

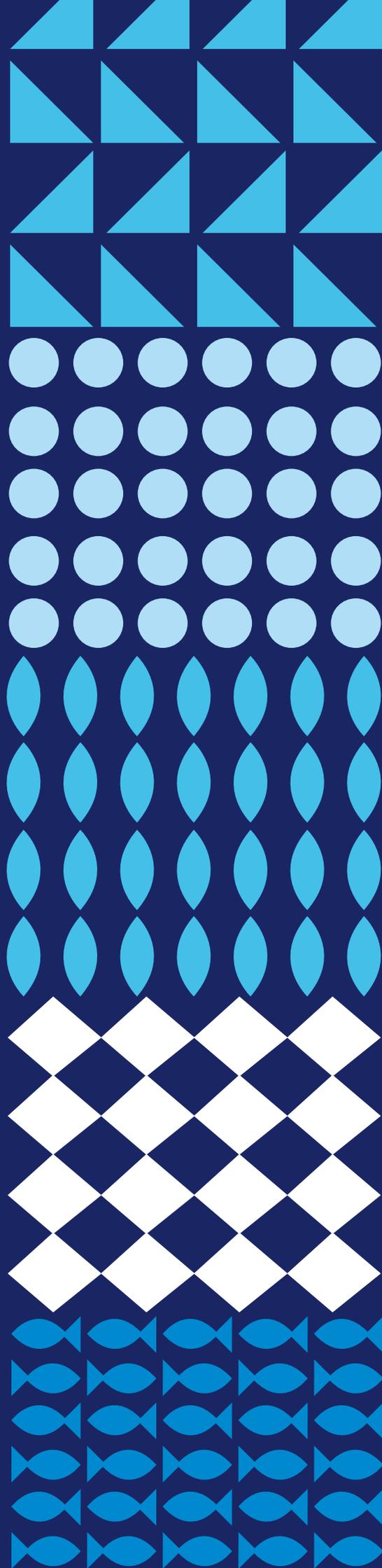


Austevoll Seafood ASA

Sustainability report

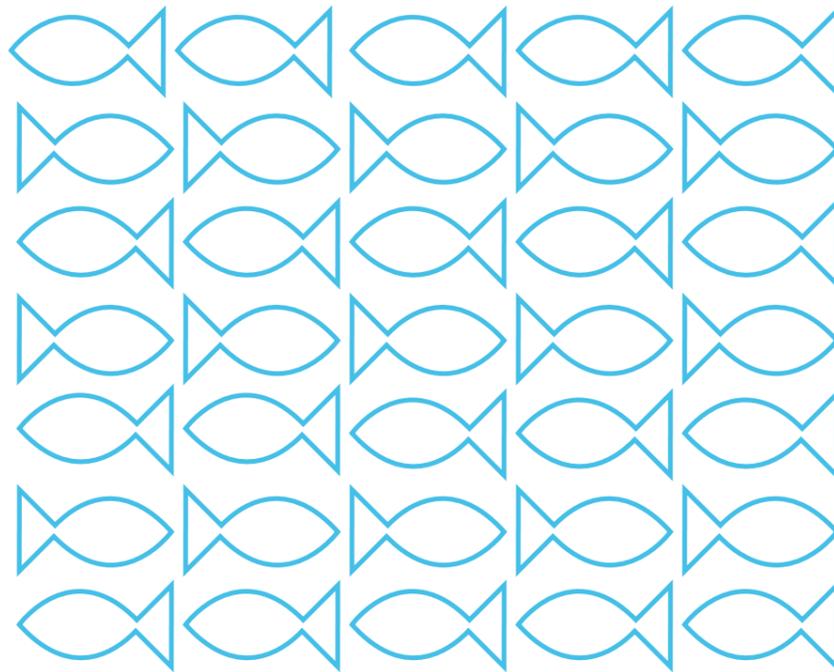
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Austevoll Seafood ASA

SALMON / WHITEFISH

PELAGIC / OTHERS

Austevoll Seafood ASA (Austevoll Seafood) as a holding company exercises 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 financial segment reporting for Austevoll Seafood Group (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 human consumption and consumer products, 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 fishmeal, fish oil and products for human consumption based on own catch and purchase of wild catch from third parties.

