BURÐARDYGT
VINNULÍV

GOING
FURTHER
TOGETHER

BURÐARDYGT VINNULÍV 2021

About the **initiative**

Leading the green transition

Burðardygt Vinnulív (the Faroese Sustainable Business Initiative) is a network of twelve businesses operating in the Faroe Islands which aims to advance sustainable business practices in response to three specific sustainability challenges: climate change, ocean health and biodiversity loss. Through a collaborative approach, we aim to contribute towards UN Sustainable Development Goals 13 Climate Action, 14 Life Below Water and 15 Life on Land, with greater speed and impact than would be possible for individual companies.

In January 2021, the founding members made a commitment to work together for a minimum of three years to develop a strategic approach to address the key risks and opportunities arising from these issues. Now in 2022, we are reporting our progress after one year of working together.

Our strategy

We have five principle objectives to help us achieve the strategic goals set out so far: **1)** to build our knowledge of, and capability to respond to the challenges; **2)** to advance sustainable business practice through our long-term strategic plan; **3)** to collaborate for faster progress; **4)** to engage with the rest of society; and **5)** to ultimately inspire others in the Faroe Islands to prioritise this agenda.

Our purpose is to lead the green transition through sustainable value-creation

Climate change: science-based targets to reduce CO_2e emissions

Biodiversity and oceans: net-positive commitments to leave nature better than we found it

Engagement: transparency to be held accountable and influence system-change

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www.burdardygtvinnuliv.fo

Our 2021 **Performance at a glance**

Burðardygt Vinnulív's founding members are a diverse group with different ownership structures and markets. Our activities extend beyond the Faroe Islands: we have operations in more than ten countries and our supply chain and customers extend across four continents.

We all play an important part in the Faroese business ecosystem, and many of us have been working together in one way or another for multiple years.

12 large, medium, and small companies operating in the Faroe Islands

Representing more than 20% of the private workforce in the Faroe Islands in 2021

Many projects in discussion or initiated between members in the first year of working together

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9% of Faroese CO_2e footprint from scope 1 and 2 CO_2e emissions in 2021 (11% in 2020)

11 companies made reductions in scope 1 emissions in 2021

5 companies made reductions in scope 2 emissions in 2021

Many new initiatives started to reach net-positive commitments

50+ new commitments to address biodiversity loss and ocean health

Our progress addressing **climate change**

Our task

Despite the diversity within the group, we all share a common understanding of our responsibility to act on climate change. For many years, scientists have alerted policymakers to take action and as the urgency of these warnings increases, the need for collaboration to find solutions has become more imperative.

Expectations of the business sector to respond continue to grow for all organisations, large or small. Our task will be to use scientific recommendations and well-established international frameworks to guide our level of ambition in addressing climate change.

Our approach

We are working together to develop a strategic and systematic approach to addressing climate change; first understanding the context, then identifying our impacts, then prioritising and planning impactful solutions. We are taking a rapid but step-by-step approach to our work.

Through our Climate Change workstream, our first job has been to understand our individual operational footprints. In the first years working together we mapped our scope 1 (direct) and scope 2 (indirect) CO_2e emissions and set a target (aligned with scientific recommendations) to at least halve scope 1 and 2 emissions by 2030.

Scope 3 (indirect) is where the largest emissions tend to be for a company, and often much harder to control. This year we have continued work to understand these emissions, and have begun reporting them for the first time, setting targets across four groups to begin with.

Over the next period we will also increase our focus on adaptation as well as mitigation. We will report our progress every year and will look for third-party assurance and verification where possible.

Our plan

In 2021 we made the following commitments to ensure we are aligned with scientific recommendations to mitigate our impact on climate change:

50% CO_2e reduction by 2030
All companies will at least halve their scope 1 and 2 CO_2e emissions by 2030

Net-zero by 2030
Three companies are going further by committing to net-zero scope 1 and 2 emissions by 2030

In 2022 we are announcing further commitments to:

Reduce scope 3 CO_2e emissions by 2030 from our value chains
Submit our targets to the Science Based Targets Initiative by the end of the year

Our progress in 2021

We are delighted to report good progress against our goals in our 2021 data. Many companies made reductions in the scope 1 emissions, derived from a reduction in fuel use. Some went up, in the short-term. We set our goals half-way through the calendar year, so it is likely these were realised within a period of only six months. We are particularly proud of this.

As expected, some companies saw an increase in the scope 2 emissions, derived from an increase in electricity use, as they switched to electrically-driven heat-pumps and electric vehicle charging stations. We hope these emissions will go down, as the national electricity provider SEV continues to decarbonise the grid with 100% renewable energy by 2030.

Our challenges

Many of us have ambitious growth plans, so decoupling emissions from our growth will remain a big challenge, particularly in areas where we do not have as much control of our value chain. As many of us already work together, we have already identified some ways we can do this.

To achieve our scope 1 and 2 reduction targets are relying on our national electricity provider to meet their commitment to provide 100% renewable electricity by 2030. Affordability of clean energy as we electrify and explore other fuel sources will be another challenge – one also faced by other island communities and by others who don't benefit from liberalised energy markets. While recent surges in fuel prices increase our motivation to electrify faster, electricity prices and access to renewable energy remain a significant barrier.

Many of us will also be relying on our customers and suppliers to come on this journey with us if we are to be successful. Nevertheless, we hope to overcome potential challenges through meaningful and constructive stakeholder engagement and collaboration.

13 CLIMATE ACTION

Our work will support SDG 13 Climate Action. We will be taking action to combat climate change first through mitigation and then adaptation and engaging with local policy-makers.

Our progress safeguarding **biodiversity and oceans**

Our task

Island life is dependent on a strong relationship with nature. While the Faroe Islands benefit from a seemingly pristine environment, we are acutely aware of the degradation of natural systems around the world. Many of us source raw materials and products from other countries and we understand our responsibility to address impacts on the environment both here and in our global value chains. As large multinational businesses increasingly prioritise their impacts on ocean health and biodiversity loss, so will we. As with climate change, we have set ourselves a task to follow well-established guidance to understand how we can have a net-positive impact on biodiversity. We have been increasing our knowledge here and will continue to develop this as we continue this work.

Our approach

Here we are also taking a planned and systematic approach. We have had seminars to understand more about global threats to biodiversity, conducted a top-level materiality analysis of our impacts, and help planning workshops to help us develop plans to support the ambitious goals we made last year.

We are all very different companies and some of us rely much more heavily on natural capital than others. Even so, we realise we are all part of a system, even if our role is to finance or provide solutions to companies with heavier impacts. Therefore, we have begun working together and maximise our individual strengths to address this increasingly urgent responsibility.

Through our Biodiversity and Ocean Health workstream, in 2021 we all made a goal to reach net-positive by 2030 in at least one area of impact, with expert support from consultants.

We have begun developing plans to support this goal, setting further targets to help us reach it, and thinking about how we may extend this approach to other areas within our control.

Our progress in 2021

In this report we are publishing more details of how we plan to reach our goals, with company-specific targets to address to different impacts we have on nature. Please see each company's page for more information. We will continue building our approach in years to come.

Our challenges

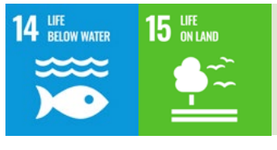
Getting to grips with the biodiversity crisis and how as businesses we can develop a suitable and strategic response has been challenging for most of us, and one year in we still recognise we have a long way to go, not only in deepening our knowledge but also in finding solutions.

We are limited by resources and infrastructure of our country, so we are restricted in many decisions we make, from sourcing to waste management. We have initiated stakeholder engagement so we may be able to overcome some of these difficulties and will also be able to influence other businesses to take up this agenda and join forces in overcoming these challenges.

