



Sustainable Financing





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Concurrent with successful operations, Brim looks to a future built on respect for the environment, good conduct with the ocean's resources and the company's investments that create new opportunities and permanently improve performance. The company's investment policy promotes reform of both financial and non-financial aspects of its operations.

Gudmundur Kristjánsson,
CEO

Introduction

Brim hf., a listed and one of Iceland's largest seafood companies, has focused on sophisticated fishing and processing technologies since the company's formation in 1985 as a merger of two of Reykjavik's older fisheries. Brim currently employs over 800 people and Brim products can be found globally, with the primary markets being in Europe, Asia and North America. Cod, redfish, and saithe are Brim's primary catch in groundfish and capelin, herring, mackerel and blue whiting in pelagic fish.

The company has a long history and extensive experience in the utilization of natural resources and fish production, which is reflected in all its activities. The company focuses on sophisticated fishing and processing technology and continuous production development. The company produces high-quality products from the fresh wild fish caught in Icelandic waters. Respect for the environment and the marine ecosystem is the basis for all activities at Brim, and every effort is made to respect the resource and operate responsible fisheries, for the benefit of future generations.

Sustainability

According to the United Nation's (UN) Food and Agricultural Organization (FAO) annual State of World Fisheries and Aquaculture 2020 report, the state of marine fishery resources has continued to decline. Based on the FAO's long-term monitoring of marine fish stocks, the percentage of fish stocks being exploited at unsustainable levels has increased from 10% in 1974 to 34% in 2017. From 2015 to 2017 the number of fish stocks being sustainably fished was estimated to have dropped by 1.1%. While there have been some signs of improved implementation of management measures leading to small reductions in maximally sustainably fished stocks, this progress has not been nearly as great as the continuing challenges facing life below water and the globe's support of SDG14.

UN' Intergovernmental Panel on Climate Change (IPCC) has confirmed that climate change is already affecting people, ecosystems, and livelihoods all around the world. While it is still physically possible to limit global warming to 1.5°C, a threshold which if surpassed could lead to disastrous economic and environmental impacts, to meet this challenge, unprecedented transitions in all aspects of society will be required. This holds particularly true for the blue economy, where the ocean has to-date absorbed between 20-30% of anthropogenic GHG emissions and over 90% of the excess heat in the climate system. This is leading both to the warming of the ocean's waters as well as the acidification of them, leading to disruptions in the distribution and abundance of marine life.

It is critical that fisheries confront and attempt to address these challenges. Brim is committed to responsible fisheries and is an active participant in collaborations to maintain stocks and efficient resource use. It is a sponsor of GSSI (Global Sustainable Seafood Initiative). Brim maintains MSC (Marine Stewardship Council) certification on all products that qualify by the program and maintains the IRF (Iceland Responsible Fisheries) certification. Brim has acknowledged the risk that climate change presents both the sustainability of Brim's economics, as well as its fish stocks, and Brim understands the role it must play to address these issues. Brim was the first fishery in Iceland to publish a sustainability report, having first done so in 2017, and has continued to publish a sustainability report annually since then.

Brim has highlighted its key sustainability focus areas to improve the sustainability of the company's operations, careful use of catch quotas, growth, and increased profitability, collaboration with other companies in the fields of research, marketing and sales. Brim is increasingly working to increase the proportion of environmentally friendly energy sources used within the company's operations as well as maximize the utilization of each



It comes with a great responsibility to use natural resources in a sustainable manner. We need to respect the sea and its environment to ensure that the fishing industry remains the mainstay of Icelandic society, and we do this by putting sustainability at the forefront of our operations.

Gréta María Grétarsdóttir,
Managing Director

fish so that no part of the fish goes to waste. Brim has decreased its oil use by 46% since 2005 (35% decrease on vessels and 95% decrease in fishmeal plants). Brim is actively working towards a clean value chain.

That program is divided into six elements. 1) ensure correct information about the environmental impacts throughout the value chain 2) decrease or eliminate those impacts 3) enhance resource efficiency and decrease waste 4) ensure measurable goals with increased digitalization, 5) improve own knowledge on environmental responsibility and 6) support the national climate action plan.

Brim has implemented a holistic sustainability policy focusing on environmental, social, and governance (ESG) matters to help manage its risks and opportunities. Striving for positive triple bottom-line results for people, planet, and prosperity, Brim is committed to continuing to contribute to and accelerating the transition towards sustainability.

Sustainable Financing Framework (Green and Blue)

Brim has designed this Sustainable Financing Framework to issue debt financing, including but not limited to bonds and loans (together referred to as Sustainability Instruments), to finance Eligible Projects for its own operation or its subsidiaries. The Sustainability Instruments shall refer to this Framework. This aligns with the shareholders' and the management's vision to further

contribute towards sustainable development at a local and global level.

