



Austevoll Seafood ASA

Sustainability report 2019



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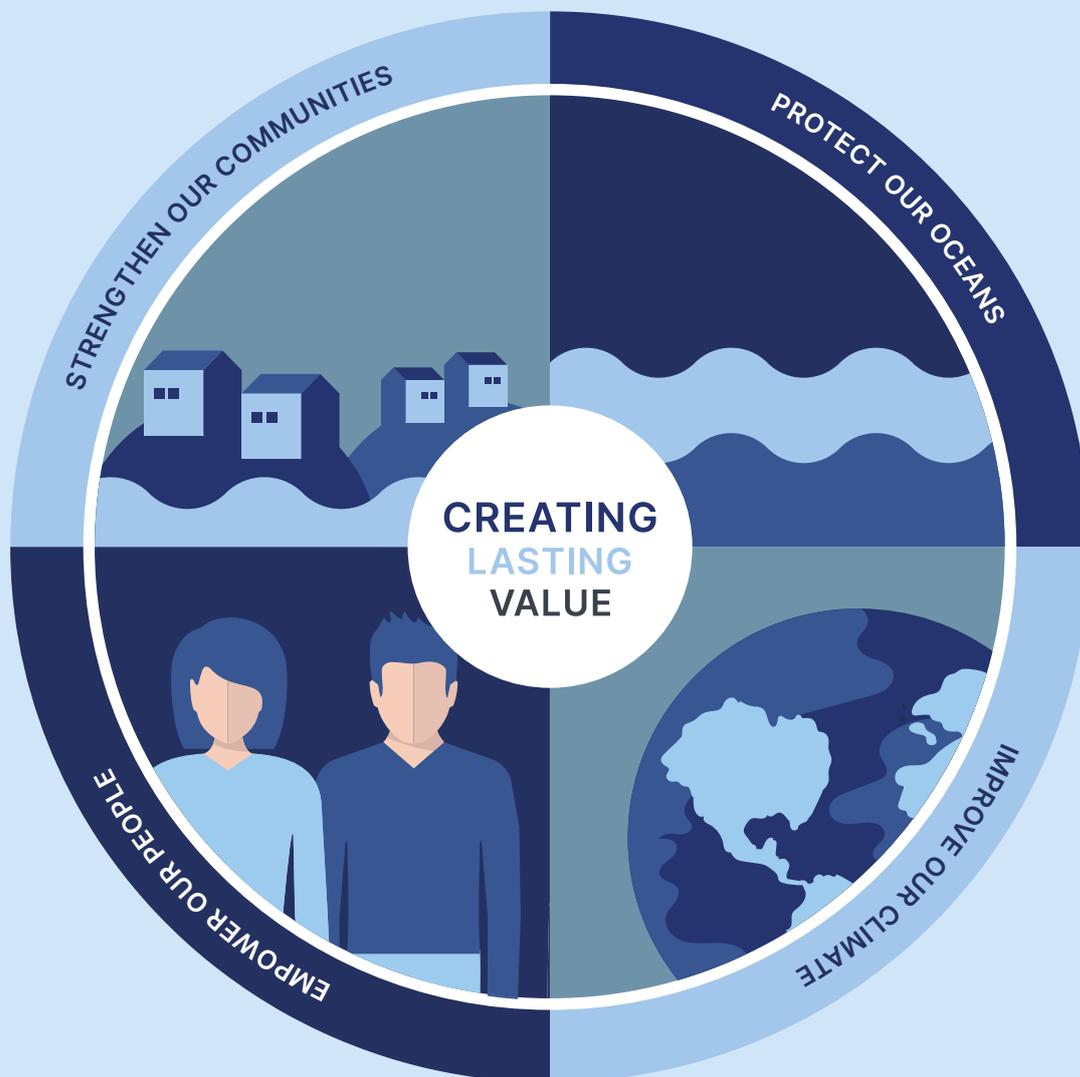
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Austevoll Seafood ASA (Austevoll Seafood) is a holding company exercising active ownership in its operational subsidiaries; Lerøy Seafood Group ASA (LSG), Austral Group S.A.A (Austral), FoodCorp Chile S.A (FC), Br. Birkeland Farming AS (BFARM), and Br. Birkeland AS (BRBI), and the jointly controlled entity Pelagia Holding AS (Pelagia). Collectively, our operational subsidiaries form the Austevoll Seafood Group (later referred to as the Group), a world leader within the production of Atlantic salmon and trout, covering the entire value chain from breeding to smolt, fish for consumer product, harvesting, processing, sale and distribution. The Group is also a significant player within fisheries, both pelagic and whitefish, as well as a large producer of fish-meal, fish oil and products for human consumption based on own catch and purchase of wild catch from third party.

1. OUR FOCUS AREAS

Our mission is to create lasting value through healthy oceans and thriving communities. This includes creating value for our customers, employees and our shareholders. We work towards this overall goal through our four strategic focus areas: Protect our Oceans, Improve our Climate, Strengthen our Communities, and Empower our People. This report

outlines our approach towards managing our impact in these priority sustainability areas. For each focus area, we describe our overall approach and elaborate on key challenges, activities and results for a set of related subtopics. We also outline key priorities going forward within each focus area.



STAKEHOLDER ENGAGEMENT

Collaboration, dialogue and partnerships with our stakeholders are critical to the way we work. As a global seafood company operating both within aquaculture and fisheries across several continents, our business affects a variety of stakeholders throughout our value chain. Simultaneously, the opinions and acts of our stakeholders affect the business decisions that we make. As such, the active involvement of key stakeholders is necessary to fulfil our mission of creating lasting value through healthy oceans and thriving communities.

Our most important stakeholders are individuals and/or entities that are either assumed to be affected by our activities, products or services, or who can themselves impact our ability to perform according to our strategic objectives. Below is a list of the key stakeholders we engage with, and a description of the nature of our dialogue.

SUBSIDIARIES:

Our subsidiaries have first-hand knowledge of how our aquaculture and fisheries activities impact the environment and society. We maintain regular dialogue with the management and boards of directors of all our subsidiaries. In addition, we have board representation in our subsidiaries.

NGOs:

Stakeholder engagement with NGOs is usually managed by our subsidiaries and revolves around collaborations, partnerships, and gathering insight about important issues related to sustainability and our industry.

LOCAL COMMUNITIES:

We rely on good relationships with the local communities in which we operate. Stakeholder engagement with local communities is mainly managed by our subsidiaries through dialogue, cooperation and local initiatives to support strong and positive relationships. These are maintained on a regular basis to create mutual benefits from our local presence.

SUPPLIERS:

The subsidiaries have regular meetings with our suppliers to discuss development projects and new solutions to our sustainability issues, in particular with regards to feed. We also keep a continuous dialogue with our suppliers to make sure that they comply with our Code of Conduct.

AUTHORITIES:

Austevoll Seafood does not support individual political parties or individual politicians. However, Austevoll Seafood does engage in discussions impacting the ground rules and conditions within our industry, including proposed changes in legislation. We expect all our subsidiaries to engage regularly with authorities and work to create knowledge-based solutions for the industry.

EMPLOYEES:

Our employees drive our business forward. The subsidiaries are expected to maintain a continuous and open dialogue between managers and employees, including union representatives, and facilitate learning and development for the Group's work force.

INVESTORS AND SHAREHOLDERS:

At Austevoll Seafood we keep continuous contact with our investors throughout the year, amongst others through one-to-one meetings, during quarterly results presentations and at our annual general meeting.

AUSTEVOLL SEAFOOD'S MOST MATERIAL TOPICS

Stakeholder engagement has been key to developing our materiality assessment. Both internal and external stakeholders have been involved in the process to identify Austevoll Seafood’s key material topics and to develop our sustainability strategy. Our materiality assessment helps to concentrate our efforts within the broad range of sustainability topics that affect Austevoll Seafood and our stakeholders. A sustainability topic is considered material when it has a significant impact on our long-term value creation and is of importance to our stakeholders. The materiality assessment forms the basis for our strategic sustainability work and reporting.

The key sustainability topics have been identified through a stakeholder engagement process, complemented by a desktop review of industry standards, ratings and analyses, as well as best practice. We have involved the following stakeholders through interviews: key personnel from subsidiaries, investors,

suppliers, financial institutions, government bodies, NGOs and customers. The executive management of Austevoll Seafood and its subsidiaries have given their input on which topics significantly influence the Group’s value creation, while relevant external stakeholders have given input relating to our key economic, social and environmental impacts. The materiality analysis has also been evaluated by the board.

In order to structure and focus our sustainability efforts, we have grouped the resulting material topics into four strategic focus areas that form the basis for how we work with sustainability initiatives and sustainability reporting; Protect our Oceans, Improve our Climate, Strengthen our Communities, and Empower our People. The focus areas and their corresponding materiality topics are shown in the matrix below.



Key figures Austevoll Seafood ASA

Amounts in MNOK	2019	2018	2017	
Profit and loss account				
Operating income	23,342	22,837	20,799	
Operating expenses	-19,081	-17,598	-16,052	
EBITDA	4,261	5,239	4,747	
Depreciation, amortisation, impairment and depreciation of excess value	-1,337	-960	-920	
EBIT (before fair value adj. biological assets)	2,924	4,279	3,827	
Fair value adjustment of biological assets	-306	798	-1,832	
OPERATING PROFIT	2,617	5,077	1,995	
Income from associated companies	451	472	499	
Net financial items	-312	-357	-293	
Profit before tax	2,756	5,192	2,200	
Profit after tax	2,197	4,231	1,831	
Net profit after discontinued operations	2,197	4,231	1,831	
Profit to minority interests	942	1,932	821	
Balance sheet				
Intangible assets	11,487	11,492	11,698	
Vessels, other property, plant and equipment	10,954	8,851	7,563	
Other non current assets	2,531	2,393	2,306	
Current assets	14,859	15,219	13,743	
Total assets	39,831	37,955	35,309	
Equity	23,331	22,454	19,172	
Long term liabilities	11,122	10,491	10,903	
Short term liabilities	5,378	5,010	5,235	
Total equity and liabilities	39,831	37,955	35,309	
Net interest bearing debt	4,074	3,983	4,138	
Net interest bearing debt incl. IFRS 16	5,352			
Cash flow				
Net cash flow from operating activities	3,172	3,162	4,220	
Key ratios				
Liquidity ratio	1)	2.76	3.04	2.63
Equity-to-asset ratio	2)	59 %	59 %	54 %
EBITDA margin	3)	18 %	23 %	23 %
Return on equity	4)	10 %	20 %	10 %
Average no. of shares (thousands)*		201,824	201,824	201,824
Earnings per share	5)	6.22	11.39	5.00
Paid out dividend		3.50	2.80	2.50
Proposed dividend payout 2020		2.50		

1) Current assets/short term liabilities

2) Equity/total capital

3) Operating profit/loss before depreciation expressed as a percentage of operating income

4) Net profit after tax (incl. discontinued operations) expressed as a percentage of average equity

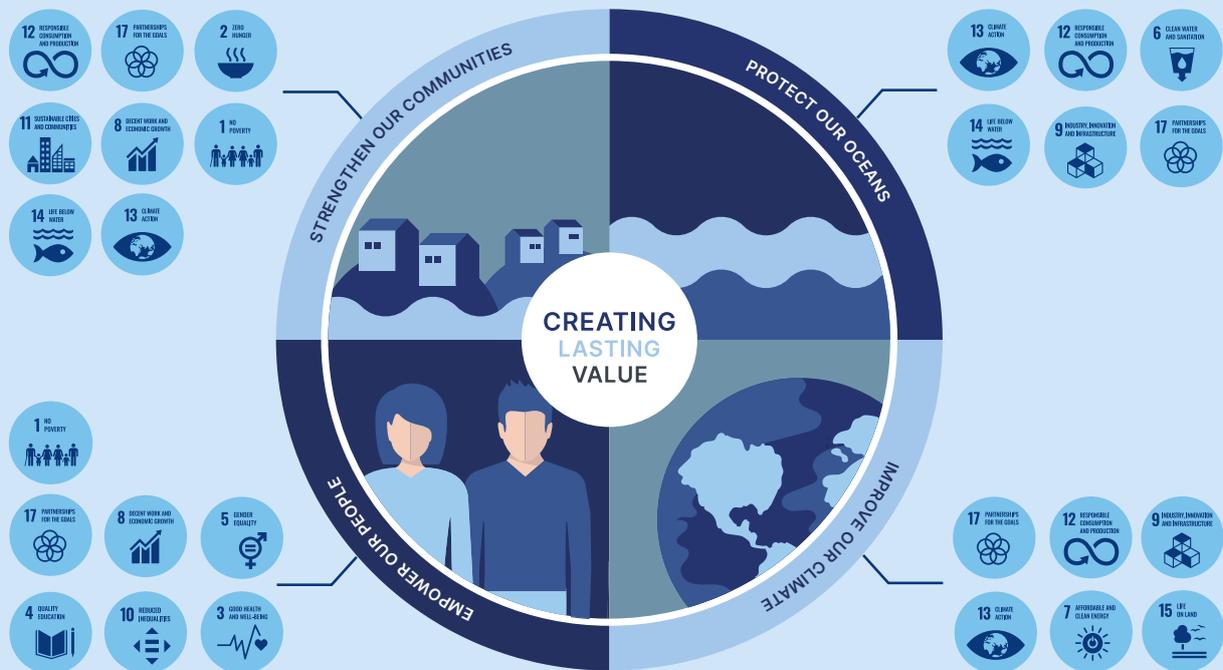
5) Net profit after tax (incl. discontinued operations)/average no. of shares

* Ex. own shares (893,300) from July 2016

2. HOW WE CONTRIBUTE TO THE SDGs

Adopted by all United Nation Member States in 2015, the United Nations Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.¹ Today, the SDGs are recognised by 193 states and are as such the closest we get to a global action plan for sustainable value creation. For companies, the SDGs are a toolbox for identifying how to optimise the sustainability work, and a way to communicate to the outside world the impact the company has on society, climate and the environment.

At Austevoll Seafood, we are committed to do our part to reach these goals in our value chain, and thereby ensure that all stakeholder groups share in our value creation. The effort to define our priority SDGs is an extension of the materiality analysis. Based on the material topics, we can link the strategic focus areas to relevant sustainability goals. For each focus area, the priority SDGs shall reflect where our business has the greatest impact or possibility to contribute to solving the goals. Through our operations we also contribute to several others of the UN SDGs.



Austevoll Seafood contributes to a number of sustainability goals, but we have prioritized the following goals where we have the greatest impact



1. United Nations Development Programme – undp.org

SDG 2 - ZERO HUNGER

By continuing to develop sustainable fisheries and aquaculture, both within our own company and in our research collaborations, we can contribute to expand ocean-based protein as part of a more sustainable food production system, and in turn help reduce hunger.