LERØY SEAFOOD GROUP ASA

52.69 %
NORWAY

AUSTRAL GROUP S.A.A

90.12 %
PERU

FOODCROP CHILE S.A

100 %
CHILE

BR. BIRKELAND FARMING AS (KF OPPDRETT AS)

55.24 %
NORWAY

BR. BIRKELAND AS

42.92 %
NORWAY

PELAGIA HOLDING AS

50 %*

* Jointly controlled entity

Companies included in the ESG report

Operation overview	Lerøy Seafood Group ASA Norway/Europe	Austral Group S.A.A Peru	FoodCorp Chile S.A Chile	Br. Birkeland Farming AS Norway	Br. Birkeland AS Norway	Others	Austevoll Seafood Group (incl. subsidiaries)
PELAGIC FISHING		7% of the Anchoveta quota Center/North	8.4% of the Horsemackerel quota				400,000 - 500,000 MT of fish caught annually (depending on quotas set)
		20 Fishing vessels	3 Fishing vessels	3 Fishing vessels			26 Fishing vessels
PELAGIC PROCESSING		7 Processing plants (4 locations)	4 Processing plants (1 location)			1 Processing plant	500,000 - 700,000 MT of raw material annually
	10 Fishing vessels						12 Processing plants
WHITEFISH							100,000 - 120,000 MT of whitefish (depending on quotas set)
							8 processing plants
SALMON	190.000 - 220.000 GWT incl. ass.companies in UK				7 000 GWT		200,000 - 220,000 GWT of Salmonides annually
SALES	Integrated sales organisation	Integrated sales organisation	Integrated sales organisation				Wholesale with global sales & distribution
EMPLOYEES (FTE)	4,292	1,322	459	30	80	159	6,342
<i>(FIGURES IN 1.000 TONNES)</i>							
VOLUME SALMONIDES (GWT)	171			7			178
VOLUME OWN WILD CATCH	68	308	63		32		471
VOLUME PURCHASE WILD CATCH		83	29				112
TCO2E	137,591	58,317	25,887	542	9,471		231,808
SCOPE 1	127,792	54,099	20,131	486	9,441		211,949
SCOPE 2	9,799	4,218	5,756	56	30		19,859

CEO Letter

Sustainability is top of the agenda at Austevoll Seafood ASA (Austevoll Seafood). We assume our share of the responsibility for solving global challenges in relation to sustainability. This entails practising active ownership of our portfolio companies, ensuring that they comply with fundamental ethical values and show respect for people, society and the environment. This is also in line with our vision of being a:

"Passionate owner of globally leading seafood companies"

Arne Møgster

CEO



We are also delighted to confirm that Austevoll Seafood became a member of the UN's Global Compact in 2020, and supports the 10 principles in the UN's Global Compact regarding human rights, labour, the environment and anti-corruption.

The past year has been a very different one for all of us. The world was hit by COVID-19, which developed into a global pandemic in the first quarter of 2020. Many parts of the world have been, and remain, in lockdown. This has substantially affected our daily lives, both at home and at work. Our focus has been on having routines that protect the safety of our employees, whether they are carrying out their tasks at Group locations, on vessels or from home. We cannot afford to lose any employees, but are sad to report the death of a few of our employees from COVID-19. Our thoughts go to their families, relatives and our colleagues. We must praise and thank all our employees for their extremely hard work in 2020, following the restrictions and procedures introduced due to the pandemic. Their efforts have allowed the Group to keep our value chain open and continue deliveries of the Group's products during such a challenging period.

In its ESG report, Austevoll Seafood has highlighted four main areas in which our work will be important both for society and for Austevoll Seafood's long-term value creation.

These four areas are: "Protect our Ocean", "Improve our Climate", "Empower our People" and "Strengthen our Communities".

Our operations, or the value chain, in the Group's portfolio companies originate from exploitation of the oceans. Creating lasting values via healthy oceans therefore represents the core of our operations. In our work to produce sustainable marine products, we continuously work on strengthening sustainable fisheries, responsible farming and restrictions of our impact on the marine eco-system. Austevoll Seafood helps solve the global sustainability challenges via the production of healthy seafood, described by the UN as one of the most sustainable food products. Moreover, seafood is an important part of a good diet for our health. Consumers are increasingly aware of what they eat, where the food comes from and how it is produced. We place the spotlight on reducing food waste and developing new products that represent sound environmental daily choices. Austevoll Seafood aims to establish science-based

climate targets for the Group as a whole. In 2018, Austevoll Seafood first introduced joint reports of greenhouse gas emissions for its portfolio companies. 2019 was the first year in which Austevoll Seafood reported its climate work to the CDP, achieving a score of B-. In 2020, the Group's largest portfolio company, Lerøy Seafood Group ASA, produced science based climate targets for its operations, and these have now been adopted by the Board of Directors of Lerøy Seafood Group ASA. As a result, we have made significant progress towards achieving our goal of establishing science-based climate targets for the Group as a whole.