This Framework may, from time to time, be updated in order to comply with future changes to green financing guidelines and taxonomies as well as to general green financing market practices and/or changes in Brim's own operation.

Use of proceeds

An amount equal to the net proceeds of the Sustainable Instruments will be used to finance or refinance, investments, and expenditures, in whole or in part, Eligible Projects, as described below.

Net proceeds can finance both existing and new Eligible Projects. New financing refers to Eligible Projects initiated in the same year as financing has taken place, or later, and disbursed to said project. Refinancing refers to Eligible Projects initiated in the previous calendar year or earlier before financing has taken place and disbursed to said project. Brim will be using a three-calendar-year look-back period for its refinancing.

Net proceeds will not be placed in assets, projects, or in entities related to the following activities focused on fossil energy generation, nuclear energy generation, research and/or development within weapons and defense, environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling, or tobacco.

¹ This Framework has been benchmarked to: the Green Bond Principles (2021), Green Loan Principles (2020), Sustainability Bond Guidelines (2021), The Climate Bond Initiative Standard (v 3.0), and the EU Taxonomy (as a work in progress).



Brim - Eligible Project categories & impact indicators

Green Bond Principles Project Categories / EU Taxonomy	UN SDGs and sub-indicators	Description & Criteria / Threshold	Indicative impact indicators
<p>Green 1: Clean transportation</p> <p>EU Taxonomy environmental objectives:</p> <ul style="list-style-type: none"> • Climate change mitigation • Pollution prevention and control • Transition to circular economy 	<p>SDG targets: 9.1, 11.2,</p> <p>BA 9.1, 13</p>	<p>Description / Criteria:</p> <p>Vehicles (threshold no. 1 applies): any vehicle using electric, hydrogen, or biogas/landfill gas methane, vehicles. Dedicated vehicles solely using advanced biofuels (thresholds no. 2 and 3 apply) or renewable liquid and gaseous transport fuels of non-biological origin (threshold no. 4 applies).</p> <p>Infrastructure: any construction, expansion, and improvements of infrastructure supporting below sub-categories.</p> <p>Threshold:</p> <p>(1) Emit below the defined threshold of $\leq 50/34$ gCO₂/km (WLTP/NEDC) or ≤ 20 gCO₂/tkm until 31 Dec 2025. From 2026 0/0 gCO₂/km. Category L vehicles 0/0 gCO₂/km.</p> <p>(2) Only rapeseed oil that has a valid certification from any of the voluntary schemes approved by the EU commission for biofuels.</p> <p>(3) First-generation biofuels are not eligible.</p> <p>(4) As defined in Art. 2 (34) and Art. 2 (36) Directive (EU) 2018/2001</p>	<p>Indicative impact indicators</p> <p>Number of clean vehicles and/or infrastructure deployed (categorized e.g. electric, plug in hybrid) per year.</p> <p>Estimated reduced/avoided GHG emissions (tons CO₂e) per year.</p>

Green Bond Principles Project Categories / EU Taxonomy	UN SDGs and sub-indicators	Description & Criteria / Threshold	Indicative impact indicators
<p>Green 2: Green buildings</p> <p>EU Taxonomy environmental objectives:</p> <ul style="list-style-type: none"> • Transition to circular economy • Climate change adaptation 	<p>SDG targets: 11.3, 12.2, 13.1</p> <p>BA 11.1, 12.2, 13.1, 13.2</p>	<p>Description / Criteria:</p> <p>New construction, acquisition of buildings, operations, renovation and refurbishment of existing buildings must be certified (threshold no. 1) or expected to be certified or are designed to be energy efficient defined with a relevant threshold (thresholds no. 2, 3, and 4 apply) in addition to life-cycle considerations.</p> <p>Threshold:</p> <p>(1) LEED "Gold", BREEAM "Excellent", BREEAM in-use "Excellent", Miljöbyggnad "Silver", DGNB "Gold", and/or The Nordic Swan Ecolabel certification"</p> <p>(2) Top 15% of the existing local stock in terms of operational Primary Energy Demand, expressed as kWh/m²y.</p> <p>(3) A reduction of Primary Energy Demand of at least 30% in comparison to the energy performance of the building before the renovation(s).</p> <p>(4) Net primary energy demand of the new construction must be at least 20% lower than the primary energy demand resulting from the relevant NZEB requirements.</p>	<p>Number of qualified buildings (into categories e.g. local baseline, Nordic Swan Ecolabel and/or BREEAM certification, very good or higher or other certifications with similar goals) per year.</p> <p>Estimated annual energy savings (in MWh).</p> <p>Estimated reduced/avoided GHG emissions (tons CO₂e) per year.</p>
<p>Green 3: Information and communication</p> <p>EU Taxonomy environmental objectives:</p> <ul style="list-style-type: none"> • Climate change mitigation • Pollution prevention and control • Transition to circular economy 	<p>SDG targets: 9.5, 13.1, 13.3</p> <p>BA 9.3, 13.2</p>	<p>Description / Criteria:</p> <p>In situ power management including automatic switching, energy monitoring & data systems.</p> <p>Development and/or use of ICT solutions that are exclusively aimed at collecting, transmitting, storing data and at its modelling and use when these activities are aimed at the provision of data and analytics for decision making enabling GHG emission and/or pollution reductions.</p> <p>Hardware sustainability certifications.</p> <ul style="list-style-type: none"> - EU energy label class A or above - Energy star certification" <p>Threshold:</p> <p>n/a</p>	<p>Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) per year.</p> <p>Number of hardware funded that have sustainability certifications per year.</p>