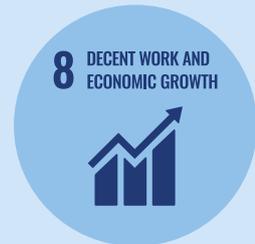
SDG 3 - GOOD HEALTH AND WELLBEING

Nutritious marine proteins play an important role to defeat hunger and malnutrition, and to contribute to proper mental and physical development. In addition to contributing to the health and development of the general population, we are committed to ensuring health and safety for our employees, both in our factories and at sea.



SDG 8 - DECENT WORK AND ECONOMIC GROWTH

We have a zero tolerance for violations of human rights and social dumping. Our strategy sets out a clear mandate to create safe and meaningful jobs through our operations, and also to contribute to economic growth and development of the local communities that we take part in.



SDG 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION AND SDG 13 - CLIMATE ACTION

Resource efficiency is key to our sustainability efforts, both in terms of limiting unwanted by-catch, making the most of the marine resources we harvest, and ensuring sustainable sourcing. We also aim to reduce the GHG emissions in our operations, choosing renewable energy solutions where possible and ensuring resource efficiency and limit our environmental footprint throughout our operations.



SDG 14 - LIFE BELOW WATER

Conservation and the sustainable use of the oceans and marine resources is the foundation for what we do. Through good fishery management, government dialogue and continued innovation, Austevoll Seafood has great opportunities to contribute to better use of natural marine resources and to protect marine biodiversity.



SDG 17 - PARTNERSHIP FOR THE GOALS

Knowledge enhancement is one of our core values. A common trait for all our strategic focus areas and the SDGs is that they cannot be reached without increasing knowledge and cooperation. We collaborate with a wide variety of actors, including research institutes, suppliers, NGOs, authorities and local communities.



PROTECT OUR OCEANS

Healthy oceans are key for our value creation

Creating lasting value through healthy oceans is the very core of our business. In order to produce sustainable marine products, we continuously work to strengthen sustainable fishery, responsible farming, and limit our impact on marine ecosystems.



WHY IT MATTERS AND OUR AMBITION

Through aquaculture and fisheries, the oceans support the livelihoods of millions of people across the globe. The ocean and marine industries make up the backbone of many rural and coastal communities. As the world continues to grow, the need for sustainable and healthy proteins increases. Sustainable management of our oceans is key for the continued use of marine ecosystems for economic and social returns.

As a leading company within the global seafood industry, it is both our responsibility and a business imperative to prioritise long term sustainability in everything we do. Our ocean presence is in our aquaculture and fishery activities in the areas where we operate; in the North Atlantic and the South Pacific.

Our goal is always to contribute to the sustainable development of the seafood industry and its value creation, while at the same time making sure we do not damage the marine ecosystems that we all depend on.

Austevoll Seafood’s ambition is to use our ownership to support and strengthen sustainable fisheries, responsible farming, and limit our impact on marine ecosystems. We do this through our regular dialogue with our subsidiaries, anchored in our guiding principles for sustainability.

OUR COMMITMENTS

Our active ownership is guided by our four commitments for protecting the oceans. Our performance within these areas is monitored at the Group level with a set of KPIs that apply to all our subsidiaries.

SUSTAINABLE AQUACULTURE

Austevoll Seafood and our subsidiaries are committed to responsible and effective management of our aquaculture operations.

SUSTAINABLE FISHERIES

The Group shall contribute to the long-term sustainability and improvements of global fish resources

MARINE ECOSYSTEMS AND BIODIVERSITY

We are committed to minimise our negative impact on marine ecosystems, and help secure biodiversity

KNOWLEDGE AND COOPERATION

We are committed to knowledge-based and sustainable stewardship of our oceans

RELEVANT KPIS AND TARGETS

- 1 AVERAGE NUMBER OF ADULT FEMALE SEA LICE PER FISH
- 2 12 MONTH ROLLING SURVIVAL RATE %
- 3 USE OF MEDICINE (KILOGRAM OF ACTIVE AGENTS)
- 4 % OF SITES WITH DIFFERENT SUSTAINABILITY CERTIFICATIONS
- 5 UTILISATION OF CATCH
- 6 SUSTAINABILITY CERTIFICATION PARTICIPATION OF FISHERIES
- 7 LOCATION STATUS MOM-B AVERAGE AT OUR PRODUCTION SITES
- 8 NUMBER OF ACCIDENTALLY RELEASED FISH (ESCAPES) FROM AQUACULTURE OPERATIONS



Sustainable aquaculture

All food production has an environmental footprint. Although the seafood industry, including aquaculture, leaves a relatively low climate footprint compared to other kinds of animal protein production, we still must strive to reduce our environmental footprint and minimise our influence on marine ecosystems.



THE CHALLENGE

Both the FAO and the UN High Level Panel for a Sustainable Ocean Economy states that increased sustainable aquaculture production can contribute to both a healthier planet and healthier people.¹² Aquaculture has seen an impressive growth in terms of its share of global seafood production and the supply of fish for human consumption. It is vital that this growth is coupled with a focus on preventive actions to avoid negative impact on the environment and aquatic ecosystems. Targeting challenges such as sea lice, accidental fish release and diseases will ensure efficient and sustainable seafood production.



OUR APPROACH

Both the Group and our subsidiaries are committed to responsible and effective management of our aquaculture operations. As the majority of our salmon and trout farming activities is done through our subsidiary Lerøy Seafood Group ASA (LSG), the measures taken by LSG are central to the Group's efforts within the area. One important tool in LSG's quality and environmental efforts is certification according to international standards:

- LSG has been involved in the development of the ASC standard since 2004. In 2013 LSG was the first company worldwide to be certified according to the ASC standard for Coc. ASC certification guarantees that our aquaculture operations are managed in an environmentally sound and sustainable manner. In 2020, 71 percent of LSG's biomass, in two of three of the company's farming regions, is ASC certified. The ambition for all LSG facilities is to produce salmon according to the ASC standard.
- Global GAP is a standard for environmental conditions covering LSG's production activities and the working environment. The standard covers the production process from roe stage to fish slaughter. All LSGs sites are Global GAP certified.
- Key sustainability parameters within salmon farming, including the prevention of accidental fish release, measures to reduce salmon lice, and fish health and fish welfare are central to the Group's strategy. Sustainability parameters are integrated into the Group's decision-making processes across the value chain, from breeding via smolt to production, harvest, processing and distribution.
- A key target for fish health and welfare is to increase fish survival rates from release to slaughter. LSG's main goal is to have a rolling 12-month survival rate of 95 percent.
- Disease management is essential for all animal farming. At LSG, disease management is based on a preventive operational practice, where the primary goal is to prevent problems before they occur. The Group's disease management is based on recognised principles. These are in turn based on biological know-how and attitudes, in which training of employees and a live internal control system lay the foundation for operations. Disease prevention and management are monitored by authorised animal health personnel, who also play key roles related to LSG's continuous learning and development of best operational practice. The fish welfare initiatives are comprehensive and cover every part of the farming value chain.
- It is the goal of both LSG and Austevoll Seafood at Group level to have zero salmon lice. Through LSG we work both on prevention and treatment of salmon lice. We mainly use mechanical treatments and we have a long-term goal of eliminating the use of medicine to combat salmon lice.
- Medication is used only when this is deemed appropriate and necessary. LSG exclusively make use of licensed products and all medicine prescriptions are issued by authorised health personnel. LSG has currently between 30 and 40 persons employed as authorised animal health personnel.
- As a central part of our efforts to mitigate the salmon lice issue, LSG invest heavily in R&D projects. In 2019, our subsidiary LSG has run and taken part in several such projects related to reduction of salmon lice. One of the projects aims to develop an automatic louse counting system in cooperation with suppliers, while another comprises optimisation and testing of tools to combat the salmon lice issue. LSG also runs projects regarding the use of cleaner fish. These research efforts are further strengthened by the close cooperation between sites in what is called zone cooperation. All the Group's sites are incorporated in this cooperation.

1. FAO (2014), The state of world Fisheries and Aquaculture
2. High Level Panel for a Sustainable Ocean Economy (2019), The Future of Food from the Sea



OUR PERFORMANCE

Fish health measure	2019	2018
Average number of adult female sea lice per fish	0.15	0.12
12 month rolling survival rate %	93,05 %	93,80 %

The Group works to avoid salmon lice of reproductive age in its fish farms and strives to avoid use of medicines in treating salmon lice infestation. All of the production localities take part in zone-based cooperation. This cooperation involves coordination of operations, collaboration relating to lice and disease management, and other issues where the solution to the problem requires a joint, coordinated effort.

In 2019 the Group **had a 12-month survival rate of 93.05%**

in the marine phase of production (calculated according to the «GSI-formula»).

The main reason the Group did not achieve the target of 95 % was major impact on fish during treatment, and the incidence of CMS.

ANTIBIOTICS

In 2019, the Group did not use any antibiotics in the production of fish for consumption. This goal was achieved through organisation wide measures involving disease management, including preventive operational practice, vaccinations, early diagnosis and appropriate measures to handle any outbreaks.

Chemical used in delousing agents (active agents) *	2019	2018
In feed (kg)	0.000232	0.000261
In-bath treatments (kg)	0.000028	0.000002
Use of Hydrogen peroxide (kg)	2.39	5.87

*The amount of treatment used is calculated as the amount of active pharmaceutical agents (in kilos) used per tonne of fish produced (LWE).

CERTIFICATIONS

100 % of LSG sites have either a Global GAP, Debio and/or ASC certification, whereas our subsidiary BFARM have yet to achieve similar certifications. It is a group goal to work towards 100 % environmentally certified aquaculture production.

One important tool in the Group's quality and environmental efforts is certification according to international standards.



ASC

The main principles in the ASC standard are:

- Comprehensive legal compliance
- Conservation of natural habitat and biodiversity
- Conservation of water resources
- Conservation of species diversity and wild population through prevention of escapes
- Use of feed and other inputs that are sourced responsibly
- Good animal health (no unnecessary use of antibiotics and chemicals)
- Social responsibility for workers and communities impacted by farming <https://www.asc-aqua.org/>

GLOBALG.A.P. GlobalG.A.P.

The main principles in the GLOBALG.A.P. standard are:

- **Food safety:** The standard is based on food safety criteria developed from the generic HACCP* principles.
- **Environment:** The standard has two parts; one for environmental protection and one for good aquaculture practice to minimise the negative environmental impact of aquaculture.
- **Employees' health, safety and welfare:** The standard sets global criteria for workers' health and safety in the production facilities, and contains guidelines for social issues.
- **Fish welfare:** The standard sets out global criteria for fish welfare in production facilities.
- **HACCP (Hazard Analytical Critical Control Point):** Risk analysis containing critical control points. www.globalgap.org



Sustainable fisheries

The oceans are an important source of healthy food, but sustainable fisheries and fish stocks depend on responsible regulation and fishing practices. Austevoll Seafood will continue to promote knowledge-based harvesting of various species, uphold and respect catch regulations, and maximise utilisation of marine raw materials that are extracted from the ocean.



THE CHALLENGE

By participating in multi-stakeholder initiatives to strengthen sustainable fisheries management, we can contribute to secure long-term harvesting of fish in healthy marine ecosystems. We contribute to knowledge-based management of resources and harvesting, and in our own operations, work to optimise the resource utilisation of our catch and minimise unwanted catch. According to FAO overfishing is considered one of the greatest threats to our oceans.³ To prevent and address the problem, we need proactive measures to safeguard marine stocks and avoid Illegal, Unreported and Unregulated (IUU) fishing and unwanted bycatch.



OUR APPROACH

Austevoll Seafood shall contribute to long-term sustainability and improvements of global fish resources. We are committed to harvesting these resources without compromising on sustainability. The fisheries operations are done through our subsidiaries LSG through its subsidiary Lerøy Havfisk AS (Lerøy Havfisk), Austral Group S.A.A (Austral), FoodCorp Chile S.A. (FC) and Br. Birkeland AS (BRBI). Below, we outline some examples of how the Group work to ensure sustainable fisheries:

- All our fisheries activities, which are located in Norway, Peru and Chile, are based on licenced quotas. Information on fishing volumes (catch statistics), monitoring of fish stocks and estimates provided by researchers from numerous countries, all form the basis for the establishment of these fishing quotas. We take an active approach to ensure full compliance with all fisheries regulations, in all our regions.
- As a procurer in the aquaculture business, LSG requires the same commitment of its suppliers when it comes to respecting quotas and the utilisation of catch.

- We aim to use our position as an integrated seafood company to take advantage of synergies that arise through our presence in various parts of the marine supply chain. Specifically, we utilise raw materials from fisheries that were previously considered redundant by using them in fishmeal, fish protein concentrates and fish oil production. These products are important ingredients in the feed for both aquaculture and agriculture.

Proper management of the various species in the sea is a prerequisite for us to harvest fish as a natural resource. Therefore, it is of high importance to the Group that we operate in accordance with international standards on sustainable fishing, seafood traceability and responsible production of raw materials. Through our subsidiaries we work actively to increase the share of our wild catch that is certified according to the standard provided by the Marine Stewardship Council (MSC).

- In 2019, 91 percent of the catch of LSG's subsidiary Lerøy Havfisk were MSC certified fish. The aim is to increase the share to 93 percent by 2022.
- In 2019 Chilean jack mackerel, the main species for our subsidiary FC, was awarded MSC certification. As part of this work, FC's fleet implemented a "good practices model" for the jack mackerel fisheries, which includes the recording and control of incidental fishing of sea mammals and birds.
- Peru's National Fisheries Society (SNP) is working to achieve Marine Stewardship Council (MSC) certification for the country's anchovy fisheries during 2021. Anchovy is the main species for our subsidiary Austral, and as of today the anchovy has Friend of the Sea certification.
- We work actively to reduce the risk of so-called ghost fishing. The Group's vessels principally use «active fishing gear», in the form of purse seine and trawls, which means there is only minimal risk of contributing to the problem of ghost fishing. Only one of the Group's vessels use pots that in the case of loss can be a source of ghost fishing. Fortunately, it is not often the Group has lost fishing gear, though it has occurred. In such cases, it is a Group policy to recover all lost fishing gear.

3. FAO (2018). The state of world Fisheries and Aquaculture. <http://www.fao.org/3/i9540en/i9540en.pdf>



OUR PERFORMANCE

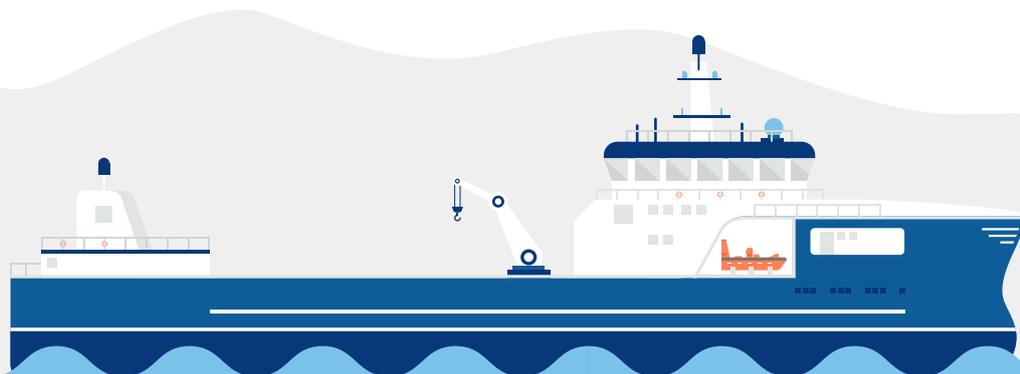
	2019	2018
Utilisation of catch	97.99 %	98.44 %
Certifications		
Certified catch*	93.92 %	95.47 %

*MSC, IFFO RS or Friend of the Sea

More information regarding the Groups catch and purchase of fish can be found on the table on page 28.