Our plan

100% of companies committed to becoming net-positive in at least one area of biodiversity impact, or to support other companies in doing so, by 2030.

In 2022 each company is announcing further plans as a first step to achieving these commitments.



Our work will support SDGs 14: Life Below Water and 15: Life on Land. We will be looking for ways to significantly reduce marine pollution, to promote sustainable use of marine and terrestrial ecosystems and to reduce and reverse biodiversity loss.

Monitoring ocean health

As part of our commitment to the health of the ocean, we have certified all our marine sites in the Faroe Islands against the ASC standard.

To minimise our impact on the fjord system, we have taken measures such as moving salmon pens to locations with stronger currents and discontinuing the use of copper-treated nets. By installing underwater cameras at all our sites to optimise feeding, we have improved both the health of the fish and the environment.

Data shows our efforts are paying off - samples taken from the seabed show continuous improvement. For the past couple of years between 80-90% of the sites have been assessed to be within minimum impact by national seabed quality standard.

As well as environmental inspections, we regularly conduct benthic fauna assessments and monitor biodiversity under and around the pens. We are registering the diversity and abundance of species, differentiating those which point to a healthy seabed.

Using a new established baseline for benthic macrofaunal diversity, we feel more confident that our farming activities do not cause negative impact on the fjord ecosystem.

BAKKAFROST Aquaculture, Packaging, Biogas, Fish Meal, Oil And Feed

2021 was characterised by the steady unwinding from the impacts of the global pandemic. It also marked four years of our sustainability plan which we are pleased to report good progress in.

Key accomplishments include our new circular biogas plant which processes waste to provide more than 1500 households with clean energy; the establishment of our Healthy Living Fund which has enabled our partnership with the University of the Faroe Islands to support natural sciences; and the first investment in a fully electric workboat.

In 2021, we conducted trial projects to optimise feed recipes and the absorption of nutrients and minerals to improve the health of our fish and the seabed. We have also advanced our early warning systems for fish health.

We have continued our responsible growth strategy, decoupling the growth of our value chain with GHG emissions. In 2021, we announced a new scope 3 intensity reduction target.

CLIMATE CHANGE

In 2021, we saw a 38% reduction in carbon intensity per tonne of salmon produced. This was mainly due to reduced production of fish meal at Havsbrún and a reduction in fuel oil usage in our Farming division.

In 2022, we will continue electrification of feed barges, introduce a new hybrid wellboat as well as a fully electric workboat.

SCOPE 1 & 2 GOAL: We will reduce scope 1 and 2 CO_2e emissions by at least 50% by 2030 (2020 baseline).
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions by 52% per tonne of product sold by 2030 (2020 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	254,042,693	186,349,128	-
Indirect energy [electricity] use - scope 2	72,945,324	76,642,269	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	66,998	49,086	-27%
CO_2e Scope 2	29,304	30,225	5%
CO_2e Scope 3 (see boundary on page 33)	267,213	288,225	8%

BIODIVERSITY AND OCEAN HEALTH

GOAL: We will look to become net-positive in our impact on the marine environment from salmon farming operations and our impact on land from our onshore operations in the Faroe Islands (e.g. our offices and smolt-stations) by 2030.

Natural system impacted	Targets	Indicator	Baseline	Context
Land use change	We will invest in the regeneration of land.	m2	2021	We have land terminals, hatcheries and offices across the Faroe Islands.
Sea use change and ecosystems	We will publish further targets to reach net-positive in 2023.	-	-	We are currently working on the development of a net-positive impact strategy.
	Zero fish escapes.	Number of fish escapes	(Rolling target)	This will prevent intervention with wildlife and salmon.
	We will optimise salmon feeding at sea by improving feeding equipment and solutions.	Feed conversion ratio	(Rolling target)	This will reduce any waste from feed polluting the marine environment.
	We will work on establishing a baseline for benthic biodiversity to measure the benthic environment in areas where we have operations.	-	-	Investing in establishing a baseline is critical to improve knowledge of biodiversity of benthic macrofauna in Faroese fjords and diversity state undisturbed by human impact. This includes developing a classification system for benthic macrofauna analysis in Faroese fjords to assess aquaculture's potential environmental effects and employing a strategic approach to farm locations (e.g. placing pens in areas with optimal currents) can avoid and reduce potential impacts.
	We will collaborate with stakeholders to further reduce our potential impacts on marine biodiversity.	-	-	-

betri banki

Investing in our people

Integrating sustainable thinking into our day-to-day business is one of the first steps on our journey.

Engaging our employees in the important role we play in the green transition has been a priority in the first year of this initiative.

As a start, Betri Banki held an event for all employee across the country to introduce them to Burðardygt Vinnulív and the progress the bank has made since joining. The event included a session from a botanic curator at Tjóðsavnið, about the state of the Faroese nature. This helped people to understand better our impact on biodiveristy in the Faroe Islands.

We have also run sessions with our management team, inviting key experts to share their knowledge and advice with us. As well as getting everyone's buy-in, we are also upskilling key members of the business through dedicated sustainable finance training. We will continue investing in our people.

BETRI BANKI Banking

Since joining Burðardygt Vinnulív in 2021 we have started our journey to become a more sustainable bank. We have set long-term goals to reduce our direct impacts on the climate and on biodiversity and have a plan to help us achieve these goals by 2030.

Sustainability has become one of Betri Banki´s main strategic focus areas and has been incorporated in our business model. We are now integrating sustainable thinking into our day-to-day business with the aim that with time sustainable finance becomes the norm.

We have put in place the necessary resources to drive the sustainability agenda forward and are in the process of educating our employees in what sustainability means for us, so they are better equipped to service our customers in this area.

In 2021, we continued developing our sustainable product range with favourable interest rates and terms to incentivise the green transition.

While we recognise the biggest impact we have is with our customers, we think it is very important to start by getting our own house in order.

CLIMATE CHANGE

In the first six months after making our commitment we have managed to make a small reduction in our operational emissions. We did this by moving our office building in Miðvágur from oil central heating to geothermal heating - this alone reduced our energy bill there significantly.
We also changed the lights in the majority of our buildings to LED; and replaced three petrol cars with two electric cars.

In 2022/23, we will switch to geothermal heating system in our head office building in Tórshavn and we will be renovating another of our office buildings in Tórshavn to become more energy efficient.

SCOPE 1 & 2 GOAL: We will reduce scope 1 and 2 CO_2e emissions by at least 55% by 2030 (2020 baseline).
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions (from our current reporting boundary) by 50% by 2030 (2021 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	1,183,620	1,155,941	-
Indirect energy [electricity] use - scope 2	468,657	473,742	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	302	295	-2%
CO_2e Scope 2	189	189	-0.7%
CO_2e Scope 3*	-	154	

*(Reporting boundary: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities)

BIODIVERSITY AND OCEAN HEALTH

In 2021 and early 2022 we have been focused on developing our plans to meet our goal. We have begun gathering information to improve our understanding of our impacts. As a bank, we realise our biggest impacts are through business and private financing. Although our direct impacts are small in comparison, we believe we have to start here, so we are in the process of analysing procurement and reducing our operational waste.

GOAL: By 2030 Betri Banki will look to become net-positive in our impact on the marine and land environment from our direct operations in the Faroe Islands, including our physical footprint, our sourcing, and the waste we generate.