Austevoll Seafood's governance principles state that the Board of Directors shall appoint a person with extended responsibility for the company's social responsibility and sustainability. This principle also applies to the Group companies. The Board of Directors of Austevoll Seafood has chosen to establish a committee comprising three of its Board Members in order to pursue and monitor the development of this ambition further, and this has been named the Committee for Social Responsibility and Sustainability.

Austevoll Seafood's global representation, with companies that have a fully integrated value chain, afford us a solid position on which to continue our efforts to improve within our focus areas. We hope you enjoy reading this year's report and appreciate any feedback from our stakeholders – to help us improve!

A handwritten signature in black ink, appearing to read 'A. Møgster', written in a cursive style.

Arne Møgster

CEO

Guiding policies

Austevoll Seafood ASA's (AUSS) businesses shall operate in line with fundamental ethical values and with respect for people, society and the environment. In order to ensure that this requirement is met in every part of the Group, AUSS focuses on developing strong corporate cultures, skilled managers and appropriate routines for governance. This corresponds to AUSS' vision to be a "passionate owner of globally leading seafood companies."

"AUSS focuses on developing strong corporate cultures, skilled managers and appropriate routines for governance"



Each company in the Group is independently responsible for its operations, also comprising exercise of the company's social responsibility. This work shall comply with the framework provided by the Group's values and principal guidelines.

The CEO of each of the Group companies is responsible for implementation of the Group's guidelines. This work shall be based on the principle of continuous improvements, and the companies' efforts shall target those areas with the greatest need for improvement and best potential to have an influence. The companies' prioritisation in terms of resource utilisation shall be based on an assessment of the needs of both the individual company and its stakeholders.

AUSS monitors the work conducted by the companies in relation to social responsibility and sustainability by means of quarterly and annual internal status reports. This work comprises both part of the quarterly reports and AUSS' annual reports on external sustainability.

The Group's principal guidelines for business ethics and social responsibility are submitted to AUSS' Board of Directors for approval. Austevoll Seafood has stated in its guiding principles that the Board shall nominate one of its members to have extended responsibility for the company's Social responsibility and sustainability and report back to the Board. This principle also applies to the Board of our subsidiaries. The Board of Austevoll Seafood has chosen to establish a committee consisting of three of its Board members to take on this extended responsibility, which committee is named the Committee for Social Responsibility and Sustainability. Moreover, the Board of Directors monitors the Group's work via quarterly reports relating to selected areas within ESG (Environmental, Social and Governance criteria), including development of key HSE indicators, whistleblowing and other continuous discussions of individual issues deemed of significant importance for the Group. AUSS' CFO is responsible for governance of the Group's work on social responsibility and prepares reports and issues to be presented to the Board of Directors.