In the North Atlantic, Peru and Chile, all our vessels deliver pelagic round fish to land-based production facilities. As such, there is no loss of marine resources in this part of the value chain. The fish is processed either into fishmeal, fish protein concentrate and fish oil, or products for human consumption.

The Norwegian whitefish fleet is fragmented in size and capacity, and parts of the fleet do not have the capacity to handle fish residuals. Through the large newbuilding program of trawlers since 2013 LSG has invested in the required equipment and capacity to take care of these fish residuals on the new trawlers.





Relevant certifications – sustainable aquaculture and fisheries

Certificate / License	Certificate / License	Status and future prospects
ASC	The Aquaculture Stewardship Council (ASC) is an independent, international non-profit organisation that manages the world's leading certification and labelling programme for responsible aquaculture. Fish that is ASC certified is produced according to a set of strict environmental and sustainability standards that are developed in line with the FAO.	By the end of 2014, all fish sold by Lerøy Aurora had ASC certification. Furthermore, LSG has achieved ASC "chain of custody" for its sales, distribution and value-added processing chain.
FOS	Friend of the Sea (FOS) is a project of the World Sustainability Organization for the certification and promotion of seafood from sustainable fisheries, aquaculture, fishmeal and omega 3. According to the latest UN's State of Sustainability Initiatives Review, FOS is the single largest source of certified wild catch globally.	Since 2009 Austral has had FOS certification for its fishmeal, fish oil and canned or frozen products from Peruvian anchovy and canned or frozen products from its pacific mackerel.
IFFO-RS	IFFO-RS is a responsible fishmeal and fish oil supplier certification from the leading organisation concerning marine ingredients, the Marine Ingredients Organization. The certification ensures that the operations comply with the principles for responsible fishing practice and safe manufacture of products, and promote more efficient marine ingredients production practices.	The following companies are IFFO-RS certified in 2019 - Austral - FC - Pelagia
ISO 14001:2015	The ISO 14001 certification sets out the requirements for an effective environmental management system (EMS). It provides a framework that an organisation can follow. The 2015 version of ISO 14001 is an update from the 2004 version.	The following companies are ISO 14001 certified in 2019 - Austral - LSG - Pelagia
MSC	The Marine Stewardship Council (MSC) has developed standards for sustainable fishing and seafood traceability and thereby recognises well-managed and sustainable fisheries. The standard is based on three main principles; the maintenance and re-establishment of healthy populations of targeted species; the maintenance of the integrity of the species' ecosystems, and the development and maintenance of effective fisheries management systems. Certification is valid for 5 years and is subject to annual surveillance audits.	The following species are MSC certified in 2019 (relevant subsidiary in parenthesis) - Cod, haddock, saithe, shrimp (LSG) - Jack mackerel (FC, 2019) - NVG herring and North Sea herring, Blue whiting (BRBI) The right fisheries management allowed FC to obtain the MSC certification of its main species, the jack mackerel, in April 2019. This was achieved through a collaborative effort between the Chilean government and the industry. For fish oil and fishmeal, FC has a certification one level below MSI. Peru's ambition is to get the MSC certification for anchovy in 2021. Renewal of MSC-certificates for Norwegian cod and haddock will occur in 2020. LSG's strategy is to support well-managed and sustainable fisheries and increase the share of MSC certified fish to 93 % in 2022

LSG = Lerøy Seafood Group ASA **Austral** = Austral Group S.A.A. **FC** = FoodCorp Chile S.A **BFARM** = Br. Birkeland Farming AS **BRBI** = Br. Birkeland AS **Pelagia** = Pelagia Holding AS **the Group** = Austevoll Seafood Group



Marine ecosystems and biodiversity

Preservation of biodiversity and marine ecosystems is of great importance for Austevoll Seafood and our subsidiaries. By limiting our impact on marine ecosystems, we also work to secure our future growth.



THE CHALLENGE

The seafood industry provides food and employment for millions of people. In doing so it also impacts the marine ecosystems and biodiversity it relies on. The industry's long-term value creation depends on sustainable and responsible interactions with our natural environment. It is central to our mission as a company that we contribute to protecting marine ecosystems and biodiversity by managing issues such as accidental release of fish, the ecological status of the seabed under and around aquaculture production facilities, impact on red-list species, and waste and ocean plastic.



OUR APPROACH

Our commitment is to prevent and minimise negative impact on marine ecosystems. We only fish species from well-managed and regulated fish stocks, and continuously work to employ processes, solutions and equipment that minimise our environmental footprint. The measures we take as a Group towards this aim include, but are not limited to, the following:

- We act in accordance with international best practice to protect endangered species and seek to comply with standards aimed at preserving biodiversity, such as Global GAP, MSC, Friend of the Sea and ASC.
- We continuously evaluate the impact of our operations on marine ecosystems to make sure that we comply with local regulations. In Norway all our fish farming operations are licensed by regulatory authorities as required by Norwegian law to ensure that the operations are environmentally viable.
- At all our aquaculture locations we take MOM-B samples and carry out analyses prior to stocking a production site. This is required by local regulations and necessary in order to make sure that we protect the local environment and seabed. MOM-B measurements are done by a third party and involves taking samples from the seabed under and around the cages in a facility to conduct fauna, chemical and sensory investigations.

- Additional analyses are also conducted at individual facilities, including measurement of density, oxygen level in the sea, currents, water quality, visibility, dives under the facility etc.
- MOM-B samples are always taken before releasing fish to a location. If the score is 3 or 4, fish cannot be released without an additional evaluation of the status of the location, describing the reason for the lack of restitution. If a score of 3 or 4 is reported for a location, a MOM-C sample shall be taken. Our main goal is to have an average MOM-B of maximum 1.5 per location.
- For our aquaculture locations, we follow the local regulations with respect to fallowing periods so that the bottom conditions may recover.

Preventing accidental release within our farming operations is a continuous priority for the Group. One of our most important mitigating measures is to optimise equipment and routines. Through our subsidiary LSG we also take part in a research project with other major Norwegian fish-farming companies that aims at using new technology to trace released fish back to its original locality.

The ultimate aim of LSG and the Group is to prevent any fish from escaping.

- Incidents of accidental release or events that may lead to accidental release are reported to the fisheries authorities and mitigating measures are implemented.
- Through our subsidiaries we take part in several R&D projects that aims to ensure the highest possible degree of biological sustainability, including closed-containment floating concepts.



OUR PERFORMANCE

Location status mom-b 2019

	No. of locations	Percentage
Status 1	41	62 %
Status 2	17	28 %
Status 3	7	11 %
Status 4	1	2 %
Total	66	100 %
Average Score		1.52

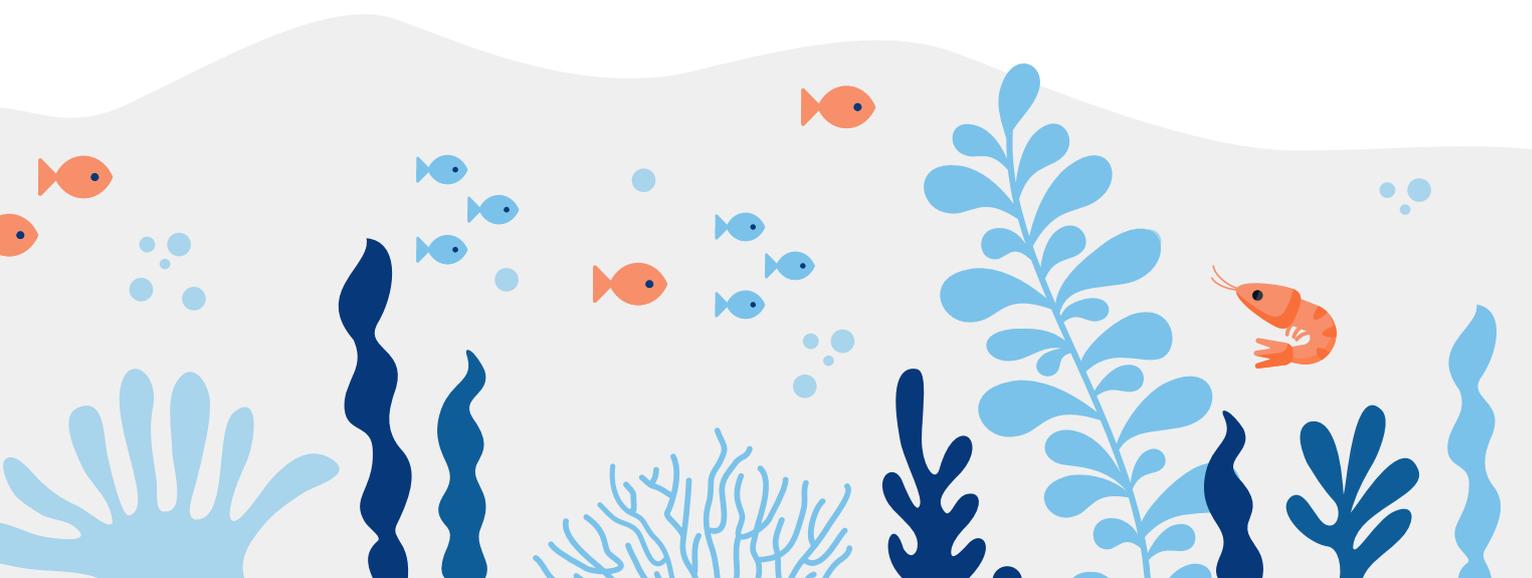
MOM is short for “Matfiskanlegg Overvåkning Modelling” and is a system to monitor and model seabed quality, developed in Norway. Status 1 is the best score and status 4 the lowest score a facility can get.

Escape incidents

	2019	2018
Number of release incidents from aquaculture operations	7	5
Size of release incidents from aquaculture operations	85	115

The Group can report a low number of accidentally released fish in 2019. The reduction from 2018 was in total 26 %. The escape of 85 fish was mainly due to operating procedures. The Group invests a considerable amount of resources in optimising equipment and routines specifically to avoid accidental release of fish.

We will continue to improve our operations and routines to avoid releases overall.





Knowledge and cooperation

The future management and development of marine resources and ocean industries must be based on objective research and factual knowledge. We actively contribute with knowledge and resources to further improve sustainable fisheries management and aquaculture operations.



THE CHALLENGE

The sustainable development agenda relies on cooperation and multi-stakeholder initiatives. Local communities, governments, NGOs, academia and different seafood companies often have opposing perspectives and differing expertise. We believe that when companies engage and collaborate with other stakeholders to improve stewardship of shared resources, and to coordinate their contribution to the SDGs, we improve our chances of ensuring a sustainable stewardship of the oceans and development of marine resources.



OUR APPROACH

Across both our aquaculture and fisheries operations, knowledge and cooperation are vital to ensure proper management of the oceans. Knowledge enhancement is one of our core values and thus we are committed to a knowledge-based and sustainable stewardship of our oceans.

- We focus on taking part in multi-stakeholder initiatives that are aimed at creating efficient and sustainable seafood operations. We cooperate with suppliers across the value chain, including feed producers and logistics providers to develop sustainable solutions.
- We cooperate with non-governmental organisations (NGOs), regulators, trade organisations, customers and the research community.
- We work towards alignment with global sustainability initiatives, such as the United Nations Global Compact Program. In Chile, our subsidiary FC became the first Chilean fishing company to join the UN Global Compact in 2009.
- In addition to inhouse projects in our subsidiaries, we take part in external R&D projects with a variety of actors, such as other major fish-farming enterprises, smolt facility producers and research centres.

On the next pages we have outlined some of our important ongoing partnerships and collaborative agreements.



Relevant partnership agreements (1/2)

Partnership agreement	Relevant subsidiary	Description and status
“Arktisavtalen”	LSG	Industry Group Agreement for Cod fisheries in the northern part of the North-East Atlantic. The parties to the agreement have committed to refrain from fishing in waters north of relevant areas before the seabed has been charted and it has been established that fishing will not cause permanent damage to vulnerable benthic biotopes.
Bellona	LSG	<p>For many years, LSG has enjoyed a close cooperation with environmental organisation Bellona. In 2015, the Ocean Forrest project emerged, based on the idea of Integrated Multi-Trophic Aquaculture (IMTA), where the goal is to research how the organic interaction between different species can be utilised to solve the environmental problems created by fish farming.</p> <p>Ocean Forest currently produces sugar kelp and blue mussels in conjunction with fish farming facilities. One of the main goals for the production is to find new raw materials for fish feed.</p> <p>The project involves cooperation with national and international R&D groups. Its long-term goal is to achieve negative carbon emissions.</p> <p>LSG recently joined GSSI as a Funding partner. GSSI is a public-private partnership on seafood sustainability with more than 90 participants across the seafood value chain, including companies, NGOs, governments and international organisations, including the FAO. GSSI’s vision is “More sustainable seafood for everyone». Going forward, Lerøy Seafood Group will continue its work with the GSSI-recognised schemes ASC, MSC, and GLOBAL G.A.P.</p>
Global Sustainable Seafood Initiative (GSSI)	LSG	
SFI CtrIAQUA (2015–2022)	LSG	<p>CtrIAQUA is a Centre for Research-based Innovation (SFI) that seeks to lay the foundation for the development of a range of post-smolt concepts. Together with SFI CtrIAQUA, LSG works to develop closed- or semi-closed- containment floating systems at sea as a part of its efforts to prevent salmon lice.</p>
UNGC	Austral, FC, LSG	<p>The United Nations Global Compact (UNGC) is a non-binding UN pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. Companies within the UNGC shall align their strategies and operations in accordance with 10 principles covering human rights, labour, environment and anti-corruption.</p>
IMARPE	Austral	<p>Austral collaborates with the Institute of the Sea of Peru (IMARPE) and participates in scientific research cruises related to the biomass of anchovy and other marine resources.</p>
INPESCA	FC	<p>FC contributes actively to the work of the Fisheries Research Institute, INPESCA. Its vessels participate in data collection on fishing activities. Fleet and electronic equipment are set for sampling and scientific data collection to be used in assessment models.</p>
Institute of Marine Research in Bergen and the ICES	LSG	<p>Research and advice from the Institute of Marine Research in Bergen and the International Council for the Exploration of the Sea (ICES) shall help ensure that future generations are able to harvest the major assets in the sea and along the coast. One of the vessels owned by LSG’s subsidiary Havfisk is part of the Institute of Marine Research’s reference fleet.</p>
Various partnerships	LSG	<p>Other partnerships that we take part in through LSG include</p> <ul style="list-style-type: none"> • The Norwegian Seafood Federation • The NCE The Seafood Innovation Cluster • Médecins sans frontières • Save the Children Norway • Amnesty International

LSG = Lerøy Seafood Group ASA **Austral** = Austral Group S.A.A. **FC** = FoodCorp Chile S.A **BFARM** = Br. Birkeland Farming AS **BRBI** = Br. Birkeland AS **Pelagia** = Pelagia Holding AS **the Group** = Austevoll Seafood Group



Priorities going forward

The Group has defined an overall ambition to Protect our Oceans and established a baseline against which its future performance can be measured. In 2020 we will continue the work by setting absolute targets within our key performance indicators. We will work with our subsidiaries, suppliers, clients and partners to ensure that we set realistic, yet ambitious targets.