Natural system impacted	Targets	Indicator	Baseline	Context
Land use change	By 2030 we will support the regeneration of an area of land in the Faroe Islands at least equivalent to our operational foot-print. We will look to support and finance projects that improve biodiversity.	m^2 of land use from own buildings	2021	-
Land/water/sea use change	By 2023 we will do an audit of purchased goods to identify products with potential significant impacts on biodiversity.	-	2021	Purchased goods potentially contribute to environmental impacts.
Pollution	We will reduce our food waste by at least 50% by 2025.	KG of waste	2021	Operational waste is one of our direct environmental impacts.

In 2022 and 2023, we will expand investigation into our impacts to those derived indirectly from the financing of businesses and individuals. This will be a considerable task, but we know it here is where we can make the biggest difference.

Working the wind

In early 2021, Effo won a tender to construct a 25.2 MW wind farm in the high grounds above the capital of the Faroe Islands, Tórshavn. The wind farm will produce 100 GWh annually , which equates to 25% of total national electricity production and is enough to meet the current electricity needs of all private homes in the country.

This project is a major step in the right direction for us, reducing oil consumption of the national energy grid by around 35% (or 19,000 tonnes a year). Before construction began, we undertook environmental assessments of land, bird life and other animal and flora in the area, with the aim of minimising our impact on biodiversity as much as possible.

Some measures have been taken as a result of these assessments, including modifying our approach to building infrastructure to ensure the land used for the project can be easily regenerated at the end of its lifetime.

We will continue looking for ways to meet our goal to become net-positive in our impact on the marine and land environment from our wind farms by 2030.

EFFO Energy Supplier

2021 saw us taking major steps on our sustainability journey. For the first time ever, we set ourselves targets to lower our GHG emissions and minimise our impact on the natural environment.

Moreover, as the largest supplier of energy in the Faroe Islands, we have pledged to help and advise our customers in how to reach their own targets by actively discovering and implementing ways to become more sustainable.

A highlight for us in 2021 was undertaking the construction of the largest wind farm in the Faroe Islands. We also implemented Fast Charging Electric Vehicle Stations at two of our filling stations.

CLIMATE CHANGE

We have now shifted from strategic planning to tangible implementation projects to reduce our CO_2e emissions and support our customers in reducing theirs.

On the roads we have launched an energy-saving policy for our drivers and route optimisation programme. We have a new electric charging station in Skálabotn which is up and running and another in Kollafjørð.

At our offices we have initiated a heat recovery system and begun the insulation of buildings. We would also like to be able to support customers in their green transition in the future, for example with heat pumps and electric charging stations.

Our work to raise the wind turbines at Gellingarkletti has gone well. We expect this to be operational by the time this report is published.

We are also participating in H.U.G.E. a three-year project that aims to provide communities with energy security and self-sufficiency through facilitating uptake of hydrogen utilisation in the Northern Periphery and Arctic region.

SCOPE 1 & 2 GOAL: We will reduce scope 1 and 2 CO_2e emissions by at least 50% by 2030.
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions (from our current reporting boundary) by 20% by 2030 (2021 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	3,289,936	3,206,045	-
Indirect energy [electricity] use - scope 2	1,109,511	1,197,181	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	816	793	-3%
CO_2e Scope 2	448	474	6%
CO_2e Scope 3*	-	302	-

*(Reporting boundary: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities)

In 2022, we are implementing a heat recovery system at our head office and making improvements in our waste management to reduce our scope 3 emissions. We have other initiatives underway which we are excited to announce when we are ready.

BIODIVERSITY AND OCEAN HEALTH

To meet our goal, we have begun deepening our understanding of the potential impact on nature and wildlife from our windmills. Bird-life is abundant in the Faroe Islands so our plan will follow the mitigation hierarchy to reach a net-positive impact by 2030.

As well as beginning work to meet our goal, we are also reviewing our line of product packaging at our Effo stations to minimise waste and its impacts on the environment. To begin with we have introduced thermo cups to reduce the use of single use plastics.

GOAL: We will look to become net-positive in our impact on the marine and land environment from our wind farms by 2030.

Natural system impacted	Targets	Indicator	Baseline	Context
Land use change (potential impacts on marine birdlife)	We will certify all our windfarms to the ISO 14001 standard by 2023.	% of sites	2022	Meeting recognised environmental standards will be the first step in minimising impact on nature.
	We will develop a responsible sourcing strategy and policy by 2024.	-	-	Ensuring responsible sourcing of materials for windfarms will minimize impacts on nature.
	We will gather research relating to impacts from windfarms on nature to further develop our plan by 2024.	-	-	Increasing knowledge on the impacts from Faroese windfarms on nature can avoid and reduce future impacts.
	We will either reuse, recycle, or recover all decommissioned wind turbine blades by 2030.	% of blades	2020	Moving to more circular models will minimise demands on nature.
	We will support projects to improve biodiversity in the Faroe Islands.	Project impact measures	-	Increasing overall biodiversity on the islands.

In 2022, we began working towards the targets set out in our plan. We will also continue work to reduce the impact of packaging begin a programme to plant trees, both in public and in our own areas.

Green lift

Last year we made a commitment to reduce our scope 1 and 2 CO_2e emissions by at least 50% by 2030. One of the first things we did was to electrify on-shore activities which had the largest demand on oil.

In 2021, we decided that our new Gottwald-crane, should be electrically driven. The crane has the same lifting power as the existing cranes, which will make it easier for us to identify the difference in emissions savings compared to our diesel-driven cranes which each account for 113 tCO_2e annually.

FAROE SHIP Shipping and Logistics

Our biggest focus in 2021 was decarbonisation of our on-shore activities. We decreased our CO_2e emissions by 871 tCO_2. We attribute this mainly to our participation in Burðardygt Vinnulív which has made us more aware of our impacts on the environment and more determined to address them.

To meet the ambitious reduction goals we set out in 2021, we believed it to be an important step to incorporate sustainability into our procurement decision-making process.

This has already had results. To reduce our carbon footprint, in 2021, we purchased electric forklifts and invested in an electrically driven crane. Both will be part of our operations in autumn 2022.

We are currently expanding our operational footprint with an extension to our warehouse and a new office building. Our plan is to use a sustainable heating solution, by warming up the building with a sea heating system (Sjóhita).

CLIMATE CHANGE

In 2021 we saw a 22% reduction in our scope 1 emissions which was largely attributed to the sale of assets, shorter driving distances because of a new subsea tunnel between islands, and the move towards electronically driven company cars.

In 2022, we expect to see further emissions reductions from the electrification of our forklifts and our crane. We will also begin to explore our scope 3 emissions – we will begin by registering these to have a tool for future activities.

SCOPE 1 & 2 GOAL: We will reduce scope 1 and 2 CO_2e emissions by at least 50% by 2030.
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions (from our current reporting boundary) by 25% by 2030 (2021 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	13,479,400	10,625,137	-
Indirect energy [electricity] use - scope 2	2,258,251	1,919,699	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	3,262	2,535	-22%
CO_2e Scope 2	912	760	-17%
CO_2e Scope 3*	-	1,364	-

*(Reporting boundary: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities)

BIODIVERSITY AND OCEAN HEALTH

In 2021 and the start of 2022, we have been focusing on how to address our footprint on nature. We have a new extension at the harbour and we are exploring suitable solutions which will generate a positive contribution to local biodiversity to meet our primary goal to become net-positive on our land impacts by 2030.

GOAL: By 2030, Faroe Ship will look to become net-positive for our impact on land from our facilities and terminals, and on the machinery and equipment purchased for our onshore operations.