AUSS' values are

Look to the future

Act with integrity

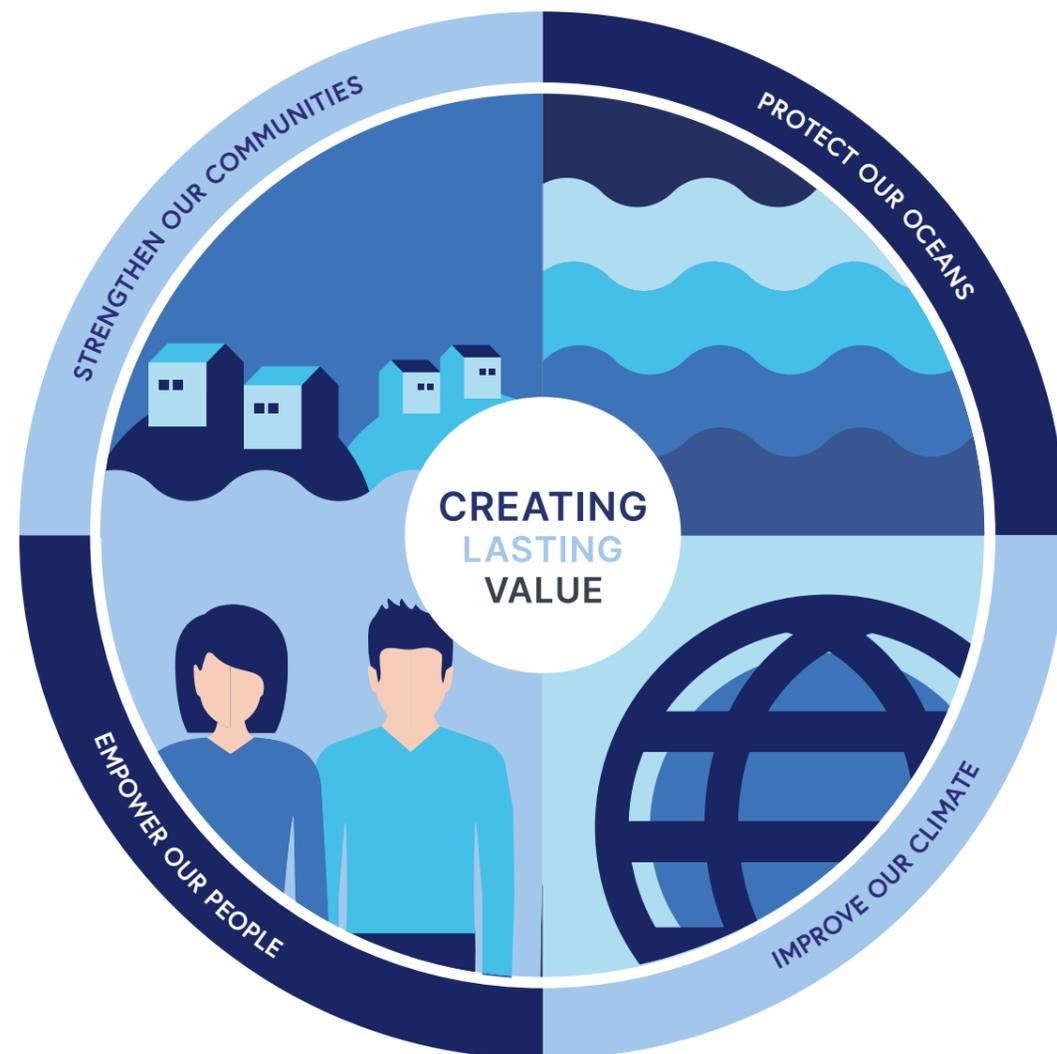
Enhance knowledge

Strive for excellence

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 common interests 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 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 with which we engage, 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.

Key figures Austevoll Seafood ASA

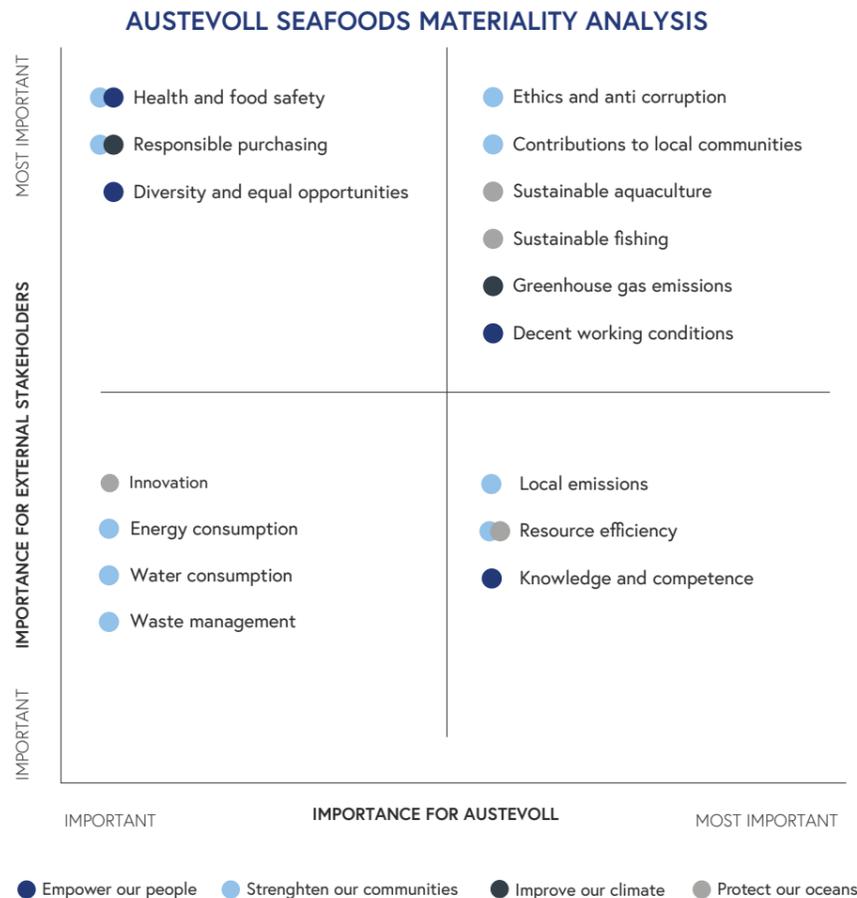
AUSTEVOLL SEAFOOD'S MOST MATERIAL TOPICS

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.