Austevoll Seafood will continue to focus on developing sustainable production methods both within our aquaculture and fishing operations. Innovation and research will be crucial to these efforts.

As a holding company, our direct involvement in the seafood production itself is limited. However, from 2021 and beyond, our ambition is that the holding company itself will attain relevant sustainability certificates, similar to those held by our subsidiaries today. In 2020, we start off by adhering to the UN Global Compact standard. Our aim is that by joining the UNGC at the level of the holding company, we will set an example to our subsidiaries and signal our strong commitment to securing a sustainable future.

Going forward we seek to strengthen our existing partnerships further, and we will continuously evaluate other partnerships that facilitate necessary innovation and more sustainable aquaculture and fisheries activities.



IMPROVE OUR CLIMATE

Reducing the climate impact of food production

COP 21 (the Paris agreement) adopted ambitious climate targets to limit the global average temperature to well below two degrees Celsius compared with the preindustrial levels. The Paris agreement is a bridge between today's policies and climate-neutrality before the end of 2100.¹ A dietary shift towards low carbon marine protein can be part of the solution to lower the climate footprint of food production while meeting the increasing global food demand. This poses a great opportunity for our company. At Austevoll Seafood we work hard to constantly improve the environmental impact of our seafood production.





WHY IT MATTERS AND OUR AMBITION

The health of our oceans is closely linked to climate change mitigation. The oceans are the largest active carbon sink, absorbing over a quarter of the CO₂ that is put into the atmosphere.² Yet, global warming may in the long-term lead to increased sea temperatures and ocean acidification, which poses a climate risk to the seafood industry.³ On the other hand, regulatory and market-driven trends favouring low-carbon food production create a significant opportunity for seafood companies that can reduce their climate and environmental footprints. Increased consumption of fish can contribute positively to reduce global GHG emissions as the production of fish has a lower GHG impact than other animal protein sources.⁴ At the same time, we have to ensure that our GHG emissions and environmental impact is as low as possible as the COP 21 ambitions will require a transition towards a low carbon economy.

RELATIVE GREENHOUSE GAS EMISSIONS AT LANDING/SLAUGHTER PER EDIBLE YIELD

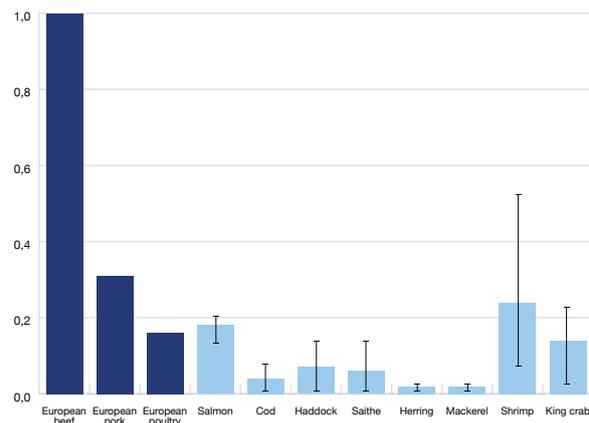


Figure 2 Relative greenhouse gas emissions of seafood (light blue bars) at landing/slaughter vs European terrestrial animal-source foods (dark blue bars), with average values in relation to European beef. Error bars for seafood represents min and max values under current production practise. Similar estimates for min/max or variability are not available for the terrestrial animal foods in the data used.⁵

OUR COMMITMENTS

Our ambition to improve the climate will be guided by four commitments. Our performance within these areas is monitored at the Group level with a set of KPIs that apply to all our subsidiaries.

REDUCING OUR CARBON EMISSIONS

We are committed to reducing the Greenhouse Gas emissions from our operations

SAFEGUARDING LOCAL ENVIRONMENTS

We comply with local environmental standards and regulations, and work to limit local pollution

WASTE MANAGEMENT AND RECYCLING

Our waste should always be handled responsibly. We are committed to adopting a circular approach to our waste management

SUSTAINABLE FEED

We work actively to further the development of sustainable fish feed. Our fish feed ingredients should be from sustainable and traceable sources

RELEVANT KPIS AND TARGETS

- 1 FISH IN – FISH OUT (FIFO)
- 2 GHG EMISSIONS SCOPE 1 AND 2 (TCO₂E) FOR THE GROUP
- 3 NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS
- 4 SOURCE AND VOLUME OF MARINE INGREDIENTS
- 5 WASTE TYPE AND DISPOSAL METHOD
- 6 WATER CONSUMPTION AND DISCHARGE
- 7 FEED INGREDIENTS CERTIFIED ACCORDING TO A SUSTAINABILITY STANDARD

1. European Commission. https://ec.europa.eu/clima/policies/international/negotiations/paris_en
 2. US National Oceanic and Atmospheric Administration <https://sos.noaa.gov/datasets/ocean-atmosphere-co2-exchange/>
 3. FAO(2018). Fisheries and Aquaculture Technical Paper No. 627. Rome, FAO.
 4. Scarborough et al. (2014). Dietary greenhouse gas emissions of meat-eaters, fish-eaters, vegetarians and vegans in the UK. <https://link.springer.com/article/10.1007/s10584-014-1169-1>
 5. U. Winther et al. 2020 (SINTEF) Greenhouse gas emissions of Norwegian seafood products in 2017



Reducing our carbon emissions

Fisheries and aquaculture have a relatively low carbon intensity compared to other animal protein sources. Still, we are committed to reduce our climate impact even further.



THE CHALLENGE

The Group's emissions above all come from the operations of our subsidiaries, where fossil fuel are the most important emissions sources. It is important that we are transparent about, and work to minimise, our own GHG emissions.



OUR APPROACH

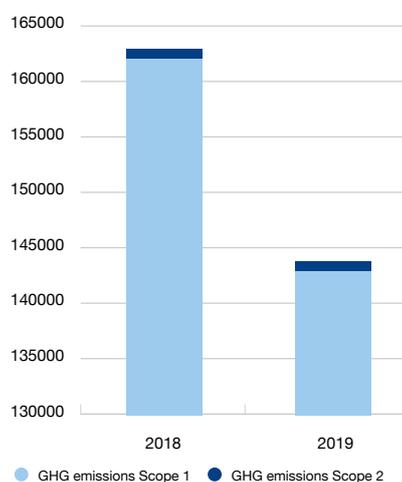
Our commitment is to reduce the GHG emissions from our operations. As a first step, we introduced mandatory GHG reporting for all our subsidiaries in 2018. The first results will form a baseline on which we will set targets and plan concrete measures to reduce the Group's emissions.

The Group's fishing vessels catch between 400,000 – 600,000 metric tonnes of whitefish and pelagic fish per annum, therefore our fishing operation constitute to the largest source of direct emission through the use of diesel. Fossil fuel are also used in our processing plant and farming sites; however, the largest portion comes from the fishing operation. As a Group we aim to keep these emissions to a minimum, where some of our efforts include LSG switching to alternative fuels, improving the fuel efficiency of our vessels, reaching full by-product utilisation, improving feed efficiency, and reduce transportation emissions throughout the value chain. The following list highlights some of the ongoing activities and actions that were taken in the Group throughout 2019:

- We are working with our subsidiaries to set minimum requirements for reduction targets, energy-saving initiatives and reporting at Group level. LSG has already set concrete reduction targets for scope 1 and 2 for 2020 and aims to set science-based targets by 2021 in scope 1 – 3.
- To increase transparency and accountability at Group level, we work to unify the reporting standards and requirements for important environmental metrics across our subsidiaries.

- The Group's direct emissions in large part come from our fishing vessels. It is a Group policy that our vessels shall, as a minimum, follow the generally accepted and/or regulated pollution level. Thus, none of our vessels are expected to cause any pollution of the external environment beyond these limits.
- Our subsidiaries also work continuously on fleet renewal. Four new trawlers and a new purse seiner was delivered between 2013 and 2019. An additional new trawler was delivered in January 2020. All the new vessels are equipped with modern technology for more environmentally friendly operations and replaces older vessels. LSG currently has one of the most modern trawler fleets in the world, with more effective energy use. LSG has installed battery hybrid power on the latest new build trawlers. But as of today, fossil-free propulsion system technology for large vessels has not been sufficiently developed to represent an alternative.

TOTAL FISHING VESSELS GHG EMISSION (TCO²E)



- Moreover, our subsidiaries seek to upgrade older vessels with more eco-friendly solutions. Relevant measures include variable frequency-controlled compressors, more energy-efficient pumps and LED lights. Some vessels are also being rebuilt to combi-vessels to increase flexibility and reduce fuel consumption.
- LSG seeks to replace generators at its production sites with electricity from land-to-shore powerlines. More than 65 % of the company's sites run on power from land, and in 2020 there is a plan to replace the fossil-fuel generators at another 19 sites. LSG is also replacing diesel with renewable energy on almost all its feed barges.



- In Austevoll Seafood we have an ambition to minimise energy requirements per kilo of seafood produced. As a part of this work our subsidiary Austral conducts an annual environmental monitoring that includes combustion and process gas emissions. The control is done by accredited laboratories. In 2019, Austral’s processing plant Coishco started using natural gas as energy for steam generation, similar to what the Pisco and Chancay plants did in 2014 and 2017 respectively. This has successfully reduced emissions at the plants.
- At the Austevoll Seafood headquarters in Norway we use surplus heat from the processing plant next door (Austevoll Laksepakkeri AS) to heat part of the office building.
- The Group has come a long way in eliminating Scope 2 emissions by switching to renewable power. At LSG, all of the energy consumed in Scope 2 is renewable. Similarly, all of the energy consumed in Scope 2 at FC is from renewable and non-conventional sources (100 percent certified by the supplier).
- Together with our suppliers of distribution services we work to develop optimal, eco-friendly logistics solutions that are beneficial both for the environment and to the Group’s profitability. Our subsidiary LSG seeks to reduce transportation by air and works closely with both transport partners and customers to make the logistics to overseas markets more sustainable. Initially, the ambition is to increase sales of processed products and to send more products by sea if possible. In 2020, LSG aims to report Scope 3 emissions.

OUR PERFORMANCE

GHG emissions and energy consumption

Measure (Group)	2019	2018
GHG emissions Scope 1 (tCO ₂ e)	211,734	247,530
GHG emissions Scope 2 (tCO ₂ e)	17,748	19,520
Energy consumption Scope 1 (MWh)	848,337	971,477
Energy consumption Scope 2 (MWh)	179,754	150,131

Carbon accounting is a fundamental tool in order to identify concrete measures to reduce the energy consumption and corresponding Green House Gas emissions (GHG). The disclosure of annual emissions enables us to benchmark performance indicators and evaluate progress over time. The data input is based on information from internal data sources and then converted into tonnes CO₂-equivalents (tCO₂e). CO₂e is a common unit of measurement for all greenhouse gases that contains CO₂, CH₄ (methane), N₂O (nitrous oxide), SF₆, HFCs and PFCs. The analysis is based on the international standard; A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG protocol). The GHG Protocol was developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), and is the most recognised international standard for measuring greenhouse gas emissions and laid the foundation for the ISO Standard 14064-I.

According to the Protocol, the carbon inventory is divided into three main scopes of direct and indirect emissions.

SCOPE 1

Mandatory reporting includes all direct emission sources where the organisation has operational control. This includes all use of fossil fuels for stationary combustion or transportation, in owned, leased or rented assets. It also includes any process emissions, from e.g. chemical processes, industrial gases, direct methane emissions etc.

SCOPE 2

Mandatory reporting includes indirect emissions related to purchased energy; electricity or heating/cooling where the organisation has operational control. The electricity emissions factors used is based on national gross electricity production mixes on three years rolling average (IEA Stat). The Nordic electricity mix covers the weighted production in Sweden, Norway, Finland and Denmark, which reflects the common Nord Pool market area. Emission factors per fuel type are based on the IEA methodological framework. The total emissions shown for Scope 2 reflects the location-based methodology in coherence with the GHG Protocol.

SCOPE 3

Voluntary reporting of indirect emissions from purchased products or services in the value chain. The scope 3 emissions are a result of the company’s different activities, which are not controlled by the company.



CLIMATE RISK MANAGEMENT

Austevoll Seafood ASA, as an industrial holding company, have a continuous focus on risk management in our organisation. In 2019 we began a project to map our climate risks. This initial risk assessment at the Group level was inspired by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and assesses both physical and transitions risks.

These evaluations have previously been done independently by our subsidiaries, and we are now working to supplement this work at the Group level.

Our analysis covers both our aquaculture and fisheries operations in all our geographies. Going forward, we will work to deepen our analysis, categorise risks that need our immediate attention, and integrate the relevant climate risks into our risk management, governance and corporate strategy, in line with the recommendations of TCFD. We aim to disclose our findings of relevant climate-related risks and mitigation measures in next year's report.





Safeguarding local environments

All our activities, be it fishing, farming or processing of seafood, relies on and take place in and around coastal communities. It is crucial that we respect and safeguard local environments in order to secure a sustainable future for our people, external stakeholders and our companies.



THE CHALLENGE

Our business requires a local presence as we farm and harvest marine resources, which above all is an important source of local employment and income. We take pride in contributing to create vibrant local communities. At the same time, we need to make sure that our operations do not negatively impact the surrounding local environments. We focus on local emissions, pollution as well as water consumption and treatment, in order to maintain good production conditions and relationships in the local community.