Natural System limpacted	Targets	Indicator	Baseline	Context
Land use change	By 2025, we will invest in solutions which increase biodiversity in land areas greater than the land used by our facilities and terminals.	m² of land developed, restored or protected	2022 (3000m²)	There is currently material land use change in the Faroe Islands due to industrial expansion.
Resource exploitation	By 2024, at least 75% of rubber, wood and iron sourced will be certified sustainable.	% certified	2022	Deforestation and land use change is a global environmental challenge.
	By 2023, we will reduce the use of one-way pallets by 50%.	% reduced	2022	

2022 for us will be about deepening our understanding of our key impacts on the environment our activities in the Faroe Islands, particularly as we continue the expansion of our land activities. We will also continue our work incorporating sustainability into our procurement decisions to ensure we can eventually demonstrate a net-positive impact from the machinery and equipment purchased for our onshore operations.

Harnessing the power of nature

A key focus of this initiative has been in looking for opportunities to work together with other organisations who share the same sustainability objectives.

In 2021, we seized an opportunity in Klaksvík where the municipality had invested in green infrastructure in the city centre as part of their 2030 strategy.

We took advantage of this to migrate the heating system at our technical and office hub to ocean thermal heating. Our building will use heat-pumps fuelled by ocean power and electricity, which we estimate will reduce our oil usage by roughly 7,000 litres a year (reducing our CO_2 emission by 19 tCO_2e a year).

The good news is the emissions from the new system will reduce even more in the coming years as the national electricity provider shifts the energy mix to 100% renewable by 2030.

FØROYA TELE Telecom

2021 marked the outset of our 2030 net-zero goal for scope 1 and 2 CO_2e emissions. We are proud to report that we have delivered solid progress against this goal already, realising an annual reduction of 172 tonnes CO_2e emissions, compared to our 2020 baseline.

This was primarily down to the migration to geo- and ocean-thermal heating solutions and our fossil fuel car replacement program that delivered the lion's-share in emissions reduction.

In 2021, we also demonstrated our commitment to the wider sustainability agenda when we decided to increase transparency in our ESG reporting – selecting strategic indicators which were published in our annual CSR report. We will continue reporting our ESG performance annually.

CLIMATE CHANGE

In 2021, we took substantial steps towards reaching our zero-emissions 2030 goal. We eliminated 179 tonnes of CO_2 emissions compared to the previous year mainly through three interventions: the migration from oil-fired central heating to geo-thermal heating in the Søldafjørð technical hub; the migration from oil-fired central heating to ocean-thermal heating in the Klaksvík technical and office hub; and the replacement of selected fossil fuel cars with electric cars.

SCOPE 1 & 2 GOAL: We commit to net-zero scope 1 and 2 CO_2e emissions by 2030.
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions (from our current reporting boundary) by 50% by 2030 (2021 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	1,364,543	1,734,481	-
Indirect energy [electricity] use - scope 2	6,364,221	6,304,809	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	413	295	-29%
CO_2e Scope 2	2,570	2,497	-3%
CO_2e Scope 3*	-	626	-

*(Reporting boundary: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities)

In addition to our fossil fuel car replacement program, we have planned two larger green investments in 2022: the migration from oil-fired central heating to geo-thermal heating in the Tvøroyri technical hub; and a new-build technical hub in Miðvágur which will be enabled with solar power and hydrogen fuel cells for backup.

BIODIVERSITY AND OCEAN HEALTH

We are in a phase of extending and enhancing our telecom infrastructure. In 2021 and 2022, we have incorporated an environmental impact analysis enable our long-term goal to become net-positive in our impacts from this activity.

GOAL: We will look to become net-positive in our impact on the marine and land environment caused by infrastructure buildout and sourcing, by 2030.

Natural system impacted	Targets	Indicator	Baseline	Context
Land and sea use change	By 2023: 100% of decommissioned mobile infrastructure removed, recycled and/or reused.	%	2022	One of the biggest potential direct impacts we have on nature come from the changes to land and sea to lay down our telecom infrastructure.
	2025: Conclude research to analyse biodiversity impacts of installed cables to reach our goal.	-	-	
	By the end of 2030: 100% of new infrastructure buildout to follow new procedure which ensures minimal envi-ronmental impact.	%	-	
	By 2025: Invest in project to restore or increase biodiversity to compensate potential impacts.	-	-	
Resource exploitation	By 2024: Outline approach to address potential impact from sourcing for new infrastructure.			As well as impacts on land and sea use, there are also impacts on nature from sourcing of materials.
We are also addressing the indirect impacts from our consumer goods on the environment, with a focus on circular thinking.				

Over the coming years we will be removing decommissioned infrastructure where we asses it will improve biodiversity and ocean health. As well as setting goals relating to direct impacts from infrastructure, we also want to support our customers in disposing of the products we sell, responsibly. Our aim is to reduce the risk of negative impacts on the environment from plastic and hazardous waste. To do this we plan to implement a sustainable solution for recycling and reusing consumer devices.

Waste not want not

At Gist & Vist we are working to integrate sustainability into everything we do at our hotels and restaurants. We made a big leap in 2021, when we established a new kitchen with chef Teitur Christensen in the lead, his main task is to infuse sustainability into all our restaurants.

He is in charge of finding new and more sustainable solutions when it comes to sourcing produce, cooking, packaging, and building knowledge to benefit all our restaurants.

We want sustainable thinking to be incorporated into the whole process – from how and where we source our food, to how it is stored, prepared and packaged. Minimising food waste will be a big focus and we are exploring sustainable and circular solutions to all waste from our operations.

We also have a target to increase the amount of local produce used in all of our restaurants. In this context, Teitur is building closer relationships with local suppliers, so that we can support more local food production and reduce the need for unnecessary packaging.

GIST & VIST Hospitality and Tourism

Incorporating sustainability into our business was a key theme in 2021. We started work to integrate sustainability into all our operations – from our management to the daily operations at our hotels and restaurants. Our aim is to make improvements which will minimise any negative impacts we have on the environment.

Our first priority has been transitioning to green energy. We recently increased the room capacity at Hotel Føroyar with 71 new rooms and a new spa, an expansion which we had to factor in when we set our goal last year to reach net-zero emissions by 2030.

When we started this large building project, we knew we had to find a sustainable heating solution – and we did – the extension relies entirely on ground-source heating. We have now made clean energy a mandatory condition in all new building projects.

CLIMATE CHANGE

The new renewable heating solution at Hotel Føroyar is one example of how we have managed to decouple our business growth from operational carbon emissions.

In 2022 we are opening two new Etika sushi restaurants in Tórshavn and Runavík. These restaurants will be heated using green energy sources. When the new spa at Hotel Føroyar is finished, it will be heated with geothermal energy. This is another important step in reaching our net-zero CO_2 emission goal by 2030.

SCOPE 1 & 2 GOAL: We commit to net-zero scope 1 and 2 CO_2e emissions by 2030 (2020 baseline).
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions (from our current reporting boundary) by 50% by 2030 (2021 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	2,372,843	2,224,647	-
Indirect energy [electricity] use - scope 2	1,783,276	1,983,146	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	605	567	-6%
CO_2e Scope 2	720	785	9%
CO_2e Scope 3*	-	304	-

*(Reporting boundary: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities)

BIODIVERSITY AND OCEAN HEALTH

In 2021 and the start of 2022 we concentrated on developing a robust plan to meet our goal to have a net-positive impact on nature in the future. Minimising food waste has been one of our first priorities here.

GOAL: We will look to become net-positive in our impact on marine, land and aquatic systems by 2030 and etika will be the first location to reach this goal.