(NOK MILLION) YEAR	2020	2019	2018	2017	2016	2015
REVENUES & PROFITABILITY						
Revenue and other income	22,447	23,342	22,837	20,799	18,912	15,273
EBITDA before biomass adjustment	3,675	4,261	5,239	4,747	3,881	2,244
Depreciation, amortisation, impairment	(1,516)	(1,337)	(960)	(920)	(968)	(858)
EBIT before biomass adjustment	2,159	2,924	4,279	3,827	2,913	1,386
Fair value adjustment related to biological assets	(954)	(306)	798	(1,832)	1,549	247
Operating profit	1,205	2,617	5,077	1,995	4,462	1,633
Net profit for the year	823	2,197	4,231	1,831	708	1,283
Cash flow from operation	2,944	3,172	3,162	4,220	3,249	1,211
Return on equity	3,6%	9,6%	20,3%	9,8%	23,3%	9,9%
BALANCE SHEET						
Total assets	39,741	39,831	37,955	35,309	35,001	25,794
Equity	22,991	23,331	22,454	19,172	18,213	13,611
Net interest bearing debt	4,651	4,074	3,983	4,138	5,493	4,838
Equity %	58%	59%	59%	54%	52%	53%
Purchase of tangible and intangible assets	1,566	1,585	2,678	1,922	4,561	1,215
THE SHARE						
Total market value OSE (NOK million)	17,778	18,255	21,650	13,835	6,978	10,947
Share price 31.12	87,7	90,1	106,8	68,3	83,8	54,0
Number of shares (million)	203	203	203	203	203	203
Earnings per share (NOK)*	2,45	6,2	11,4	5,0	8,2	3,6
Dividend declared and paid per share (NOK)		2,5	3,5	2,8	2,5	7,0
Dividend proposed per share (NOK)	3,5					
OPERATIONAL KEY FIGURES						
Harvest volume of salmonids (GWT 1,000)	178	166	168	164	158	165
Total volume pelagic species subsidiaries (1,000 tonnes)	515	466	739	435	440	493
Total volume pelagic species associated companies (1,000 tonnes)	1,368	1,204	1,337	1,390	1,169	1,310
Total own catch white fish (1,000 tonnes)	68	63	66	67	64	
EMPLOYEES						
Number of employees (FTE)	6,342	6,507	6,490	6,229	4,710	4,026