OUR APPROACH

Ensuring sustainable operations and minimising our environmental footprint are key focus areas for the Group. Across the local communities that we take part in, in Chile, Peru and Norway, we are committed to comply with local environmental standards and regulations, and work to limit local pollution. Our work within this area includes:

- We strictly comply with local, national and international environmental standards and regulations in our countries of operations. This is stated in our Ethical Code of Conduct. Furthermore, we demonstrate our commitment to local environments and the rights of local stakeholders by actively seeking certifications of sustainable operations such as MSC, IFFO RS and ASC across our value chain. We expect the same of our suppliers.
- Our subsidiaries work to measure, secure and improve the use of water and the treatment of wastewater. Subsidiary Austral carries out water balances in each of its plants. After having established a baseline, they have set indicators to measure efficiency of water usage. Most water is consumed for transport, conservation and storage of the raw material. For this purpose, sea water is used. On its side, LSG adheres to strict regulations regarding the discharge of water.
- Farmed salmon and trout spend their initial phase in freshwater, as they do in the wild. Although Norway has an abundance of freshwater compared to other countries that farm Salmonids, we are dedicated to closely monitor our usage of freshwater in the entire fish farming value chain and seek to reduce our usage where possible. LSG has an ambition to reduce its water usage with 5 % each year by focusing on process optimisation, new technology, RAS (Recirculating Aquaculture Systems) and production control. The RAS technology allows LSG to produce fish with up to 99 % reduction in water use compared to conventional flow-through systems. In 2020, approximately 80 % of all salmon smolts in LSG are reared with this technology.
- Several of our subsidiaries follow the reporting scheme proposed by the UN Global Compact. As a part the UNGC, the companies must commit to maintain a preventive approach that favours the environment. An example of how FC maintains transparency with respect to its environmental impact is its reporting procedures where the community can report complaints through a defined procedure.
- We also take part in programs directed towards safeguarding the local environments more broadly, such as Austral's "Hazte una Pez" suggestion program, where environmental initiatives that decrease the use of water, coagulants and flocculants in the treatment of effluents are rewarded. Moreover, we take part in beach cleanings and environmental sensitisation programs with different Municipal Environmental Committees through our subsidiaries.



OUR PERFORMANCE

Number of Non-compliance with environmental laws and regulations in 2019:

04

Accidental release of salmon is reported under Protect our Oceans.

Four cases of non-compliance with environmental laws and regulations have been reported in 2019. The processing plant at Storebø (Austevoll municipality) reported 3 minor spills of organic residual into the sea. The incidents have been reported to the relevant authorities and necessary measures were taken to collect the spilled organic residual from the sea.

The fishing vessel “M/S Northeastern” reported an incident during a bunker operation and approx. 3,000 litre of fuel went overboard. The incident was immediately reported to the relevant authorities. Both the vessel crew and local fire brigade took action to collect the spilled oil with the use of oil booms. The oil spill was recovered almost hundred present and there were no observation of harmed birds or animals. The incident led to a fine for the vessel.

Water consumption

Measure	2019	
	m ³	tCO ₂ e
Water supply	90,086.205	31,014
Water surface	41,901	26
Water ground	278,971	161
Water usage	90,407.077	31,201

Even though some of our subsidiaries have had measures in place for water consumption for a few years now, 2019 was the first year we implemented a group wide measure. With this initiative, we hope to monitor our water usage closely and thereby able to set targets towards a reduction of freshwater usage where applicable.



Waste management and recycling

As a company operating on and living off the sea, waste management, and especially marine litter, is important to us. We focus on waste management and recycling to keep the waters we rely on clean, and to protect local environments.



THE CHALLENGE

Marine litter and the flow of man-made waste into the sea have rightly come under increased focus the past couple of years. Man-made, non-degradable waste from both our fisheries and aquaculture operations, such as plastic and rubber from fishing gear and aquaculture sites, may cause harm to the wildlife in the form of micro- and nano plastics in the ocean if not handled responsibly. Improved waste management must be combined with a reduction in waste generation through prevention, reduction, recycling and reuse.

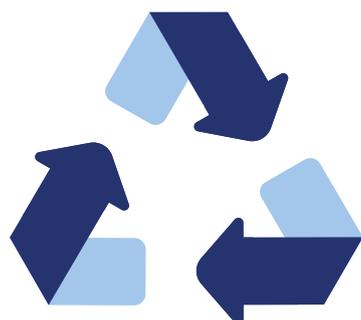


OUR APPROACH

Our waste should always be handled responsibly. Furthermore, we are committed to adopting a circular approach to our waste management. Some of the Group's actions and initiatives within this area include:

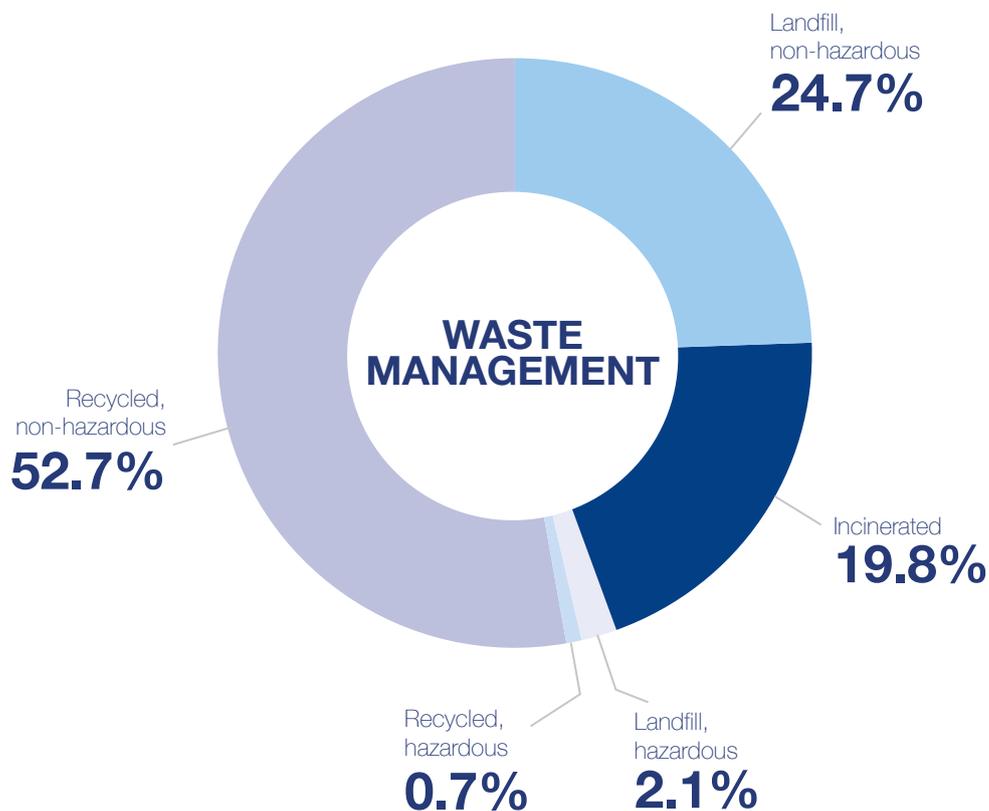
- Improving our waste management is a continuous focus area for Austevoll Seafood and our subsidiaries. LSG has for instance implemented strict sorting regimes in all its locations and in collaboration with its local waste handling companies, strive to make sure that all its waste is handled correctly by them and the recipient of the waste. In 2019, 56 percent of the company's non-organic waste was either recovered, recycled or reused. The goal is to increase this share by 10 percent annually. LSG also leads the way in the Group's efforts to adapt a more circular approach to resource use by participating in different fora to discuss and find good solutions to implementing circular waste management.

- Austral has partnered with the REMAR Association to recycle plastic and paper at all its plants, administrative offices and vessels. In accordance with Peruvian law, the waste is sorted in differentiated bins for plastic, glass and paper.
- The International Convention for the prevention of pollution from ships (MARPOL) regulates treatment of all kind of waste from our fishing vessels.
- When it comes to end user products, LSG has partnered with the Norwegian waste and recycling company Norsk Gjenvinning to ensure recycling of aluminium trays from packaging. The company also focuses on using correct packaging to avoid excess waste.
- Austevoll Seafood also aims to develop a plastic waste management policy at Group level. The policy will take inspiration from ongoing initiatives in our subsidiaries, such as the recently launched LSG project, 50/50 – 5 Plastic, that aims to reduce the company's plastic use by 50 percent within five years.
- As a part of LSG's 50/50 - 5 Food waste project, the company runs several sub projects related to food waste. One of these aims at achieving increased shelf life on retail products. By using new technology like CO₂ emitters in consumer packages LSG has increased shelf life on certain consumer packages by 5 days (+24 %).
- We also take part in activities in local communities to clean up marine litter. Through our subsidiary Austral we take part in beach clean-ups that are coordinated with different parties. In the same way, LSG subsidiary Lerøy Havfisk takes part in a voluntary environmental project to clear up marine waste from the sea led by the Norwegian Environment Agency. The project, named "Fishing for litter", aims to send as much of the recovered waste as possible for recycling, by facilitating sorting, registration and recycling of all waste collected.





OUR PERFORMANCE



Waste management

Measures		2019	
	Waste type	MT	tCO ₂ e
Incinerated	Waste mix	1,860.1	934
Incinerated	Wood waste	220.0	5
Recycled	Paper waste	39.1	1
Recycled	Glass waste	1.5	-
Recycled	Metal waste	1,038.0	22
Recycled	Organic waste	2,339.9	50
Recycled	Plastic waste	421.3	9
Recycled	Wood waste	93.8	2
Recycled	Hazardous waste	68.9	2
Recycled	Waste mix	1,606.2	34
Landfill	Waste mix	2,594.0	1,521
Landfill	Hazardous waste	220.1	5
Landfill	Plastic waste	4.1	-
Total Waste Treatment		10,507.2	2,584



Sustainable feed

Feed is one of the largest input factors in aquaculture, and the largest source of climate and environmental impacts in farmed seafood products. As the industry grows, it is important to be transparent about the origin and composition of feed used in production, and how we work towards increased feed efficiency and reduced environmental impact. As an integrated seafood company, Austevoll Seafood is well-placed to contribute to the development of more sustainable fish feed.



THE CHALLENGE

Feed has a large impact on the carbon intensity and sustainability of farmed seafood products, as well as the quality of the end product. In fact, feed accounts for around 80 percent of total CO₂ emissions from our aquaculture operations. It is also the main cost driver for our aquaculture operations. The production of industrial aquaculture feeds has increased rapidly since the 1990's, thus implying an even greater need for sustainable feed. If not managed or traced properly, feed production may cause harm to both marine and terrestrial ecosystems.⁶



OUR APPROACH

We work actively to further the development of sustainable feed through our subsidiaries. Our fish feed ingredients should be from sustainable and traceable sources. In order to adhere to this commitment, we will take advantage of our position and expertise as an integrated seafood company to secure a sustainable value chain for marine ingredients. We also cooperate closely with our suppliers to secure or develop sustainable feed ingredients. For detailed descriptions of the Group's efforts and results, please see the company specific reporting. In the following we have highlighted some of the Group's main actions and policies:

- We strictly comply with both local, national and international environmental standards and regulations in our countries of operations. This is stated in our Ethical Code of Conduct. Further, we demonstrate respect of local rights by actively seeking certifications of sustainable operations such as MSC, IFFO RS and ASC across our value chain. This is also an expectation towards our suppliers.

- We seek to increase the usage of raw materials certified according to sustainability standards and we work closely with our suppliers of feed ingredients in developing sustainable feed. LSG has clear requirements towards its fish feed suppliers and subcontractors and conducts annual audits of the feed companies to make sure that raw materials are managed in a satisfactory manner. As a part of the policy, the feed suppliers are required to carry out audits of their suppliers.
- To increase transparency regarding the origins around our marine ingredients, we publish quarterly overviews of the total volume fished by the Group and our subsidiaries. This includes data on the species and tonnage in addition to information about whether the fish was caught by the Group's own vessels or purchased.
- Austral, FC and Pelagia all produce fishmeal and fish oils and it is Group standard that the production shall follow local regulations. Our Norwegian production is licensed and regulated according to the rules set by the Norwegian Environment agency. All of our Peruvian factories are ISO 14001 certified, while Austral is certified for its fishmeal and fish oil production through its Friends of the Sea certification. All three companies mentioned are IFFO RS certified for their fishmeal and fish oil production.
- Within our fish farming operations, we constantly work to develop more sustainable feed solutions. Through subsidiary LSG we take part in benchmarking of existing feed concepts and the further development of feed composition. The ambition is to optimise both the quality and sustainability in our products. LSG cooperate with several feed suppliers to achieve these goals.

6. FAO 2018 <http://www.fao.org/3/i9540en/i9540en.pdf>



- Through LSG we take part in R&D projects to investigate alternative raw material sources for our fish feed. In the Ocean Forest project, LSG and environmental organisation Bellona aim at identifying new raw materials for fish feed. Experiments have so far been done with seaweed, blue mussels and seafood sausages.
- The primary ingredients in our salmon feed are fish meal, soy protein, fish oil and canola oil. For our soy ingredients we use only non-GMO soy which is certified by the Round Table on Responsible Soy (RTRS). The soy is manufactured

sustainably, and it is deforestation-free. If the feed producer is buying soy that is not certified by a sustainability standard the supplier must prove that the soy fulfils the same requirements as certified soy.

- We work to optimise feeding by lowering feed conversion ratio (FCR). LSG runs several activities to reduce the feed factor such as investment in better monitoring equipment and training of personnel. This in turn contributes to reduced GHG impact.



OUR PERFORMANCE

Fish in fish out

Measure	2019	2018
FIFO	0.69	0.90

FIFO is the volume of wild fish used to produce 1 kg of salmon. The explanation for the recent decline from 0.90 to 0.69 is an increased used of offcuts from production.