Natural system impacted	Targets	Indicator	Baseline	Context
Land use change	Protect m² of land equivalent to etika operation sites by 2030.	M² of protected site vs m² of etika operational site	2021	With the type of business we are, it is not possible for us to operate without operational sites. In order to minimize this effect, we wish to protect equivalent m² as we occupy for etika operational sites.
Sea use change	90% seafood and fish products sustainably sourced by 2030.	Spend on sustainably sourced seafood and fish products vs. total spend on seafood and fish products	TBC	At etika we primarily serve seafood and fish produce, therefore it is essential that these products are sustainably sourced
Pollution	90% of all packaging should be reused, reusable or biodegradable by 2030.	Total spend on packaging vs. Spend on sustainable packaging	TBC	Etika operates as both a restaurant and take away. More sustainable packaging is needed in order to operate sustainably.

We are currently working on a new spa area at Hotel Føroyar. This should be taken into use in 2023. The project requires around 1000 square meters. In order to neutralize our effect on biodiversity, we have set 2500 square meters aside for re-plantation without the impact from humans and animals.

JT ELECTRIC Marine Electro-Technical Supplier

Our participation in Burðardygt Vinnulív has led us to make plans, take action and increase our focus on the reduction of our CO_2 emissions and our impacts on nature.

We have begun reducing the direct impact from our operations, for example, reducing emissions from our buildings and car fleet. However, we know the area we can make the biggest difference is through the support we provide our aquaculture customers. For example, we can help them optimise their feeding systems to not only make CO_2 savings but also, importantly, to minimise their impacts on the marine environment from feed waste.

This was a big area of focus for us in 2021, when we increased our efforts to help them to electrify their feed barges and to reduce waste from salmon farming sites in the North Atlantic Ocean.

CLIMATE CHANGE

In 2021, we began the process of reducing our scope 1 emissions from fuel use. We began by replacing old diesel cars with electric cars. We are also exploring how we might increase our scope 1 and 2 GHG emission reduction target to reach net-zero.

In 2022, we will be installing heat-pumps in our buildings to replace our old fuel powered heating system.

SCOPE 1 & 2 GOAL: We will reduce scope 1 and 2 CO_2e emissions by at least 50% by 2030.
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions (from our current reporting boundary) by 5% by 2030 (2021 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	247,405	178,219	-
Indirect energy [electricity] use - scope 2	36,366	38,177	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	60	43	-28%
CO_2e Scope 2	15	15	0%
CO_2e Scope 3*	-	64	-

*(Reporting boundary: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities)

What we measure, we manage

To be able to track the progress against the ambitious goal we set out last year, we have started monitoring and collecting new information relating to the disposal of the major raw materials we use. We plan to use this to set shorter-term targets.

To begin with, in 2021, we introduced a new sorting system for waste, so we can track how much is being recycled. To optimise our waste disposal, we have entered into an agreement with a local partner. Working with them, we are now recording, dismantling, sorting and recycling all our cables and metals.

We also use our local waste management company, IRF, to collect remaining waste for recycling or energy recovery.

Improving our waste management and collecting new data we hope will also help us reduce our scope 3 CO_2e footprint.

BIODIVERSITY AND OCEAN HEALTH

Our current business model is already built around the re-purposing of old cargo vessels which we refurbish into feed barges for aquaculture customers – extending the life of these vessels by up to 30 years. As we grow and develop our business we will also be focussing on how we can build and re-build vessels using sustainably sourced materials.

As part of our commitment to address impacts from the raw materials we use, in 2021 and into 2022, we began the process of setting up a registration system to recycle the copper from old cables and the steel used - though the volumes from this waste remain fairly low.

To support our aquaculture customers as they reduce their impact on the ocean, we have also been developing a new process to improve the software for fish-feeding solutions using machine learning. This is a development we are particularly excited about. Relevant employees in our R&D department have participated in training sessions to improve their skills in this area.

GOAL: JT's electric will look to become net-positive in our impacts on terrestrial biodiversity from the sourcing of major raw materials and will look at supporting aquaculture sector by developing further solutions which contribute towards net-positive impact for marine biodiversity.

Natural system impacted	Targets	Indicator	Baseline	Context
Resource exploitation, land use change, pollution and ecosystems	By 2023, look to join a copper association together with one of the suppliers.	-	-	Two of the major raw materials JT sources for production are copper and aluminium, both which have impacts on natural systems and biodiversity. At present it is not always possible to trace their sources, so we will work with the industry to reach the highest level of sustainability in our sourcing by 2030.
	By 2026, work with our supplier to source 100% of copper from sites with a Copper Mark.	% of copper sourced with copper Mark	2021 (0)	
	By 2030, JT will look to source 100% of copper from mines with NPI (Net-Positive Impact) commitments in biodiversity.	% of copper sourced from NPI mines	2021 (0)	
	By 2030 we will look to support relevant restoration projects.	-	-	
	By 2030, buy 100% of aluminium from certified sustainable sources.	% of aluminium with certification	2021 (0)	
Pollution and ecosystems	By 2024 recycle 100% of all copper and other metals from dismantled cables.	100% recycled	2021 (0)	To reduce pollution from the end of life of JTs products, we will cooperate with suppliers and customers to collect, dismantle and recycle all cables removed by farmers at their end of life.
	By 2025, set up monitoring to measure improvement in feed ratio and reduced waste from JT equipment at 25 sites.	Feed conversion ratio	Site specific measure	To support aquaculture customers in their work to achieve net-positive impact on marine biodiversity, JT will gather data and provide new solutions to monitor and minimise the impacts on the marine environment from aquaculture.
	By 2026, set targets to improve feed conversion ratio and reduce waste with JT equipment.	The amount of fish feed over time	Site specific	
	By 2023, launch new product to improve customer data on environmental impacts from farming.	-	-	

Reduce, reuse, recycle

We work closely developing solutions for the aquaculture sector, this includes building pens used for salmon when they are at sea. Over recent years we haved been looking into opporunities to reduce, reuse and recycle the materials used for pens, wherever possible.

During production, we have started collecting the plastic shavings from the pens to be recycled. We have been recovering and dismantling the pens at the end of their life. As well as reusing some of the polyethylene pipes to build new pens, we are also sending some materials abroad for recycling.

Since 2019, we have reused 2,700 tons of polyethylene pipes and 5,500 m3 of polystyrene in our production of salmon cages. We have also sent 1,360 tons of steel and 362 tons of smaller plastic parts abroad for recycling into other products.

These figures represent around one third of all the materials used to produce pens the last three years. Our plan is to increase this share to minimise the demand on natural resources used for production and processing, and the potential pollution from their end of life.

KJ HYDRAULIK Supplier of Technical Solutions

Since joining Burðardygt Vinnulív we have completely changed our understanding of what sustainability means for us; better understanding both the risks and opportunities that issues such as climate change and biodiversity loss present for our business.

With full support from our Board of Directors, we have begun the process of incorporating sustainability into our day-to-day work and planning, which is now done to a much greater extent than before. We recognise that integrating this way of thinking across the organisation is critical if we are to succeed with this agenda.

CLIMATE CHANGE

In 2021, we began assessing our operational footprint to better understand where the greatest opportunities exist for us to reduce it. We initiated discussions with suppliers and took decisions to screen future investments with our carbon footprint in mind.

In 2022, we will be converting the heating systems in all our buildings to greener solutions and gradually transitioning our car fleet from diesel to electric powered vehicles. As well as reducing our own footprint we see a big opportunity to support our customers in reducing theirs. For example, in 2022, we will continue to offer solutions for our aquaculture customers to electrify their work boats.

