutions intended to obstruct a take-over bid unless this is approved by the General Meeting following announcement of the bid.

If a take-over bid is made, the Board will issue a statement in accordance with statutory requirements and the recommendations in the Code of Practice. The Board will consider obtaining a valuation from an independent expert, and such valuation shall be obtained where the bidder or another interested party has a particular personal interest in the bid.

Any transaction that in significant effect amounts to a disposal of Bakkafrost's activities shall be submitted to the General Meeting for approval.

Deviations from the Code of Practice:
None.

15. AUDITOR

The auditor is appointed by the General Meeting.

The Audit Committee is responsible for ensuring that the auditor annually submits the main features of the plan for the audit of the Company. The auditor participates in meetings of the Board of Directors and the Audit Committee that deal with the annual accounts, accounting principles, risk areas, internal control procedures, and statutory sustainability reporting.

The Board has at least one meeting a year with the auditor without the CEO or other members of executive management present.

Bakkafrost has adopted written guidelines governing non-auditing work by Bakkafrost's auditor. These guidelines state that the auditor's primary task is to perform the audit work required by law and professional standards. Any non-audit work must be carefully assessed to ensure it does not jeopardise the auditor's integrity or independence. Management must keep the Board informed of non-auditing work exceeding 50% of the audit fee.

The auditor is required annually to confirm its independence in writing to the Audit Committee and provide a summary of services performed in addition to audit work. The remuneration paid to the auditor is broken down into audit fees and fees for other services, and is presented to the Annual General Meeting.

Deviations from the Code of Practice:
None.

VALUES, ETHICS AND SOCIAL RESPONSIBILITY

Bakkafrost's governance framework is underpinned by formal Guidelines with Regard to Values and Ethics and Guidelines Concerning Social Responsibility.

The Code of Conduct applies to Board members, the CEO, members of management, other employees, and others acting on behalf of Bakkafrost companies. It requires all relevant persons to observe high standards of business and personal ethics, including honesty, integrity, fair dealing, respect for the individual, compliance with laws and regulations, anti-corruption, anti-money laundering, competition law compliance, confidentiality, and proper handling of inside information.

The social responsibility guidelines provide that Bakkafrost shall seek to operate a sustainable business, reduce environmental impact, create value locally, nationally, and internationally, support local communities and sponsorships, and maintain high personal morality and integrity in carrying out Bakkafrost's activities. These principles support Bakkafrost's broader governance, culture, and sustainability framework.