Marine feed ingredients in our aquaculture operations certified according to a sustainability standard

2019	IFFO RS	MSC
Fish oil	92 %	92 %
Fishmeal	93 %	60 %



Feed ingredients

English	Latin	Norwegian	% Fishmeal	% Fish oil
Alaska pollock	Gadus chalcogrammus	Alaska pollock		0.05
Baltic Sprat	Sprattus sprattus balticus	Brisling	0.67	3.12
Baltic sprat trimmings	Sprattus sprattus balticus	Brisling avskjær	0.01	
Blue Whiting	Micromesistius poutassou	Kolmule	23.33	5.54
Boar fish	Capros aper	Villsvinfisk	0.1	0.004
Capelin	Mallotus villosus	Lodde	0.69	0.67
Capelin trimmings	Mallotus villosus	Lodde avskjær	0.33	1.67
Cod trimmings	Gadus morhua	Torsk avskjær	0.54	0.19
European anchovy	Engraulis encrasicolus	Ansjos		0.22
Greater Argentine	Argentina silus	Vassild	0.07	0.01
Herring	Clupea harengus	Sild	4.26	5.65
Herring trimmings	Clupea harengus	Sild avskjær	17.31	10.73
Horse mackerel	Trachurus trachurus	Hestmakrell	0.01	0.004
Jack mackerel	Trachurus murphyi	Stillehavsmakrell	0.13	0.07
Krill	Euphausia suberba	Krill	3.88	
Mackerel	Scomber scombrus	Makrell	10.1	0.03
Mackerel trimmings	Scomber scombrus	Makrell avskjær	1.46	2.9
Menhaden	Brevoortia patronus	Beinfisk	0.49	14.33
Norway Pout	Pollachius sp.	Øyepål	2.78	1.27
Other, multiple species		Andre arter	0.15	0.1
Pacific anchovy	Cetengraulis mysticetus	Stillehavsansjos	1.57	0.08
Peruvian anchoveta	Engraulis ringens	Ansjos		26.4
Pilchard	Sardinia pilchardius	Sardin		6.15
Pout	Trisopterus luscus	Skjeggorsk	0.001	
Saithe	Pollachius virens	Sei	0.004	0.18
Sand eel	Ammodytes marinus	Tobis	6.83	4.48
Sardine	Sardinella sp	Sardin		8.62
Silvery Lightfish	Maurolicus muelleri	Lakesild	0.005	
Skipjack tuna	Katsuwonus pelamis	Tunfisk		0.001
Southern African anchovy	Engraulis capensis	Ansjos		0.003
Sprat	Sprattus sprattus sprattus	Brisling	7.86	4.53
White fish, trimmings		Hvitfisk avskjær	17.43	2.98
Yellowfin tuna	Thunnus albacares	Gul tunfisk		0.001
SUM			100.01	99.983

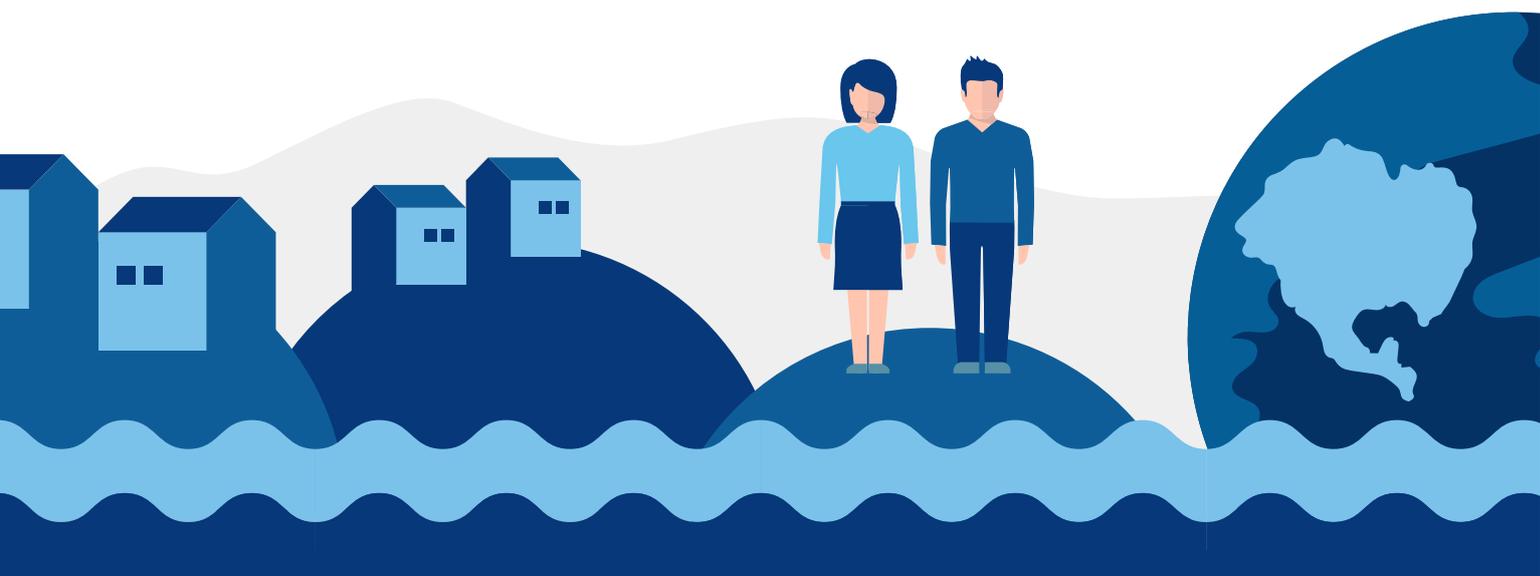


Priorities going forward

Our subsidiaries already have a strong focus on making their operations more climate friendly. Going forward, we will work to consolidate our efforts and set concrete climate and environmental targets at the Group level.

Our ambition is to set goals for GHG emissions reductions at Group level, and to utilise our advantage as an integrated seafood company with control of the entire value chain, to a greater extent. Moreover, we will continue to focus on R&D and partnerships for more sustainable feed production.

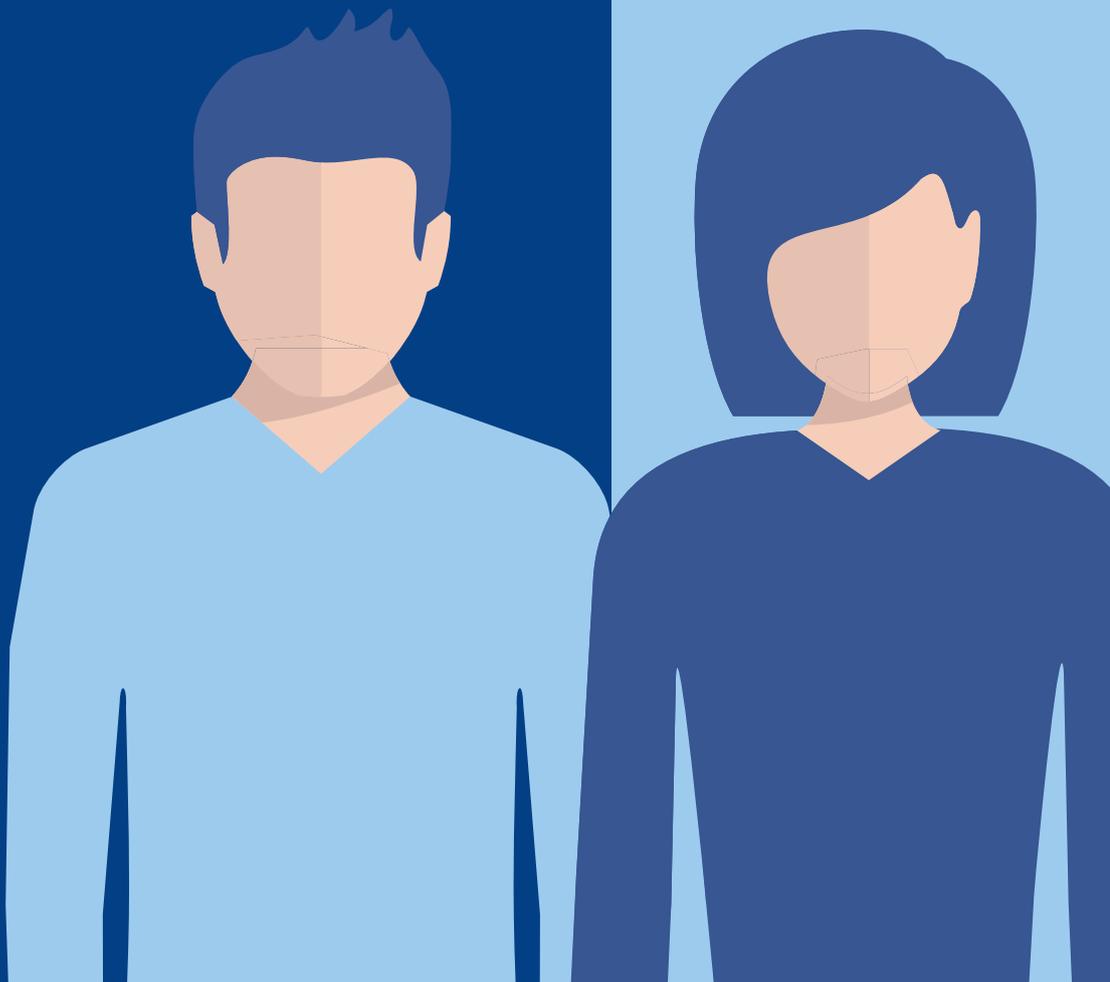
Another focus going forward, is for LSG to certify all their aquaculture farms with Aquaculture Stewardship Council (ASC) certifications to ensure external and independent auditing of their operations.



EMPOWER OUR PEOPLE

Our people are our most valuable assets

Our employees deliver high quality, drive our business forward, and see first-hand how we impact our surroundings. Having an engaged, talented, and skilled workforce is key to our value creation and to deliver a positive return for society as a whole.





WHY IT MATTERS AND OUR AMBITION

Both fisheries and aquaculture require skilled and knowledgeable employees. As markets become more global and our workforce more multinational, we work to ensure that we provide attractive jobs so that we can recruit and retain the best talents. We make sure that our employees have opportunities for professional development and learning. Creating attractive jobs is one of our primary concerns wherever we operate, with a strong focus on providing a good work environment and ensuring the wellbeing of our employees.

Because we operate in different countries with different labour rights and legislation, we follow up our subsidiaries closely to ensure that internationally recognised labour rights of the employees are upheld. This includes decent compensation, collective bargaining rights and having good working conditions.

Health and safety are of paramount importance, not least for our employees that work at sea.

Austevoll Seafood ensures that our values, norms and guidelines on decent and responsible work is enforced in all our locations. All of our subsidiaries report to Austevoll Seafood on a quarterly basis on factors such as health, safety and the environment, our Code of Conduct and whistleblowing. Any reported or suspected non-compliance is followed up in coordination with the subsidiaries.

The number of full-time equivalents for the Group in 2019 was 6,507 and by the end of 2019 the Group was employing 6,822 people.

OUR COMMITMENTS

Austevoll Seafood and our subsidiaries will ensure good and equal employment opportunities and uphold labour rights for our employees. We seek to empower our workforce by developing their skills and knowledge. To deliver on these promises, our active ownership is guided by four commitments for Empowering our People.

ATTRACTIVE AND DECENT JOBS

We uphold internationally recognised labour rights, and are committed to providing decent and attractive jobs with fair compensation

HEALTH AND SAFETY

We aim to have zero workplace injuries and will never compromise on our employees' safety

LEARNING AND DEVELOPMENT

Our employees are essential to our vision, and we are committed to developing the skills and knowledge of our employees

EQUAL OPPORTUNITIES

We seek to ensure equal employment opportunities and rights for all employees, and a good working environment free of discrimination

RELEVANT KPIS AND TARGETS

- 1 PERCENTAGE OF TOTAL EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS
- 2 ABSENCE RATE (SICK LEAVE)
- 3 WORK-RELATED INJURIES
- 4 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES



Attractive and decent jobs

Regardless of where our operations take place, Austevoll Seafood and our subsidiaries shall provide attractive and meaningful jobs, and work to promote labour rights and decent working conditions locally



THE CHALLENGE

We want to attract and retain talents to ensure our future competitiveness. In order to offer attractive jobs and be a trustworthy employer, we maintain a high focus on fair compensation, dialogue with trade unions and good working conditions. Our aim is that our subsidiaries are recognised as attractive employers in their home markets and are able to recruit people with the right competencies, skills, and values. Large corporations, like Austevoll Seafood, also have a particular responsibility to make sure that internationally recognised labour rights are upheld throughout both parent and subsidiary companies, in all countries of operation.



OUR APPROACH

Austevoll Seafood are committed to uphold internationally recognised labour rights, and to provide decent and attractive jobs with fair compensation. Our goal is to create a work environment based on mutual trust and professional development. We therefore strive to create an including and engaging work environment built on collaboration, learning and continuous development.

Our commitment to respect human and labour rights is formalised in our Code of Conduct, which has been reviewed by the Board of Directors and is implemented in all subsidiaries.

Our employees are entitled to freedom of association and to engage in collective wage bargaining. Our employees shall have the security and support to live up to our values: look to the future, act with integrity, enhance knowledge, and strive for excellence. Our key efforts and policies include:

- All employment shall be in accordance with international conventions and national laws and regulations.
- Austevoll Seafood has zero tolerance for violations of fundamental human rights and social dumping. The management actively monitors that all parts of our business offer the employees terms and conditions that meet all of the local requirements.

- Wages for workers must at least be in line with national or local minimum wage regulations or industry standards and must always be sufficient to meet basic needs. All our employees shall be compensated fairly, and our subsidiaries shall respect legislation on working hours and overtime.
- All workers are entitled to an employment contract in a language they understand.
- Austevoll Seafood has developed Whistle-blower Guidelines explaining how to proceed if someone witness critical matters such as violation of legal rules, internal rules or ethical norms. We perceive whistleblowing as beneficial for both Austevoll Seafood and society as a whole as it enables critical issues to be addressed. Whistle-blowers are important resources in Austevoll Seafood and shall be protected from negative consequences to ensure that suspected wrongdoings are investigated.
- Austevoll Seafood is committed to protecting the privacy of its own employees and partners. We will only process personal data for purposes that are legitimately justified in its own activities and in accordance with applicable privacy laws and Austevoll Seafood' internal requirement and guidelines.
- All our employees are free to organise themselves in various unions, including the right to engage in collective bargaining. We keep a close dialogue with employee representatives as well as maintaining an active dialogue and cooperation between the company and our employees and trade unions.



OUR PERFORMANCE

Employee bargaining agreement

Measure	2019
Percentage of total employees covered by collective bargaining agreements	62 %

All our employees are entitled to freedom of association and collective bargaining. Across our subsidiaries there are varying degrees of how many of our employees that are covered by collective bargaining agreements, from 100 % to 0 %.



Health and safety

The health and safety of our employees is our first priority. We never compromise on safety, and always try to take necessary measures to prevent and minimise work-related injuries.



THE CHALLENGE

The health and safety of our employees is the number one requirement to our subsidiaries. Our employees work in exposed environments, both in factories and especially on the sea where they face potentially adverse weather conditions. Good routines, procedures, equipment and safety culture are important to prevent accidents. We also have a strong focus on the overall health and well-being of our employees, and continuously work to reduce the sick leave in our organisation.



OUR APPROACH

We aim to have zero workplace injuries and minimise sick leave. All our operations shall provide safe and healthy working conditions, and we work preventively to eliminate hazards and reduce risks to the health of our employees. The employees shall always feel that their health is our primary concern, but also be aware of their responsibility to follow guidelines and procedures to create a culture for safe operations. Our efforts and policies to prevent injuries, accidents and sick leave include:

- Adverse events and near-accidents are registered on an ongoing basis in order to prevent future injuries. By focusing on reporting and following up adverse events we hope to create a safer workplace. LSG has for example developed a non-conformity system where all injuries and accidents are recorded, and root causes analysed. The results are used to make improvements and prevent new injuries.