SCOPE 1 & 2 GOAL: We will reduce scope 1 and 2 CO_2e emissions by at least 50% by 2030.
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions (from our current reporting boundary) by 5% by 2030 (2021 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	2,645,759	2,346,376	-
Indirect energy [electricity] use - scope 2	375,347	284,232	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	657	573	-13%
CO_2e Scope 2	152	130	-15%
CO_2e Scope 3*	-	323	-

*(Reporting boundary: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities)

BIODIVERSITY AND OCEAN HEALTH

In 2021 and the beginning of 2022, we concentrated on developing a robust plan to meet our net-positive commitment to nature for the future. Minimising plastic waste in our production of sea farm cages has been one of our first priorities here. Also, our work recycling of polyethylene pipes for the aquaculture cages has also been a success. This is now being used extensively in the Faroe Islands and has also started in Scotland.

GOAL: KJ Hydraulik will look to become net-positive in our impact on the marine and land environment from the sourcing, production, use and end of life of major raw materials for our aquaculture equipment.

Natural system impacted	Targets	Indicator	Baseline	Context
Resource exploitation, land use change, pollution and ecosystems	By 2030, 100% of steel sourced to be certified sustainable / or from recycled source.	%	2021 (0%)	One of the major raw materials sourced is iron for steel production. The mining of iron has causes land use change, among other drivers of biodiversity loss. Steel production also has associated potential impacts on nature.
	By 2030, 100% of steel recovered from aquaculture equipment to be reused or recycled.	%	2021 (20%)	
	By 2030, reduce waste to disposal from production by 10%.	%	2021	The polyethylene pipes (used for the aquaculture cages) can last for many years and impact ecosystems if not disposed of responsibly.
Pollution	By 2030, we will offer a service, to collect, dismantle and reuse or recycle materials from salmon cages at their end of life.		2021	The major raw materials used for the aquaculture cages, such as polyethylene pipes, can last for many years and impact ecosystems if not disposed of responsibly.

In 2022, we will continue implementing measures to address the impacts on the marine and land environment from the sourcing and use of major raw materials for our aquaculture equipment. We will also begin monitoring progress against the specific targets outlined in this report.

No man is an island

We are committed to addressing our share of impact from dairy food production on the environment, but to make a real difference we know we need to work with our whole value chain. That means engaging our farmers as key actors on our journey.

In 2021 and into 2022, we have been revising the standards set out for our farmers, including their approach to the environment. We want our farmers to be fully on-board with this and really get behind common goals to address the impacts from dairy farming both on the climate and other natural systems.

We believe that addressing these risks together will enable us to build food security here in the Faroe Islands.

MBM Association of Faroese Dairy Producers

Since joining the initiative we feel we have made some good progress on our sustainability journey. This has been firstly in the impact we have on the environment which are in our direct control and secondly the impacts our farmers have.

We have taken measures to reduce our oil usage and introduce more environmentally friendly packaging for our dairy products.

We also initiated a revision of the standards we set our farmers who produce milk for us. This includes more focus on reducing their environmental impact and establishing solutions to meet concrete and realistic objectives for them.

Finally, we have been developing our own knowledge in how our industry can be part of the solution to climate change and biodiversity loss. We have been closely following the research and development into methane reduction from milk production, with a view to bringing new methods to the Faroe Islands. This is an area we know will have a considerable effect.

CLIMATE CHANGE

To reduce our oil use, in 2021, we swapped two diesel cars for new electric cars for our sales team and installed in two dual electric charging stations at our headquarters. We began the process of re-connecting our dairy to Tórshavn's district heating system which uses waste energy from incineration and energy from Bakkafrost's biogas plant to provide heat to homes and businesses.

In 2022, we have finished reconnecting our dairy to district heating and will be looking to further reduce our emissions from the energy consumption of our pasteurisation (UHT) activity.

SCOPE 1 & 2 GOAL: We will reduce scope 1 and 2 CO_2e emissions by at least 50% by 2030. We will also increase the support we give our farmers to reduce their impacts on climate change.
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions (from our current reporting boundary) by 40% by 2030 (2021 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	3,101,168	3,121,068	-
Indirect energy [electricity] use - scope 2	881,461	855,251	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	750	767	2%
CO_2e Scope 2	419	339	-19%
CO_2e Scope 3*	-	249	-

*(Reporting boundary: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities)

BIODIVERSITY AND OCEAN HEALTH

Our main focus in 2021 was on reducing environmental impacts from our packaging. Here we have been trialling solutions which either use less plastic or plastic alternatives. We have a challenge to find packaging solutions which meet sustainability, health and safety, and customer standards.

GOAL: We will look to become net-positive by 2030 in the impact our packaging has on the marine and land environment in the Faroe Islands. We will also increase the support we give our farmers to reduce their impacts on the environment.

Natural system impacted	Targets	Indicator	Baseline	Context
Pollution	We will increase the proportion of recycled waste to at least 30% of our general waste, by end of 2023.	% of kg	2020	By increasing our efforts in waste handling, we can reduce our impact on environment.
	We will reduce plastic in our packaging with at least 20 % of the total plastic-packaging, by the end of 2023.	% of kg	2020	We use plastics as packaging of our products. By reducing the proportion of plastic packaging, we will reduce our impact on environment.
	We will conclude a review of our packaging line, carry out stakeholder engagement, and set suitable targets to meet our net-positive commitment, by end of 2023.	-	-	We produce and sell dairy products onto the domestic market. Our packaging cannot all currently be recycled in the Faroe Islands.
	We will work together with our farmers to finalise a plan to reduce their impacts on the environment, by the end of 2023.	-	-	Our farmers are our shareholders and our suppliers of milk. We work closely with them on many matters, including sustainability.

In 2022, we have been developing a plan to reach our goal to become net-positive in the packaging of our products by 2030 and have continued efforts to meet this goal. We are currently re-investing in new packaging machines that will cover several product lines and are also optimising our waste sorting to increase recycling and circular opportunities.

Keeping it clean

When we started on our sustainability journey, we knew we wanted to apply our new way of thinking across the whole business, but also start by identifying quick-wins to get the ball rolling.

One opportunity we identified was to streamline and invest in new products at PM Pluss, our cleaning company. With sustainability and wellbeing at the forefront of our mind, we have rolled out new tools and equipment for all employees which carry the Nordic Swan Ecolabel certification. These products have a reputation for having the highest environmental standards – being free from harmful colorants and chemicals – and contribute to optimal ergonomic working conditions.

The products are documented as sustainable from cradle to grave. The employees have received training from Nordisk Microfiber in both ergonomic cleaning, effectiveness, and correct dosing – minimising the overuse of cleaning products.

At the same time, we are working with our customers to reduce the number of plastic garbage bags and to improve waste sorting.

With this investment, PM Pluss now predominantly uses certified products – both in tools and cleaning – with the aim of improving employee and customer satisfaction, and minimising our effect on the environment.

P/F POUL MICHELSEN Wholesale, Cleaning and Party Rental

We are excited to have started this journey towards a more sustainable future. In our first year of the initiative, we have learned that sustainable change has a positive impact on several areas – first and foremost on the environment, but also on our employees, customers, and our business in general.

In 2021, we have also found that working with the other members in Burðardygt Vinnulív has provided us with the knowledge and inspiration we need to take this work forward. In this first year we have managed to reduce our scope 1 emissions and initiate meaningful dialogue with our suppliers. They have responded well, and we appreciate the commitment they are making and their support in enabling us to move in the right direction since we engaged them on our new strategy.

Acknowledging we are at the mere start of this journey we will continue to focus on the learning process and setting sustainability goals throughout the organisation.

CLIMATE CHANGE

In the six months after setting our reduction target in 2021, we managed to reduce our scope 1 emissions considerably. There are two main drivers for this: the electrification of our company cars and the shortening of driving routes (due to the opening of the Eysturoyartunnel). We have also replaced an old delivery truck with a new more efficient model.