* Earning AUSS shareholder/average no. of shares

** Subsidiaries and associated companies

Focus area Austevoll Seafood ASA

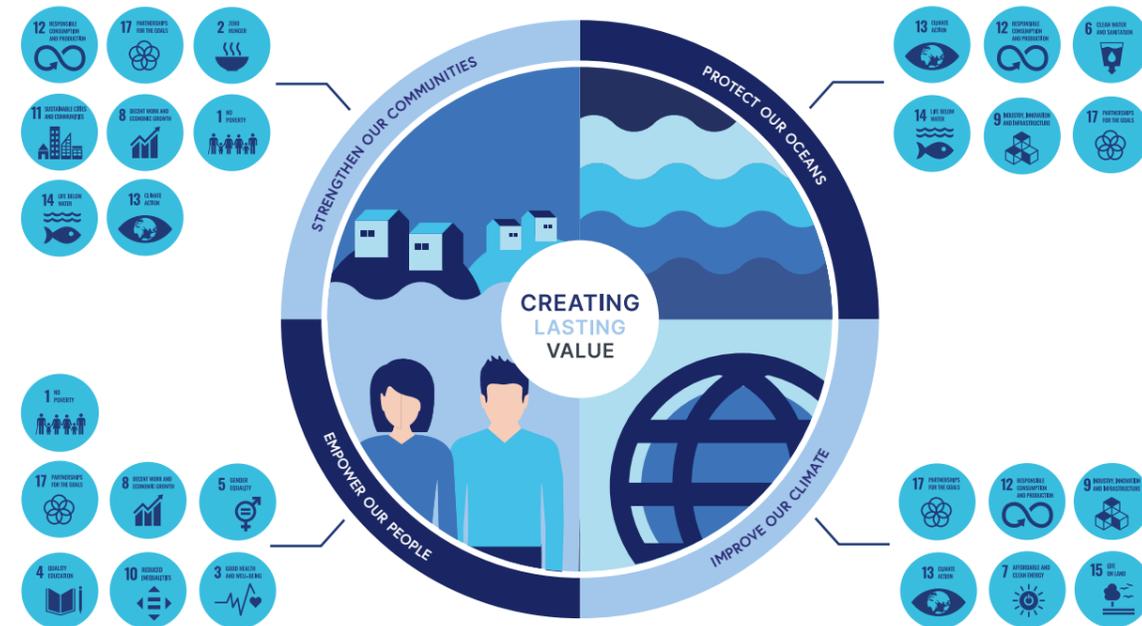
FOCUS AREA	KPI	Page	2020	2019	2018
CREATING LASTING VALUES		17			
PROTECT OUR OCEAN		22			
1	Average number of adult female sea lice per fish	25			
	Lerøy Seafood Group ASA		0.16	0.15	0.12
	Br. Birkeland Farming AS		0.22	0.20	0.21
2	12 months rolling survival rate	25			
	Lerøy Seafood Group ASA		92.2 %	93.4 %	93.9 %
	Br. Birkeland Farming AS		87.0 %	86.8 %	90.4 %
3	Use of medicine (kilogram of active agents):	25			
	In feed (kg)		0.000536	0.000232	0.000261
	In-bath treatment (kg)		0.00003	0.000028	0.000002
	Use of Hydrogen peroxide (kg)		5.08	2.39	5.87
	Antibiotics (kilogram of active agents)		18.99	-	
4	Certifications farming sites	28			
	Farming - Lerøy Seafood Group ASA		100 %	100 %	
	Farming - Br. Birkeland Farming AS		0 %	0 %	
	Certifications (sustainability certification participation of fisheries)		93.84 %	93.92 %	95.47 %
5	Utilisation of catch	28	97.75 %	97.99 %	98.44 %
6	Local status MOM-B average at our productions sites	31	1.35	1.52	NA
	Status 1		74.00 %	62.00 %	NA
	Status 2		19.00 %	26.00 %	NA
	Status 3		5.00 %	11.00 %	NA
	Status 4		2.00 %	2.00 %	NA
7	Number of accidentally released fish (escapes) from aquaculture operations	31			
	Number or release incidents from aquaculture operations		8	7	5
	Size of release incidents from aquaculture operations		208	85	115
IMPROVE OUR CLIMATE		36			
1	Fish-in-fish-out (FIFO)	45			
	Fishmeal		0.39	0.37	0.49
	Fishoil		1.70	2.09	1.49
	Share of Marine feed ingredients/vegetable feed ingredients (%)		20/80	22/78	23/77
2	GHG emissions scope 1 and 2 (tCO2E) for the Group	40	231,807	229,482	267,050
	Scope 1		211,948	211,734	247,530
	Scope 2		19,859	17,748	19,520
3	Non-compliance with environmental laws and regulations	43	3	4	1

FOCUS AREA	KPI	Page	2020	2019	2018
4	Waste type and disposal method	45			
	MT		7,595.1	10,682.4	NA
	tCO2e		2,259	2,500.2	NA
5	Water consumption and discharge	43			
	M3		87,370,651	90,476,156	NA
	tCO2e		54,288	56,195	NA
6	Feed ingredients (marine raw materials) certified according to a sustainability standard	47	90.27 %	89.53 %	NA
EMPOWER OUR PEOPLE		50			
1	Percentage of total employees covered by collective bargaining agreements	54	64.7 %	65.00 %	NA
2	Absence rate (sick leave)	54	5.40 %	4.60 %	3.87 %
3	Work related injuries (with absence)	54	222	230	NA
	Work related injuries (without absence)		276	263	NA
	Lost time injury rate (H1)		17.0	NA	NA
4	Diversity of governance bodies and employees	57			
	Board of Directors				
	Male		77 %	77 %	NA
	Female		23 %	23 %	NA
	Audit Committees				
	Male		50 %	50 %	NA
	Female		50 %	50 %	NA
	Governance Committee				
	Male		73 %	74 %	NA
	Female		27 %	26 %	NA
STRENGTHEN OUR COMMUNITIES		60			
1	Number of complaints from stakeholders	62	29	15	NA
2	Local tax contribution from employees and the companies (MNOK)	65	1,192	1,576	1,562
	The companies		494	882	948
	Employees		698	694	614
3	Involvement of local communities	64	Yes	Yes	Yes
4	Notification of whistleblowing	67	23	13	15

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



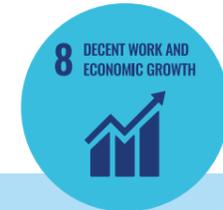
SDG 2 - Zero hunger

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 limiting 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 engaged parties, including research institutes, suppliers, NGOs, authorities and local communities.

1. United Nations Development Programme – undp.org

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 livelihood 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 population 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 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 Group level with a set of KPIs that apply to all our subsidiaries.

