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Bakkafrost Freshwater Use Policy

This policy outlines the company's approach to managing dependencies, impacts, risks and opportunities related to freshwater use

Introduction

Water is a critical and increasingly scarce global resource, with freshwater ecosystems under severe strain from population growth and climate change[1]. Water demand is projected to exceed reliable supplies by 40% by 2030, while 80% of wastewater remains untreated and 1 billion people face scarcity[2]. As climate change impacts freshwater quantity and quality[3], responsible water management is essential.

Although Bakkafrost does not operate in areas with freshwater scarcity, we are committed to responsible and efficient water management that supports freshwater ecosystem conservation and ensures our activities do not negatively impact water resources, even during periods of drought.

Use of freshwater in Bakkafrost operations

Freshwater is considered an important resource for Bakkafrost operations as it is used:

- in land-based operations, specifically in the production of eggs and smolt before sea transfer
- at feed and processing plants to ensure we meet all hygiene standards
- in freshwater bath treatment for sea lice onboard our Farming Service Vessels.
- indirectly through sourcing of non-marine ingredients to produce fish feed

Policy objectives

This policy outlines Bakkafrost's approach to managing the dependencies, impacts, risks, and opportunities (IROs) related to freshwater in its direct operations and supply chain, including freshwater availability, quality, withdrawals and consumption, and discharges, as identified through our assessment framework and the company's Double Materiality Assessment which details both direct and indirect water dependencies and impacts on local communities and ecosystems.

Scope of the Policy

This policy applies to all units over which P/F Bakkafrost has a controlling influence through shareholding or agreement.

The policy also addresses freshwater management in Bakkafrost's wider value chain.

Governance of the Policy

Bakkafrost upholds strict sustainability and resource management standards to ensure responsible freshwater use and environmental stewardship across our operations.

The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.

[1] UN Water – Progress on water related ecosystems 2021
[2] Conservation International
[3] UN Water - Progress on water related ecosystems 2021

The Chief Executive Officer (CEO) is responsible for implementing this policy, overseeing its execution, and reporting to the Board on actual development in relation to this policy. The CEO ensures that freshwater management practices align with Bakkafrost's sustainability commitments.

Commitments & Targets

As a significant consumer of freshwater in the Faroe Islands and on the west coast of Scotland, Bakkafrost recognises its responsibility to ensure resource efficiency and prevent any pollution of freshwater resources. Bakkafrost also recognises its responsibility to engage with suppliers to ensure responsible water management in our supply chain. This especially relates to agricultural commodities used to produce salmon feed.

To support our efforts to ensure responsible freshwater use in our direct operations as well as in the wider value chain, this policy commits Bakkafrost to:

- By investing in RAS (Resycling Aquaculture Systems), ensure that over 95% of all Bakkafrost freshwater hatcheries measured in total water use will be BAT (Best Available Technology) RAS systems with >97% recycling before 2028 and 99% before 2030
- Aligning with international and national frameworks and standards to prevent, minimize, and control water pollution .
- Safely manage WASH in the local communities where the company operates.
- Comply with applicable regulations and mandatory standards relating to water management.
- Conserve the freshwater ecosystems that the company is at risk of directly or indirectly affecting.
- Conduct water stewardship.
- Only source agri-commodities for feed production which are produced in areas classified as 'Low' or 'Low-medium' in 'water stress' according to the WRI Aqueduct Water Risk Atlas.
- Conduct stakeholder engagement and capacity building on water-related issues.