³ https://ec.europa.eu/energy/topics/renewable-energy/biofuels/voluntary-schemes_en

Green Bond Principles Project Categories / EU Taxonomy	UN SDGs and sub-indicators	Description & Criteria / Threshold	Indicative impact indicators
<p>Blue 1: Eco-efficient and circular economy adapted products, production technologies and processes</p> <p>EU Taxonomy environmental objectives:</p> <ul style="list-style-type: none"> • Climate change mitigation • Pollution prevention and control • Transition to circular economy 	<p>SDG targets: 12.2, 13.3, 14.1</p> <p>BA 12.2, 13.2, 13.3, 14.4</p>	<p>Description / Criteria:</p> <p>Refurbishment and new purchases of onshore or offshore equipment, technology or facilities resulting in reduced carbon footprint, e.g. Freon replacement in onshore and offshore refrigeration.</p> <p>General funding of sustainable groundfish operations and assets with at least over 90% of the pro-rate revenues from groundfish operations certified under the Global Sustainable Seafood Initiative (GSSI) certification scheme.</p> <p>Solution to fully utilize all byproducts from the fish processing to produce value-added products for human consumption and/or other closing the loop on creating zero waste from production.</p> <p>Threshold: n/a</p>	<p>Number of GSSI certified products sold per year.</p> <p>Weighted average of certified products sold vs. non-certified products per year.</p> <p>Tons of by-products further processed to value-added products.</p> <p>Amount of Freon refrigerant replaced by climate friendly refrigerant.</p> <p>Estimated avoided GHG emissions (tonnes CO2e) per year.</p>
<p>Blue 2: Renewable energy</p> <p>EU Taxonomy environmental objectives:</p> <ul style="list-style-type: none"> • Climate change mitigation • Pollution prevention and control • Transition to circular economy • Climate Change adaptation 	<p>SDG targets: 7.2, 12.2, 13.3</p> <p>BA 7.1, 12.2, 13.2, 13.3</p>	<p>Description / Criteria:</p> <p>Construction and operation of interconnections that transport electricity between the Iceland's national grid (hydropower and geothermal power supply) and vessels or onshore processing facilities.</p> <p>Energy transition in fishing vessels (clean vessels running on electricity, biofuel (thresholds no. 1, 2, and 3 apply), electro-fuels, ammonia), including research and development in fishing vessels towards a zero and low carbon fishing.</p> <p>Threshold:</p> <p>(1) Only rapeseed oil that has a valid certification from any of the voluntary schemes approved by the EU commission for biofuels.</p> <p>(2) Other first-generation biofuels are not eligible.</p> <p>(3) As defined in Art. 2 (34) and Art. 2 (36) Directive (EU) 2018/2001</p>	<p>Liters of fossil fuel saved annually.</p> <p>Estimated avoided GHG emissions (tons CO2e)</p>

³ https://ec.europa.eu/energy/topics/renewable-energy/biofuels/voluntary-schemes_en