SUSTAINABLE AQUACULTURE

Austevoll Seafood and its 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 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.^(1,2) 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 to offer certified Atlantic salmon according to the ASC-standard. In 2020 LSG added Rainbow Trout to the certification portfolio.
- › 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 94.5 percent in 2021.

- › Disease management is essential for all animal farming, and 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. At LSG, disease management is based on a preventive operational practice, where the primary goal is to prevent problems before they occur. 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.

- › Both the Group and LSG has a goal to have zero 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 30-40 employees who are authorised animal health personnel.

- › Through LSG we work both on prevention and treatment of salmon lice, and heavily invest i R&D projects. E.g. automatic louse counting system and optimisation, testing of tools to combat salmon lice issue, and use of cleaner fish. These research efforts are strengthened by the close cooperation between all of the Group's sites (called zone cooperation).

Other LSG-projects regarding fish health is the "CMS- Project" focusing on the amount of EPA and DHA in salmon feed and how it affects the CMS status of fish on different localities, and hence - reduce the losses due to CMS- outbreaks. Another example is the "Tenacibaculose Project" - to strengthen the knowledge of the course of the disease and identifying virulence factors in the bacterium. LSG have also conducted a "Wound Project" aimed to identify risk factors for wound development in large and newly released fish, resulting in a overview of risk-reducing measures.



OUR PERFORMANCE

12 months rolling survival rate	2020	2019	2018
Lerøy Seafood Group ASA	92.2 %	93.4 %	93.9 %
Br. Birkeland Farming AS	87.0 %	86.8 %	90.4 %

Average number of adult female sea lice per fish	2020	2019	2018
Lerøy Seafood Group ASA	0.16	0.15	0.12
Br. Birkeland Farming AS	0.22	0.20	0.21

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 2020 the Group had a **12-month survival rate of**

91.9%

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

The main reason the Group did not achieve the target of 95 % in 2020 was major impact on fish during treatment, and the incidence of winter wound and CMS

ANTIBIOTICS

The Group's goal is zero use of antibiotics in the production of fish for consumption (in sea). To achieve this goal there are organization wide measures involving disease management, including preventive operational practice, vaccinations, early diagnosis, and appropriate measures to handle any outbreaks.

Use of medicine (kilogram of active agents):	2020	2019	2018
In feed (kg)	0.000536	0.000232	0.000261
In-bath treatments (kg)	0.000003	0.000028	0.000002
Use of Hydrogen peroxide (kg)	5.08	2.39	5.87
Antibiotics (kilogram of active agents)	18.99		

Despite the massive efforts to avoid using antibiotics, it may be deemed necessary due to keep fish welfare. For this reason, a limited amount of antibiotics was used in the production of fish for consumption in 2020 (in sea). In 2019 the Group did not use any antibiotics in the production of fish for consumption (in sea).

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

CERTIFICATIONS (FARMING)

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

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 of Illegal, Unreported and Unregulated (IUU) fishing and unwanted bycatch. 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. 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. MSC certification is a recognized "sustainability label" in the international fishing industry. In some markets, there are greater requirements for MSC approval for purchased products. Unfortunately, from 2021 several of the important fish species in the North Atlantic will lose their MSC certification. More information at page 28. Austevoll Seafood considers this to be very unfortunate.



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 on science-based managed species. 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 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.
- › In FoodCorp, a complete traceability program is in place, enabling FoodCorp to know the origin of each of their final products.
- › Science-based 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 2020, 86 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.
- › Through Peru's National Fisheries Society (SNP), the Peruvian anchovy fishery advanced in its Fisheries Improvement Project (FIP), and the internal evaluation process was completed in 2020. SNP approved to apply for the Marine Stewardship Council (MSC) certification application. Anchovy is the main species for our subsidiary Austral, and as of today the anchovy has Friend of the Sea certification.
- › 30 December 2020, NVG herring and blue whiting lost their MSC certification as the coastal states that manage the stocks

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

have not been able to agree on the joint quota agreement. Haddock fished within 12 nautical miles in Norway will lose its MSC certification at the end of April 2021. The reason why the coastal fishing for haddock is suspended is caused by too much involvement of coastal cod, which the authority has determined is under pressure.

- > The Group works actively to reduce the risk of so-called ghost fishing. Our 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, the Group has lost very little fishing gear, though it has occurred. In such cases, it is a Group policy to recover all lost fishing gear to the extent possible.