- Planning and implementation of new technical concepts is focused on reducing the health and safety risk for employees. One such measure is implementing “The Lerøy Standard” in all farming companies’ routines and procedures. This ensures a strong Group standard for maritime operations, farming and purchasing of critical equipment.
- All our employees have regular and documented training to ensure the health and safety for both themselves and their co-workers.
- Our subsidiary FC has successfully implemented a “Health and Incident Prevention Committee” - a permanent program which also is extended to third party workers performing activities at FC’s facilities. The program focuses on the shift from self-care to mutual-care concepts and corresponding training.
- Austral has strengthened occupational health and safety leadership among their captains and employers. The company also supports local health initiatives.
- We invest in proactive initiatives to improve employee health. In addition to training and capacity building, Austevoll Seafood works to make improvement that strengthens the health of our employees, like ensuring good ergonomics in the workplace, occupational health offerings, good fitness facilities, and various forms of organised training.





OUR PERFORMANCE

Absence rate

Measure	2019	2018
Absence rate (sick leave)	4.60 %	3.87 %

We always aim to keep our absence rate as low as possible. In 2019, the average absence rate was at 4.60 %, but there was wide variation between our subsidiaries. In general, the absence rate in our Norwegian subsidiaries is higher than in the South American subsidiaries. The Group take active steps to reduce sickness absence where possible.

Austral has obtained the best accident rate among the member companies of the National Fisheries Society in Peru. The accident rate was reduced from 46 % in 2018 to 28 % in 2019 for our fleet. To achieve this result, Austral did a considerable amount of work to strengthen the safety leadership of the captains of our vessels.

No one wants anyone to get hurt or get sick in the workplace. It is necessary to have an overview of the risks that the operational activities entail and to take action in order to prevent someone from getting hurt or sick. Our subsidiaries report on a quarterly basis the number of accidents with and without sick leave, and the number of near accidents. From 2020 we will implement lost time injury (LTI) reporting for all our subsidiaries and aim to report on the Group level. Lerøy are reporting LTI already. In 2019 we had 230 work-related injuries with absence, of which 46 % were related to the farming and fishing operations.

We had two fatal work-related injuries in 2019, of which one where an employee from a third party.

On 22 January 2019, an employee died at work at FC in Chile. This tragic incident was the result of an accident in which the employee was crushed when boarding a transport vessel. After the incident, FC has provided assistance to the employee's relatives and assisted public bodies in establishing the course of events.

On 27 January 2019, a fire started in the smolt facility at Laksefjord, Finnmark, resulting in a tragic incident when an employee of the company carrying out maintenance work died. After the incident, LSG has assisted the police and other public bodies in identifying how this tragic accident occurred.

Our thoughts are with the families and colleagues of the two deceased.



Learning and development

Professional development and learning are vital parts of a meaningful workplace, and to attract and retain talent. Upgrading skills and competencies are also essential to our competitiveness, and long-term, sustainable value creation.



THE CHALLENGE

People are the most important resource of a company, and competition for the best employees can be tough. Due to rapid innovation, international competition, and efforts solving the seafood industry's key challenges going forward, a focus on continuous learning and development is important. We invest in continuous learning and development both to attract and retain a skilled and motivated workforce and to ensure efficiency and innovation.



OUR APPROACH

We are committed to developing the skills and knowledge of our employees. The different activities within our subsidiaries demand a range of skills and expertise along the value chain.

We require all our subsidiaries to facilitate and invest in the development of our employees, through various initiatives. This may be trainee programs, education, feedback and general or specific industry-related training. Our efforts and policies include:

- It is a group requirement that all employees have the necessary training and formal certifications necessary to perform their responsibilities on the job.
- We focus on developing learning and development programs to improve and reinforce the employees' skills, enhance knowledge acquisition and continuous improvement within occupational health and safety issues, leadership, management and technical abilities, among others. Some development topics are general and are implemented in all our subsidiaries, but the Group also offers training based on industry-specific needs.
- As part of the Bergen Seafood Cluster, LSG participates in the creation of customised training programmes for the seafood industry. The programmes include a specific one-year trainee programme, a two-year MBA programme at the Norwegian School of Economics, and a Master's programme in aquaculture and seafood at the University of Bergen.

- We encourage personnel development by having good performance and recognition routines. In Austevoll Seafood, we believe in continuous improvement through systematic follow-up, coaching, constructive feedback and rewarding employees who practice our values. Since 2013, Austral has run the "You Are" programme, which aims to motivate and recognise leader talents committed to the company's objectives. Similarly, LSG has a Pilot Leadership Development Program.



OUR PERFORMANCE

TRAINING & EDUCATION FOR OUR EMPLOYEES

Every employee in the Group is encouraged to keep up to date with industry development and seek new knowledge that can aid them in their professional development. We particularly welcome requests to acquire Certificates of apprenticeship or other formal professional certifications. 105 LSG employees received their certificate of apprenticeship in 2019.

In 2019, Austral's investment in training increased by 12 % compared to 2018. The training hours of the year 2019 increased by 33 % compared to 2018 for the company.





Equal opportunities

Austevoll Seafood employs people from a variety of different backgrounds and nationalities. We believe that diversity and gender equality strengthen our company, which is why we place great emphasis on creating equal opportunities.



THE CHALLENGE

Equal opportunity is not only important from an ethical and human rights perspective - diversity can also improve corporate performance. In order to make use of the benefits of a diverse workforce, we focus on providing equal opportunities for every employee, both in terms of recruitment and career progression within the Group



OUR APPROACH

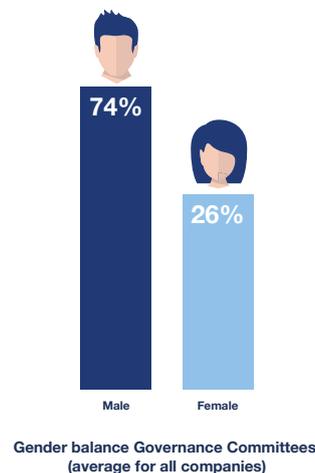
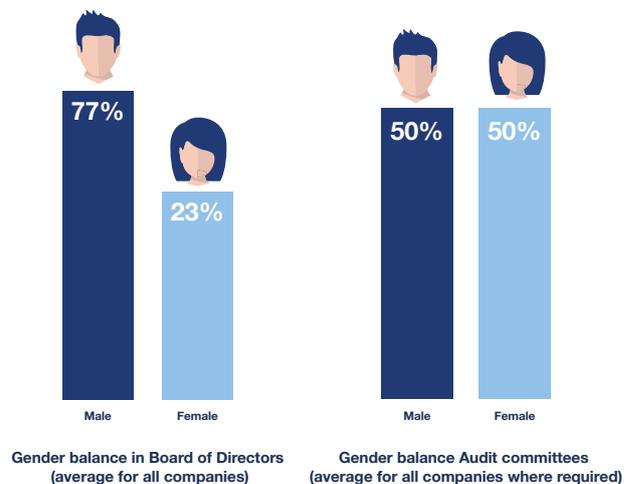
Our commitment is to ensure equal employment opportunities and rights for all employees, and a good working environment free of discrimination.

In Austevoll Seafood, we have zero tolerance for discrimination based on ethnic background, religion, age, disability, marital status, sexual orientation, trade union membership or political affiliation. This is embedded in our Code of Conduct and applies for all our subsidiaries. Our efforts and policies to ensure equal opportunities and good work environments include:

- We have Whistle-blower guidelines, which make it easy and safe to report on sexually intrusive, threatening, abusive or exploitative behaviour, and speak up against discrimination or dismissal on any unjustifiable grounds.
- We work to ensure that our evaluation and decision-making processes are free of discrimination. The Group strives to ensure equal employment opportunities and rights for all employees, both men and women. We expect all our subsidiaries to emphasise individual skills, performance and responsibility in its recruitment policy and salary system.
- We aim to provide a workplace free from discrimination based on disability. Wherever possible, Austevoll Seafood tries to facilitate workplaces and tasks for employees or work applicants with disabilities.

In recent years, the Group has experienced an increase in the proportion of women in aquaculture and wild fish, which traditionally have been “male-dominated occupations”. We will continue to encourage women to apply for positions across our value chain, with the aim of improving the gender balance in our subsidiaries. To this end, we place great emphasis on the following:

- We seek to create a good work-life balance for our employees. We believe a flexible workday contributes to increase diversity, as well as to attract and retain valuable employees. We therefore promote flexibility where possible and encourage initiatives like Austral’s “My time on board” program. The program seeks to provide greater flexibility of schedules for all locations, as well as benefits for mothers with newborn children.
- We focus on raising awareness of biases and equal opportunities, notably by investing in initiatives and forums that address these matters. For instance, in 2019 Austral created a new “Gender Equality and Diversity Committee”, which main objective is to promote a responsible corporate culture based on the values of gender equality, non-discrimination and respect for diversity.





Priorities going forward

We will continue the strong focus on health and safety throughout the Group and ensure that all our subsidiaries have adequate health and safety management systems and training in place.

Since the sick leave for the Group increased in 2019, and there are significant variations between the subsidiaries, we will take steps to evaluate the situation and discuss how our record can be improved in cooperation with local management. In 2020, we will also map the training and development efforts in our subsidiaries to offer a better overview of the work that is done to create attractive jobs and ensure our future competitiveness.

We will continue our work to increase the gender equality of our boards of directors and governance committees.

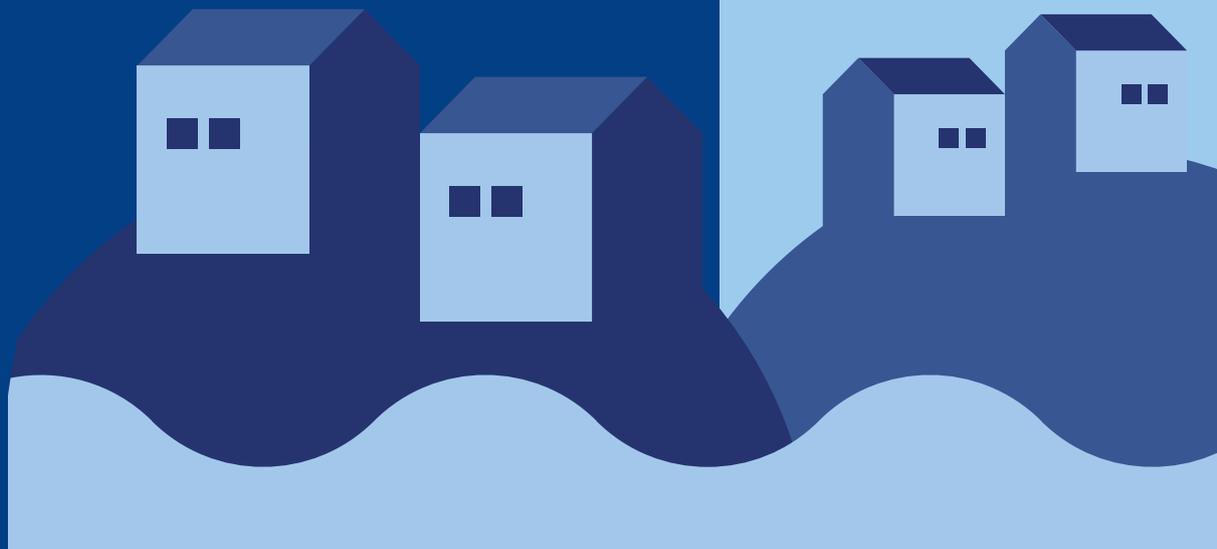
Austevoll Seafood is committed to protect and uphold fundamental human rights, and we will improve our reporting on our procedures to identify, prevent and mitigate any potential violations of human and labour rights.



STRENGTHEN OUR COMMUNITIES

Contributing to thriving local communities

The local communities along the coast of Norway, the United Kingdom, Peru and Chile are important for us and our operations. We can only succeed when the communities thrive and share in our success. In addition to protecting local environments, we work to strengthen our positive contribution to local value creation by creating jobs, using local suppliers of goods and services, paying local taxes and supporting local sporting and social initiatives.





WHY IT MATTERS AND OUR AMBITION

Local communities around the world provides critical infrastructure for our operations and make up much of our workforce. With a strong presence in these communities, we also have a significant impact on local economic development, social opportunities and the environment. We contribute to the development of local communities by creating attractive and decent jobs, supporting local suppliers, and by investing in and sponsoring local projects and social initiatives. The tax contributions of our business and employees also make up an important source of income for local authorities.

We promote responsible and ethical business practices, both in our own operations and throughout our supply chain. We have a strong focus on mitigating corruption, which undermines local institutions and economic development. Given the scale of procurement within our group, we place ethical and

sustainability requirements on our suppliers. Our global presence requires us to keep a close and continuous dialogue with local stakeholders. We expect our subsidiaries to communicate regularly and well with local authorities and civil society.

AUSTEVOLL SEAFOOD' AMBITION

In Austevoll Seafood we create lasting value through the production of healthy and sustainable marine products as well as having a direct positive impact on the local communities in which we operate. We take our responsibility seriously and take action for sustainable value creation and the strengthening of our communities.

OUR COMMITMENTS

Our efforts to Strengthen our Communities are based on four commitments. Our performance within each commitment is monitored at the Group level with a set of KPIs that apply to all our subsidiaries.

INVOLVEMENT OF LOCAL COMMUNITIES

We are committed to support the development of thriving local communities in the areas in which we operate

LOCAL VALUE CREATION

We seek to maximise the use of local suppliers, work force and producers where we operate and to generate sustainable economic value

ETHICS AND ANTICORRUPTION

We have a zero-tolerance policy towards corruption and hold each other to a high ethical standard in all of our business dealings

SUSTAINABLE VALUE CHAIN

We set strict ethical and environmental requirements for ourselves as well as our suppliers and subcontractors

RELEVANT KPIS AND TARGETS

- 1 NUMBER OF COMPLAINTS FROM STAKEHOLDERS
- 2 LOCAL TAX CONTRIBUTION FROM EMPLOYEES AND THE COMPANY
- 3 INVOLVEMENT OF LOCAL COMMUNITIES
- 4 NOTIFICATION OF WHISTLEBLOWING



Involvement of local communities

Austevoll Seafood's journey began in a small island municipality in Norway. We understand the value of involving local communities in decision-making processes, and support both economic development and social initiatives in the areas in which we operate.



THE CHALLENGE

Our operations contribute to local communities across the world. As an international company operating locally and given access to local resources, we place great emphasis in giving back to the people living in our communities by supporting local businesses and social activities. We aim to maximise our positive contribution in cooperation with local stakeholders and avoid negative impacts by engaging local knowledge and advise.



OUR APPROACH

All our operations are guided by our Group commitment to support the development of thriving local communities. We shall also contribute positively to maintain a good environment in the communities where our businesses are located, as stated in our Ethical Code of Conduct. To fulfil these commitments, we have implemented several measures and guiding policies, both at Group level and in our subsidiaries:

- It is Group policy to communicate our business information accurately and comprehensively towards local communities. Further, we seek to engage in local discussions and meet with local stakeholders to discuss relevant topics.
- We cooperate with non-governmental organisations (NGOs), regulators, trade union, and the research community to support sustainable development of the communities in which we operate.