Green Bond Principles Project Categories / EU Taxonomy	UN SDGs and sub-indicators	Description & Criteria / Threshold	Indicative impact indicators
<p>Blue 3: Pollution prevention and control</p> <p>EU Taxonomy environmental objectives:</p> <ul style="list-style-type: none"> • Pollution prevention and control • Protection and restoration of biodiversity and ecosystems • Sustainable use and protection of water and marine resources 	<p>SDG targets: 6.3, 12.2, 12.4, 12.5, 13.3, 14.1</p> <p>BA 6.2, 12.1, 12.2, 13.2, 13.3, 14.1</p>	<p>Description / Criteria:</p> <p>Refurbishment and new purchases of onshore and offshore processing equipment, technology or facilities resulting in reduced energy consumption or carbon emissions by at least 20% or fossil fuel replacements, e.g. electrification of processing equipment, waste heat recovery, energy efficient fishing gear on vessels, lighting and heating.</p> <p>Reduction, control and response management of land- or marine based sources of marine pollution, and sources of marine pollution.</p> <p>Refurbishment and changes to freezer trawlers (including zero carbon refrigeration - threshold no. 1 applies)</p> <p>Construction or extension of wastewater systems including collection (sewer network) and treatment with no association with fossil fuel operations.</p> <p>Waste management (excluding landfills) such as, separate collection sorting and processing for reclaiming and recycling, waste prevention, waste reduction, and waste recycling, of byproducts from processing, fishing nets, packaging, and all other waste from their operations.</p> <p>Threshold:</p> <p>(1) Compliance with EU F-Gaz regulation or Icelandic equivalent</p>	<p>Annual avoided fossil fuel use in liters per year.</p> <p>Annual energy consumption in MWh per year before and after investment.</p> <p>Absolute in tons or % reduction in local pollutants.</p> <p>Absolute in decibel or % reduction in underwater noise pollution.</p> <p>Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m3/a and p.e./a and as %.</p> <p>Waste which is prevented, minimized, reused or recycled before and after the project in % of total waste and/ or in absolute amount in tons per year.</p>



Governance: project evaluation and selection

Brim's CEO is responsible for sustainability in the company's general operation. Brim's Executive Management Committee (Committee) will be responsible for review, evaluation and selection of potential Eligible Projects based on the Sustainable Financing Framework. The Committee will review the Sustainability Registry and validates the Projects listed in it. The Committee will also review the annual reporting and has the ultimate responsibility of the Framework maintaining this Framework.

The Committee consists of the CEO, CFO, and other Managing Directors. Other parties recognized as subject matter experts, internal or external, may be consulted. The Executive Committee meets when required but at least quarterly. Any future updates of this Framework must be approved by the Committee.

In evaluating and selecting Eligible Projects and allocating Sustainable Financing, the Executive Committee will also consider aspects such as human and labour rights and the avoidance of significant harm to the other environmental objectives as defined in the EU Taxonomy and with international and local environmental and social standards, and with local laws and regulations relying on the FEMAS (Feed Materials Assurance Scheme), the GSSI (Global Sustainable Seafood Initiative), and the IFS (The International Food Standard) frameworks, to the greatest extent possible.

Management of proceeds

Brim will establish a Sustainability Registry for the purposes of recording Sustainable Financing and only support the financing of Eligible Projects as well as serving as the basis for Brim's Allocation and Impact reporting. Internal budgeting and accounting systems will be used to identify project costs, which will then be marked against the outstanding instruments in the Registry. The Registry will be reviewed at least annually. Projects no longer complying with the Eligible Project criteria and thresholds will be removed from the Registry.

Brim intends to fully allocate the proceeds from any financing within 36 months of the date of funding. Brim strives to achieve a level of allocation for the Eligible Project Portfolio which matches or exceeds the balance of net proceeds from its outstanding instruments. Unallocated net proceeds may temporarily be placed in cash, cash equivalents, or other liquid marketable instruments.

Reporting & Transparency

Brim will provide reporting to its investors and other stakeholders in its allocation and impact reporting annually in line with Brim's general annual reporting cycle until net proceeds are fully allocated. The reporting will be conducted in line with best market practice and international guidelines and protocols at an aggregated level and on a portfolio basis.



Allocation reporting	Impact reporting
Summary of financing activities	Methodologies
Types of financing instruments	Impact indicator results
Outstanding amounts	
Balance of unallocated proceeds	
New vs. refinancing ratio	
Project category allocation	
An example list of projects financed	

To ensure alignment with international guidelines and best practices a pre-issuance independent external second-party opinion has been obtained on this Framework from Sustainalytics.

Brim intends to request an independent external party to provide limited assurance, verification, and/or consulting to prepare and/or assure, verify, or confirm its post-issuance Allocation and Impact Reporting.

These documents will be publicly available on Brim's website: www.brim.is

External review and assurance

⁴ This Framework has been benchmarked to: the Green Bond Principles (2021), Green Loan Principles (2020), Sustainability Bond Guidelines (2021), The Climate Bond Initiative Standard (v 3.0), and the EU Taxonomy (as a work in progress).

Energy topics | Energy (europa.eu)

https://ec.europa.eu/energy/topics/renewable-energy/biofuels/voluntary-schemes_en

This may include alignment with: Multilateral Development Banks's Proposal for a harmonized framework for impact reporting on Renewable Energy/Energy Efficiency projects (2015), International Capital Markets Association's Handbook on Harmonized Framework for Impact Reporting (2020) and Nordic public sector green bond issuers' Position Paper on Green Bonds Impact Reporting (2020).

⁵ The impact assessment is provided subject to the availability of information and baseline data. This may also be subject to confidentiality agreements, competitive considerations, and other such factors, which may limit the scope of impact reporting.



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