Policy on freshwater use

Freshwater is considered a renewable resource, however in some regions of the world the use of freshwater may exceed the ability of natural processes to replace it. When this combination occurs, situations of water scarcity can occur which can impact negatively society and business.

Freshwater is important for Mowi as it is used:

- directly in the initial stages of farming to produce smolts prior to sea transfer. Mowi continues to invest where possible to improve water use efficiency through technological solutions (such as Recirculating Aquaculture Systems – RAS)at our freshwater farming sites.
- directly at our processing plants to keep high hygienic standards and
- indirectly from the use of agricultural feed raw materials. Mowi uses certification schemes, where available, to ensure agricultural raw materials are sourced from areas where water management is considered.

Mowi's freshwater use
The majority of freshwater in our business is used to produce the initial life stages of Atlantic salmon. Such production is done in countries and areas with no water scarcity. We use the World Resource Institute water risk map to help us identify if any areas where we farm our salmon are located in areas of medium or high risk. All our farming regions are located in a low risk rating both from a water stress and water depletion perspectives (WIR Aquaduct, 2019).

Regarding our downstream operation, three of our processing plants (one plants in France, one plant in China and one plant in Vietnam) are location in countries/areas of medium or high risk and therefore our conservation efforts are directed there.

Mowi's freshwater governanace
Freshwater use and efficiency is governed through our sustainability strategy, the strategy implementation across our business units is driven by Mowi's Global Sustainability Networks which are run by the Chief Sustainability Officer (CSO) (the CSO is member of the Group Management Team and reports directly to the CEO). A Strategic Sustainability Network is also in place as part of our governance groups to support strategic discussions on freshwater related risks and opportunities for the Group. The management team and the strategic networks have an oversight of the reported quarterly and annual freshwater use and ongoing initiatives to improve efficiency.

Mowi's target on freshwater use
By 2025, achieve a reduction of 10% on water intensity at our processing plants located in medium-high water scarcity risk, using 2018 as a reference year.
Mowi focus on increasing freshwater use efficiency at processing plants without compromising the need of using water to maintain the high hygienic standards at the plants.

Responsible supplier freshwater management – vegetable feed raw materials

Mowi's work towards a responsible freshwater use also extends to our vegetable raw material suppliers. Using the World Resource Institute water risk map all vegetable raw material suppliers located in areas of overall medium and high water risk are identified. Such suppliers are asked to complete Mowi's water risk assessment to clarify their full risk profile and understand their actions to minimize risks linked with water use, such as water infrastructures, sustainable water withdrawal, protection from pollution, conserving buffer zones and proper irrigation. If vegetable feed raw materials are rated in the medium or high risk under Mowi's water risk assessment we initiate an engagement program with those specific suppliers.

Mowi's actions towards the implementation of this policy:

1. Prioritise technology (such as RAS) in our smolt and post-smolt production to reduce the dependency of freshwater at the initial stages of salmon farming
2. Work towards an improved efficiency of freshwater use at our processing sites by:
    - developing water efficiency plans at our processing plants.
    - stimulating innovative solutions to reduce water withdrawal or reuse
    - sharing solutions and efficiency improvement plans amongst business units
    - reporting data on freshwater use as requested in the sustainability reporting
3. Ensure that Mowi's operations do not compromise the right of local communities to access water
4. Treat wastewater effectively following as a minimum national regulations
5. Raise awareness on effective water stewardship by supporting our employees to understand this policy
6. Engage with vegetable feed raw material supplier to understand theyr water risk profile and actions to reduce risk

WRI, Aquaduct, 2019. Aquaduct Water Risk Atlas 2019. Retrieved from: https://www.wri.org/aqueduct