- The Group has established a grievance mechanism for complaints from local communities. All complaints are considered and answered, and if deemed necessary, measures are taken to counteract the reported issues.
- Our subsidiary FC has been working close to its community for several years, and meets with neighbourhood associations at least once a year, and organises breakfast meetings between the associations and FC management. Austral has developed social responsibility programs in each location where they have their operations. The Social responsibility plans have been prepared based on a baseline which include mapping of stakeholders with a focus on economic, environmental and social aspects and the identification of existing organisations and social groups in each location. The Social responsibility program include education, employment, nutrition and health, as well as environmental and social development.
- As part of several of the certification schemes for our aquaculture operations, notably the ASC standard, our subsidiary LSG has regular dialogue and information meetings with local communities.





Austevoll Seafood and our subsidiaries actively support the activities of local and voluntary organisations. As a general rule, we maintain a special focus on activities aimed at children and young people. We firmly believe that it is of strategic importance to use local management's knowledge of and care for the local communities as a starting point when deciding what measures to prioritise and how to best impact the local communities. For further information of how our subsidiaries work within these areas, please see their company specific reporting. A selection of the community initiatives supported by our subsidiaries are described below:

EXAMPLES OF COMMUNITY INITIATIVES WITHIN THE GROUP

SOCIAL ACTIVITIES:

- 1 Corporate volunteering:** Austral has participated in the rehabilitation of an educational facility for children and participated in volunteering at a Children's Hospital.
- 2 Health campaigns:** Austral carries out health campaigns aimed at preventing and combating diseases linked to poor diet and poor hygiene habits. Austral has also carried out a free medical campaign in 2019 in association with the District Municipality of Coischo and Essalud. FC has a cooperation agreement with "Teleton", a non-profit organisation dedicated to the physical therapy of children. LSG actively promotes a healthy lifestyle by supporting and giving out free seafood products at various social activities focused on children and young people through its «Lerøy kit».
- 3 Sponsorships:** LSG actively sponsors local organisations, festivals and other initiatives as a way of contributing to maintaining vibrant local communities.

EDUCATION AND TRAINING:

- 1 Knowledge sharing:** LSG has established knowledge sharing arenas for parties involved in both coastal fishing and fish farming where they can interact and discuss their potential to benefit local communities. For the last 11 years, FC has arranged Breakfast meetings with all neighbour associations and FC management to hear out local needs.
- 2** Austral's program, "**Viva valores, viva Austral**", aims to empower children and young people to make them more aware of the environment, and inspire them to build a different country, through the training of principals, teachers and parents.
- 3** LSG has three Aquaculture **Exhibition Centres** in Norway that are managed in partnership with local museums. The purpose is for people to learn about the Norwegian aquaculture industry, and Lerøy's business in particular.
- 4** Austral's "**Growing up together**" program for artisanal fishermen (key actors in our Austral communities) is aimed at providing them with the best conditions to carry out their activities and help them obtain the fisherman's card.



OUR PERFORMANCE

Stakeholder communication 2019

**Number of
complaints from
stakeholders**

15

Our subsidiaries report annually any complaints received from our stakeholders, including potential cases of ethical misconduct. Every complaint is investigated, and necessary measures taken.

Good cooperation with our stakeholders is important to us, and we take all complaints seriously. All complaints from 2019 have been answered and we have initiated measures where this has been possible. Only one complaint is still outstanding to be resolved in full.

RESULTS FROM 2019 COMMUNITY INITIATIVES (EXAMPLES)

AUSTRAL

“Growing up Together” program: Through this program Austral train artisanal fishermen in coordination with the National Fisheries Development Fund - FONDEPES. In 2019, Austral formalised 20 artisanal fishermen through the program.

The company’s Free Medical Campaign benefited 754 children, youth and adults in 2019.

“Viva Valores, viva Austral” program: In 2019, 1,086 students and 46 teachers benefited with the program.

Muevete Program: The program was founded with the aim of helping young people in the Coischo district to have healthy and fun environments through workshops of different sports and cultural disciplines. In 2019 225 kids and youths participated in the program.

LSG

LSG supports various local activities related to children and young people. Diet, health and healthy eating are important common values in their collaborations and initiatives.

In 2019 LSG supported 879 different events for children and young people with approximately:

- 500,000 pieces of sushi
- 37,000 fish cakes
- 10,000 sushi wraps
- 10,000 poke bowls
- 7,000 portions of salmon
- 1,000 pieces of 1 kg of smoked trout

Austevoll Laksepakkeri AS (ALP)

Surplus heat from the processing plant is provided to heat the municipal swimming hall in the community of Austevoll. The community have a very active swimming club with approx. 280 members in the age from 6 to 15 years.



Local value creation

We contribute to local value creation by generating economic activity and jobs. Austevoll Seafood and our subsidiaries will always contribute our share of taxes and fees, and we seek to support local businesses throughout our value chain.



THE CHALLENGE

Our obligation to create value for our shareholders also extends to the local communities in which we operate. In many places we are the cornerstone of the community and one of the most important employers. The use of local suppliers and our contribution to local business activity and commerce, can further make substantial positive footprints in the communities. We also create local jobs that contribute to keeping local communities vibrant and thriving.



OUR APPROACH

Our business operations generate local taxes, provide jobs and social activities. When possible, we are committed to maximise the use of local suppliers, work force and producers where we operate and to generate sustainable economic value. Our activities and contributions include:

- In 2019 the Group has continued its focus on using local suppliers. The Group's largest subsidiary, LSG, had more than 4,800 suppliers in Norway alone, and total purchasing amounted to NOK 15.2 billion excl. intragroup in Norway. By purchasing the highest ratio possible of local goods, equipment and services, we aim to generate increased earnings for the local communities.
- We employ local people across the entire value chain, including feed ingredients production, farming, fishing, processing, and sales and marketing. It is our commitment that these jobs shall be safe and meaningful.

- Sintef has performed a study on the ripple effects of the seafood industry to highlight the major societal impacts in the form of jobs, purchases of goods and services, as well as tax revenues to Norwegian municipalities. The study found that LSG's fisheries, farming and fish processing businesses contributed NOK 1.42 million, NOK 4.1 million and NOK 1.47 million per full-time equivalent respectively in 2017. The findings indicate that we play a major part in local job and value creation in the communities we operate.
- We contribute to local education by providing on the job training through apprentice programs. Moreover, we support several aquaculture- and fisheries schools and educational programs. In 2019, the Lerøy Group had 18 interns, 30 trainees and 97 apprentices. The Group invests substantial resources in our recruitment work.



OUR PERFORMANCE

Tax contributions

Measure	2019	2018
Tax contribution from employees and the companies	MNOK > 1,576	MNOK > 1,562
Of this local tax contribution from employees was	MNOK > 694	MNOK > 614

Our value creation provides steady income for the many municipalities we operate in.



Ethics and anti-corruption

As a global company that employs a large and diverse workforce across numerous countries, it is crucial for the Group to set high and clear ethical standards.



THE CHALLENGE

Today, Austevoll Seafood operates in 18 countries and has close to 7,000 professional employees. Above all, this diversity is a source of strength for our business. At the same time, in order to continue building trust and follow our mission, it is crucial that all employees adhere to the Group's values and the guidelines in our Ethical Code of Conduct. Any international business operating across national boundaries is exposed to different national regulations, cultures, backgrounds and customs. With this increased complexity follows increased risk. Therefore, we have implemented reliable systems and routines that help us detect, prevent and stop corruption and other ethical breaches.



OUR APPROACH

Our business conduct and corporate governance are always guided by our value Act with integrity. Austevoll Seafood has a zero-tolerance policy towards corruption, and we hold each other to a high ethical standard in all our business dealings.

- Our Ethical Code of Conduct guides our decisions, including compliance with human rights and labour regulations, the promotion of a safety culture based on accident prevention, care for the environment, anti-corruption and prevention of money laundering, confidentiality of information, and antitrust practices. The guidelines are based on internationally recognised standards such as the UN Guiding Principles on Business and Human Rights.
- Our subsidiaries are committed to adhere to our governance principles and to integrate our sustainability approach into their corporate strategies. Furthermore, both the board of directors of Austevoll Seafood and of our subsidiaries are required to have a designated member who is assigned extended responsibility for sustainability topics as well as ensuring that ESG risks are on the board's agenda.
- Violation of the rules provided in our Ethical Code of Conduct will result in relevant sanctions, such as oral or written warnings and restrictions in current authorisations. Serious breaches of the rules may result in termination or dismissal.

- External parties are required to adhere to the same ethical principles as Austevoll Seafood's employees. In line with our Ethical Code of Conduct, all cooperative agreements that Austevoll Seafood or our subsidiaries take part in shall be evaluated to prevent corruption. As such, Austevoll Seafood works to promote healthy business in the local communities in line with the regulations set by Norwegian law. We also prohibit facilitation payments, and require documentation related to the use of middlemen or agents. Violation of the rules on corruption or influence trading can result in criminal liability for both the company and the employee.

Preventive measures related to ethics and anti-corruption also include:

- All subsidiaries of the Group report on quarterly basis on issues regarding HSE, ethical regulations and reported or suspected breaches of ethical conduct and good corporate governance. Austevoll Seafood's management follows up on deviations and potential deviations with our subsidiaries.
- All employees are required to report any breach of the Code of Conduct to their immediate superior. It is a priority for Austevoll Seafood that whistleblowing does not have negative consequences for the person who reports a suspected wrongdoing.



OUR PERFORMANCE

Some highlighted achievements from our subsidiaries in the past year include:

- FC implemented a “Major Felony Prevention Model” in 2019, with training for all its employees in order to avoid illegal actions by mistake, and to improve communication with suppliers and authorities.
- Austral implemented a “Compliance Policy Prevention model” in 2019, which included identifying and evaluating key risks. Based on the identification and evaluation of the risk of critical processes, prevention measures have been carried out. Training of all employees and strategic suppliers have also taken place, where continued periodic training will take place going forward.
- LSG have in the beginning of 2020 launched a new online whistleblowing channel.

WHISTLE BLOWING INCIDENTS

On whistleblowing, 13 cases were reported through the subsidiary’s whistleblowing channels in 2019. Twelve of the cases are closed, while the one remaining are currently being investigated. Five of the cases were related to discrimination in form harassment in the workplace, which were followed up and resolved internally. The majority of the reported cases were made anonymously. We received no whistleblowing reports from communities neighbouring the Group’s facilities in 2019.



Sustainable value chain

By incorporating the entire value chain into our sustainability work, it is our ambition to maximise our positive contribution to the sustainability agenda and minimise any negative impact.



THE CHALLENGE

As a large, integrated seafood company, we are uniquely placed to contribute to the sustainable development of the seafood value chain. A sustainable seafood industry relies on well-functioning and transparent processes all the way from broodstock or harvesting until the fish reaches the end consumer. By setting high sustainability standards, both with regards to environmental footprint and social impact, creating incentives and supporting our subsidiaries and cooperating with our suppliers, we can improve the overall footprint of the seafood industry.



OUR APPROACH

Our goal is to combine sound business operations with a responsibility for the society and environment around us across the seafood value chain. Our advantage is that we take part in almost all elements of the seafood value chain. We are well-positioned to influence our value chain participants, both with respect to social and environmental standards, as well as innovation for more sustainable solutions. We set strict ethical and environmental requirements for ourselves as well as for our suppliers and subcontractors. Examples of our principles and how we work towards creating an integrated and sustainable value chain include

- We actively encourage our business partners to, as a minimum, offer employees terms and conditions that meet local minimum requirements with respect to ethics and anti-corruption. Austevoll Seafood refuses to work with third parties that violate the basic rights of its employees.
- All our subsidiaries have a responsibility to ensure that our suppliers act in accordance with relevant laws and regulations. LSG has hired a dedicated resource for purchasing and conduct supplier audits for continuous improvement between the company and its suppliers. The company has further implemented a standardised, risk-based approach to supplier management, which involves ESG risk evaluation of all suppliers and an audit scheme based on said risk evaluation.
- As part of its “Major Felony Prevention Model”, FC has screened all its suppliers. Similarly, Austral has as an ongoing project to implement ethical commitments for its suppliers, as part of the company’s “Prevention Model”.
- We also have a particular focus on sustainable sourcing, and therefore require our suppliers and subcontractors to verify the origins of marine ingredients.
- Finally, Austevoll Seafood works systematically to make sure that outcomes of R&D-initiatives are fully utilised across our value chain. Once a technology is tested and verified in one part of the value chain, we seek to identify its potential benefit across other value chain segments to increase efficiency and sustainability.

GLADLAKS - TRANSPARENCY ALONG THE SEAFOOD VALUE CHAIN

Together with NorgesGruppen, LSG introduced the concept “Gladlaks” (Glad Salmon”) in 2015, seeking to give the consumer full insight in the salmon production through the website Gladlaks.no. The concept guarantees that the salmon is produced without the use of antibiotics and palm oil. In addition, the fish feed is made with extra high omega-3 contents for good fish welfare, and it is 100 % traceable. The website also outlines the continuous measures taken to make our fish farming products even better and more sustainable in the years to come.

- Our Code of Conduct requires an assessment of all business partners, both in Norway and internationally, with which Austevoll Seafood enters into agreements. Our suppliers and subcontractors must adhere to the laws of their respective countries and act in accordance with our subsidiaries’ quality system, standards and routines. If deviations are identified, measures must be taken to improve the conditions.
- Employees who work with independent third parties such as suppliers, consultants, advisors, agents, must familiarise themselves with our company’s ethical guidelines and ensure that the third parties agree to comply with relevant sections of the ethical guidelines. If nonconformities occur, measures must be taken to ensure that they comply with the guidelines, and if the third party demonstrates an inability to comply with Austevoll Seafood’s ethical guidelines, the collaboration must be terminated.



OUR PERFORMANCE

OUR PROCUREMENT POLICIES

As a large procurer we have an ethical responsibility to assure that our suppliers act in accordance with relevant laws and regulations. Suppliers, including subcontractors, are requested to adhere to the highest industry standards (such as ASC and IFFO RS), and it is a prerequisite that laws and regulations are followed.

We are currently working on developing relevant management KPIs in order to keep track of supplier screenings and potential risk factors, or opportunities for improvement, in our supply chain.



Priorities going forward

Children and young people will remain a priority in our engagement with the local communities. Their commitment and knowledge will be key to maintain healthy and thriving societies in the future.

Another focus going forward is to improve communication and transparency towards the local communities and the consumers. Gladlaks.no is a good example of a tool that gives transparency and traceability about the fish product for the consumer. We will work with our other subsidiaries to utilise big data and digital communication to increase transparency towards end users, as well as transparency and the sharing of best practices and knowledge within the value chain.

The Group will encourage all subsidiaries to develop a Supplier Code of Conduct, which will include environmental and social procurement requirements. All new and existing suppliers should subsequently be screened against the new Supplier Code of Conduct based on a risk evaluation.