In 2022, we are stepping up reductions by replacing oil burners, updating our cold storage facilities with a new lower energy solution, and continuing the electrification of our car fleet. As well as continuing to invest in more fuel-efficient trucks we are also introducing a behaviour-change campaign to increase the efficiency of our delivery drivers.

SCOPE 1 & 2 GOAL: We will reduce scope 1 and 2 CO_2e emissions by at least 50% by 2030.
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions (from our current reporting boundary) by 40% by 2030 (2021 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	1,964,055	1,819,108	-
Indirect energy [electricity] use - scope 2	832,396	874,130	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	476	431	-9%
CO_2e Scope 2	336	346	3%
CO_2e Scope 3*	-	177	-

*(Reporting boundary: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities)

BIODIVERSITY AND OCEAN HEALTH

Since setting our goal to address the impacts on nature from our packaging, we have begun setting targets and taking concrete actions to start the journey. We have begun by engaging all our suppliers in our strategy to understand what options we have to invest in sustainability not only of our packaging line, but also our wider product lines.

We have also been increasing our role in the shared economy, principally through our party rental business. This encourages consumers to rent catering equipment in order to reduce waste from single-use products. In 2021, we increased sales in this arm of our business.

GOAL: By 2030 P/F Poul Michelsen will look to become net-positive in our impact on the marine and land environment in the Faroe Islands from our line of packaging. We will also increase our work with our suppliers and customers to address broader impacts on nature.

Natural system impacted	Targets	Indicator	Baseline	Context
Pollution	By 2024, we will conclude a review of our packaging line, conclude stakeholder engagement, and set suitable targets to meet our net-positive commitment.	-	-	As a wholesaler we are responsible for importing products which retailers and consumers buy. We would like to play our part in influencing suppliers, customers and service. providers, to reduce the impact from waste on the environment in the Faroe Islands.
	In the meantime, we will convert to more sustainable materials for our lines of single-use plastics.	% of single-use plastics	2021	
	We will look to increase our party rental products to reduce and replace single use products in the Faroe Islands.	Total bestseller rentals	2022	

In 2022, we will continue working towards our targets.

Leading the green transition

As well as reducing greenhouse gas emissions from our own activities, we are using our expertise in the optimisation of energy systems and project management, to help our customers reduce theirs too. In 2021, we worked on several seawater heating systems, presenting our customers with solutions that could halve their CO_2 emissions already in the first year of operation. Introducing systems which rely on electrical power is one way we will decarbonise in the Faroe Islands, as the share of energy from renewable sources increases to 100% by 2030.

To meet our commitment to incorporate sustainable solutions into relevant projects, it is crucial that our employees have the right knowledge and skills. Over the last year we have been embedding sustainable-thinking into the organisation through internal trainings and presentations, exploring how we can use our strengths to lead the green transition in different sectors.

Supporting customers to make financial savings with energy optimisation and system efficiency has always been a key part of our consultancy. As we increase our role in the treansition, we'd like to increase our advisory in the monitoring of their environmental impacts, as well.

SMJ Consulting Engineers

At SMJ, we recognise our responsibility in the green transition and have committed to reaching net-zero GHG emissions and support net-positive impacts on biodiversity by 2030.

While we recognise that our greatest impacts will be with the work we do with our customers, we want to reach these ambitious goals in our own operations first, and as such, we have begun by making changes at our offices.

We have started by investing in electric cars and geothermal heat pumps which have already reduced scope 1 emissions from our activities in 2021. We expect a greater reduction in 2022 when all new installations are up and running.

Our greatest commitment was to support our customers and partners in reducing their environmental impact in all projects we are involved in. We are pleased to see an increased interest in the transition to green energy systems all over the private sector as well as in municipalities. We have supported several customers in the transition to green energy in 2021.

CLIMATE CHANGE

In 2021, we replaced four petrol-driven cars with electric cars, resulting in a reduction in our scope 1 emissions. When taken on their own, scope 1 and 2 emissions from cars were reduced approximately 20% from 2020 to 2021. Besides working on reducing our own emissions, SMJ has also supported several customers in choosing sustainable energy systems.

At the start of 2022, we installed geothermal heat pumps in our office buildings. This will realise a further reduction in scope 1 emissions. In 2022, we will continue to provide energy consultancy, and work on developing guidelines to increase the sustainability in the building industry.

SCOPE 1 & 2 GOAL: We commit to net-zero scope 1 and 2 CO_2e emissions by 2030.
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions (from our current reporting boundary) by 35% by 2030 (2021 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	382,567	282,053	-
Indirect energy [electricity] use - scope 2	53,474	63,877	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	74	70	-5%
CO_2e Scope 2	22	25	15%
CO_2e Scope 3*	-	43	-

*(Reporting boundary: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities)

BIODIVERSITY AND OCEAN HEALTH

For several years we have supported customers with environmental impact assessment reports, to ensure that new projects are not located in areas with valuable or sensitive habitats, which ought to be preserved. In the future, we want to encourage all clients to perform these assessments in relevant projects, to avoid and reduce unnecessary impacts.

GOAL: SMJ will look to incorporate net-positive solutions in all relevant project proposals and consider biodiversity and ocean health solutions in all relevant projects by 2030

Natural system impacted	Targets	Indicator	Baseline	Context
Land use change	We will increase support for customers to perform environmental impact assessments.	% of projects performing an EIA	2021	Impact on land sites in construction projects.
Pollution	We will support customers to choose certified building materials and to reuse materials.	% of customers prioritizing sustainability in building projects	2021	Impact of building materials in construction projects.
Pollution from waste	We will increase support for customers to reduce the amount of waste from building projects, by improving planning of the projects.	Detailed description of quantities for all materials that are to be used for a building project		A detailed list of quantities of all building materials that will be used in a project, can reduce the amount of waste due to excess material.
Pollution from waste	We will reduce waste from own activities and increase support for customers with waste management solutions.	Implementation of waste management systems and reduced waste		Opportunity to improve waste management in the Faroe Islands, increasing circularity and reducing waste to disposal. Data from KB and IRF.
Pollution from wastewater	We will increase support for customers with wastewater treatment and wastewater disposal solutions.	Healthy fresh- and seawater recipients		Untreated wastewater can have negative impacts on the health of water systems. (Baseline is limited to some local seabed inspections).

In 2022, we will improve our operational waste management. We will also be supporting customers with environmental impact assessments; waste, freshwater and wastewater management; and advising on sustainable building solutions.

A sea of change

In 2021, we made a public commitment to become net-positive in our impact on the marine environment from the disposal of fishing gear. This was a defining year for us.

It was the year when we started our close cooperation with IRF and put in the necessary groundwork to prepare for the transition to the dismantling of fishing and fish farming gear to ensure recycling.

Since we started the project with them, we have already recycled many tonnes of materials.

We are committed to reaching our goal together with our customers, and to looking for new opportunities to strengthen and build partnerships to help us achieve it.

VÓNIN Fishing Aquaculture and Offshore Supplier

Since joining the initiative we have been building and strengthening relationships to help us meet our climate and biodiversity goals.

In 2021, we established a more direct cooperation with waste management company IRF. We increased the volume of used fishing gear collected from our customers, to dismantle and sort before recycling. As a significant producer of gear to the fishing- and fish farming industry, we are confident that increasing engagement with customers and local service providers is going to make a meaningful impact on the ocean environment.

Over the year, we believe the increased in focus on these issues has moved the company and our people towards a more sustainable mindset, which is influencing our day-to-day life and business activities.