To implement our commitments effectively, we have set the following targets:

- Annual total water recirculation rate >97% across Bakkafrost hatcheries.
- Establish full monitoring of the substances in discharged water from all Bakkafrost sites that discharge freshwater.
- 100% WASH compliance at all our sites, and conduct engagement in local communities where the company operates which does not score 100% in 'Drinking Water' in the 'WHO/UNICEF JMP global database of progress in household drinking water'.
- Perform annual assessments of the state of the freshwater ecosystems which Bakkafrost is at risk of directly or indirectly affecting.
- Develop water stewardship plans following the guidelines set out by the Alliance for Water Stewardship (AWS) for the company's own operational sites, starting with all freshwater sites (hatcheries).
- Collect annual water-intensity data (measured as m3 per tonne) for key suppliers of agri-commodities used in producing salmon feed. Key suppliers are defined as those providing products that account for more than 15% of total raw materials purchased.
- Ensure that key suppliers of agri-commodities for feed production are sourced from areas classified as 'Low' or 'Low-medium' in 'water stress' according to the WRI Aqueduct Water Risk Atlas on an annual basis.

Monitoring

Continuous monitoring is key to proper freshwater management, and we are committed to setting up the necessary monitoring mechanisms to act in a timely and efficient manner.

Installing water measurement devices at all hatcheries will monitor the water recirculation rate and the substances in discharged water.

To ensure WASH compliance at our sites, we will perform a half-yearly assessment using the JMP global database.

To effectively monitor the state of the freshwater ecosystems which Bakkafrost is at risk of directly or indirectly affecting, we will use industry-recognized tools and standards for ecosystem analysis to ensure accurate assessment of our impact.

We will set up a working group responsible for creating and implementing the AWS-aligned water stewardship plans. This group will also be responsible for continuously monitoring the implementation status and reporting to the Director of Quality, Environment, Safety and Health (QESH).

The trend for water intensity for key suppliers of agri-commodities will be reported as part of the annual reporting for the Bakkafrost Integrated Annual Report.

Risk Management

Bakkafrost is directly and indirectly (through commodity sourcing) dependent on freshwater availability, and we recognise that a thorough risk management approach is necessary to ensure proper and timely management of actual and potential issues.

To identify dependencies, impacts, risks, and opportunities, we conduct annual environmental risk assessments that include an evaluation of freshwater-related topics. We use the World Resources Institute (WRI) Water Risk Atlas in our risk assessment of current and potential new areas of operation to ensure we do not operate in areas considered medium or high risk in terms of water scarcity. This tool enables detailed risk assessment to guide decision-making processes, especially in identifying and managing areas with potential medium to high water scarcity risk. Bakkafrost follows a defined protocol for ongoing assessment and follow-up, ensuring that any emerging risks related to freshwater availability or quality are managed proactively and reported transparently. This tool is also utilized to monitor if commodities sourced for feed production are produced in regions affected by water stress.

Engagement with stakeholders

At Bakkafrost, we believe in the power of dialogue and collaboration. We are committed to allowing affected stakeholders and communities to have their say and ensuring that their input informs the company's risk assessment and management regarding freshwater usage. The process includes regular documentation and review of stakeholder dialogue outcomes, ensuring all water-related concerns are thoroughly evaluated.

Recognizing the importance of proper freshwater management, we are committed to seeking positive influence, e.g., through participation in public forums addressing water management issues and promoting water-efficient solutions, for example, within the food sector. We are also committed to seeking participation in water-related collaborations and partnerships that reach beyond our own operations and go beyond just regulatory compliance.

Consideration of key stakeholders in setting the policy

Bakkafrost has considered stakeholders such as investors, customers, and financial institutions when establishing the policy by utilizing the input provided by these stakeholders via Bakkafrost's Double Materiality Assessment.

Availability and implementation of the Policy

This policy has been reviewed and approved by the CEO. The policy shall always be accessible to all employees on the company's internal communications platform (employee handbook) and to external stakeholders on Bakkafrost's website. The policy will be communicated directly and continuously to stakeholders who are responsible for implementing the policy actions (e.g. in leadership meetings).

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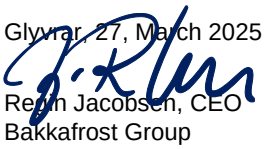
Glyvrar, 27, March 2025



Regin Jacobsen, CEO
Bakkafrost Group