CLIMATE CHANGE

We have been exploring suitable solutions to tackle our CO_2e emissions from gasoil. To tackle the climate change challenge, we have begun by considering different options to reduce our operational CO_2e emissions, working towards the target we set out last year. At our three locations in the Faroe Islands, the CO_2e from gasoil is the main cause of emissions, so this has been the first area of our focus. In 2021, we have been exploring suitable solutions to replace oil use with renewable alternatives.

SCOPE 1 & 2 GOAL: We will reduce scope 1 and 2 CO_2e emissions by at least 50% by 2030.
SCOPE 3 GOAL: We will reduce scope 3 CO_2e emissions (from our current reporting boundary) by 50% by 2030 (2021 baseline).

	2020	2021	YOY change
Energy Consumption in Faroe Islands	**[kWh]**	**[kWh]**	**%**
Direct energy use scope 1	2,801,185	2,756,404	-
Indirect energy [electricity] use - scope 2	405,645	443,655	-
GHG Emissions in Faroe Islands	**[TCO_2e]**	**[TCO_2e]**	
CO_2e Scope 1	704	693	-2%
CO_2e Scope 2	164	176	7%
CO_2e Scope 3*	-	228	-

*(Reporting boundary: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities)

We are currently constructing a new 930m² building in Norðskála for anti-fouling, coating and drying of nets for the aquaculture industry. This will be powered by renewable sources, replacing our use of gasoil, currently being used in the existing facility. We are confident we will see a reduction in our scope 1 emissions over the coming year, as a result of this.

BIODIVERSITY AND OCEAN HEALTH

One of our biggest impacts we can have on the environment is in supporting our customers with the responsible disposal of fishing- and fish farming gear. In 2021, we changed process for the disposal of key fishing gear to ensure it is sent for recycling.

GOAL: Vónin will look to become net-positive in our impact on marine environment from the disposal of key fishing- and fish farming equipment, by 2030.

Natural system impacted	Targets	Indicator	Baseline	Context
Pollution	By 2025, we will recycle more trawls than we sold in 2020.	% of m^3 of trawls	2020	As a major supplier to the Faroese fishing and aquaculture industry, Vónin has a responsibility to support customers with end-of-life solutions in order to minimise potential marine and other pollution. Our target aims to cover the lifespan of our nets and cages (through these vary). We will publish new targets in 2025.
	By 2025, we will recycle more aquaculture cages than we sold in 2020.	% of m^3 of cages	2020	
Species	We will invest into local or global programmes to increase population of marine species impacted by macro-plastics in the ocean.	-	-	As a major supplier to fishing and aquaculture, Vónin can contribute to projects which support a healthier marine environment.
	We will use our expertise from developing and manufacturing fishing- and fish farming gear, to continuously share important knowledge with stakeholders.	-	-	

In 2022, we began sending the used nets from our aquaculture customers, from the Faroe Islands to the recycling company in Lithuania, Nofir, for recycling. We also expect to make an agreement between our waste disposal company, IRF, and a Dutch recycling company, for the recycling of rubber.

Burðardygt Vinnulív has partnered with auditing and accounting firm Januar to provide limited assurance of the emissions data.

GHG emissions basis for reporting

Scope 1 and 2 emissions

- All emission and conversion factors for direct emissions (Scope 1) are from DEFRA [UK] 2021's dataset, while emission factors for electricity use are based on the most recent statistical data available obtained direct from SEV, the Faroe Islands energy generation company.
- Tonnes of Carbon Dioxide equivalent (TCO_2e) 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 (CO_2).
- 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).
- The chosen consolidation approach for emissions was operational control. All figures are direct consumption reported for each business, multiplied by an energy conversion factor (as appropriate) and carbon emission factor per unit consumed.
- No material estimates have been made for any missing or incomplete data from across the operations of these companies.
- The same emissions factor for District Heating that Bakkafrost has used in their 2021 Sustainability Report GHG statement, was used in the preparation of this report. It is hoped that an emission factor developed by the District Heating company in the Faroe Islands will be made available for future reporting.
- Two small restatements have been made in 2020 data. A different emission factor has been used to calculate emissions from diesel fuel (to use biofuel mix) in scope 1, and a correction to the emission factor for unleaded. This has resulted in a small adjustment to 2020 scope 1 emissions reported.
- Adjustments have been made to Effo, and KJ Hydraulik's and P/F Poul Michelsen's 2020 scope 1 data, and P/F Poul Michelsen's 2020 scope 2 data, following the availability of new data.

Scope 3 emissions

Reporting boundary: Bakkafrost

- In 2019 we quantified our indirect scope 3 emissions for the first time. We reviewed the 15 scope 3 categories of the GHG Protocol and identified 9 that were material to Bakkafrost Faroe Islands and 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 (refrigeration and cooking), 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. While we endevour 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.

Reporting boundary: All other companies

- As a first step, all member companies (except for Bakkafrost) reviewed four of the 15 scope 3 categories of the GHG Protocol for which there was good primary evidence available to estimate associated emissions. These were: Employee Commuting, Business Travel, Waste from operations and Fuel & Energy related activities. Using industry carbon benchmark data we estimated the emissions associated with each category.
- Emission reduction targets were set against two of these groups, using the growth pathway established for scope 1 and 2 reduction targets. Some estimations were made relating to the weight of waste from operations.

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON BURÐARDYGD VINNULÍV'S GREENHOUSE GAS (GHG) STATEMENT

To the stakeholders of Burðardygt Vinnulív

Tórshavn, 7th September 2022

We have undertaken a limited assurance engagement of the accompanying GHG statement of Burðardygt vinnulív for the year ended December 31, 2021, comprising the Emissions for scope 1 and 2.

Burðardygt Vinnulív's Responsibility for the GHG Statement

Burðardygt Vinnulív is responsible for the preparation of the GHG statement in accordance with the Greenhouse Gas Protocol, applied as explained in "GHG Emissions Basis of Reporting" to the GHG statement. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of a GHG statement that is free from material misstatement, whether due to fraud or error.

GHG quantification is subject to material inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, P/F Januar 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 Responsibility

Our responsibility is to express a limited assurance conclusion on the GHG statement based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the GHG statement is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of Burðardygt vinnulív's use of The Greenhouse Gas Protocol as the basis for the preparation of the GHG statement, assessing the risks of material misstatement of the GHG statement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG statement. 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.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries, obtained an understanding of Burðardygt Vinnulív's control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether Buðardygd Vinnulív's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Burðardygd vinnulív's estimates.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Burðardygt Vinnulív's GHG statement has been prepared, in all material respects, in accordance with the Greenhouse Gas Protocol applied as explained in "GHG Emissions Basis of Reporting" to the GHG statement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Burðardygt vinnulív's GHG statement for the year ended December 31, 2021 is not prepared, in all material respects, in accordance with The Greenhouse Gas Protocol applied as explained in "GHG Emissions Basis of Reporting" to the GHG statement.

Statement on scope 3 emissions mentioned in the report

Our conclusion does not cover Scope 3 information, mentioned in the report, and we do not express an assurance conclusion thereon. In our review of Scope 1 and 2 emissions, we have read the scope 3 information in the report for Burðardygd Vinnulív, and in doing so, considered whether the scope 3 information is inconsistent or otherwise are materially misstated with the data obtained in our review of Scope 1 and 2. We have nothing to report in this regard.

P/F Januar
Løggilt grannskoðaravirki

Óli Joensen
State Authorised Public Accountant

Januar
LØGGILT GRANNSKOÐANARVIRKI

BURÐARÞOL
VINNULÍF 2021