- > Austral incorporated the "TIME ZERO"-software in 19 vessels which enables to immediately identify closed fishing grounds and to alert vessels approaching these areas. In addition, the captains can more easily identify new fishing areas as "TIME ZERO" also provide relevant oceanographic information such as temperature, abundance of phytoplankton and salinity

OUR PERFORMANCE

Certifications farming sites	2020	2019	2018
Farming - Lerøy Seafood Group ASA	100 %	100 %	
Farming - Br. Birkeland Farming AS	0 %	0 %	
Sustainability certification participation of fisheries	93.84 %	93.92 %	95.47 %
	2020	2019	2018
Utilisation of catch	97.75 %	97.99 %	98.44 %

More information regarding the Groups catch and purchase of fish can be found on the table on page 41.

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. Utilisation of the fish is an important part in reducing food waste. Further information how the Group works to reduce food waste can be found under "Waste management and recycling" in the Chapter "Improve our Climate".

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.	LSG has been involved in the development of the ASC – standard since 2004. In 2013, LSG was the first company to offer certified Atlantic Salmon according to the ASC – standard. By the end of 2014, all fish sold by Lerøy Aurora had ASC certification. In 2020, the Group added Rainbow Trout to the certification portfolio. 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.
Marin Trust Standard	Marin Trust Standard 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 Marin Trust Standard certified: Austral FC
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: Austral LSG
MSC audits	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 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	The following species have MSC certification in 2020: (relevant subsidiary in parenthesis) Cod, haddock, saithe, shrimp (LSG) Jack mackerel (FC, 2019) NVG herring and North Sea herring, Blue whiting (BRBI) Peru's ambition is to get the MSC certification for anchovy.Improvement Project (FIP), and the internal evaluation process was completed in 2020. SNP approved to apply for the Marine Stewardship Council (MSC) certification application.

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 its 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 science-based 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.
- › MOM-B samples are always taken before releasing fish to a location. MOM is short for "Matfiskanlegg Overvåkning Modellering" 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. Our main goal is to have an average MOM-B of at least 1.5 per location.

- › 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 meet requirements for protecting make sure that we protect the local environment and seabed. MOM-B measurements are done by a third party. This 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 farming facilities, including measurement of density, oxygen level in the sea, currents, water quality, visibility, dives under the facility etc.

- › For our aquaculture locations, we follow the local regulations and are constantly working to find new solutions to minimize the footprint on the bottom under our sea facilities. In 2020, LSG and STIM launched a pilot project to collect sludge from a commercial full-scale marine facility. The project may contribute to the development of new technology concerning collection at traditional facilities with open cage systems.

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, and LSG invest a considerable amount of resources in optimising both equipment and routines related to avoid accidental releases. Together with other major Norwegian fish-farming companies, LSG founded the company "Sporbarhet AS" - an effective traceability service for salmonids to avoid escape fish without known origin. The development is based on genotyping of all male fish used in breeding, and further elemental analysis is used to distinguish between fish with same genetic origin.

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.

In 2013, Ocean Forest was founded together with the environmental foundation Bellona. Ocean Forest is working on a strategy to recycle unexploited resources in areas in the vicinity of aquaculture facilities

more efficiently. This involves utilizing waste products from the production of fish to production of species at a lower level in the food chain. Macroalgae and microalgae need nutrients to grow, and this also includes nutrients from the fish farming sites. Shells feed on microalgae and other particles in the sea. In this way unused resources are recycled in the environment surrounding the farming sites more efficiently while at the same time biomass production from the sea is increased without adding more feed resources and fertilizer, and while at the same time the marine environment becomes cleaner. One of the goals is to look at the possibilities of using mussels or mussel flour as feed ingredients. Another focus is the capture of Nitrogen Phosphorus and CO2 during kelp production. In 2020 approximately 300 tonnes of kelp were harvested from LSG's sites.

The Group seeks to minimize our operation's impact on species that is not a part of the target fisheries.

- › At Austral, each vessel uses the Bitacora SALVAMARES program to register and release environmental and endangered species that are not part of the target fisheries such as sea turtles, seabirds, dolphins, sharks, and other species. The release follows specific procedures to ensure the animal is not affected or suffers due to its manipulation. In 2020, SALVAMARES won 2 awards; 1) The maximum recognition of the PODS 2020 in the Planet category (fulfilling the UN SDG goals) and the National Environment Award 2020.
- › Together with research institute "Inspesca" and all of the Centre-South industrial fishing companies, Foodcorp is a part of the project "Good Practices in Industrial Fishing of Chilean Jack Mackerel" which train crewmembers to avoid unwanted by-catch and establish recording of incidental fishing of sea mammals and birds.



OUR PERFORMANCE

Local status MOM-B average at our productions sites	2020	2019
Status 1	1.35	1.52
Status 2	74 %	62 %
Status 3	19 %	26 %
Status 4	5 %	11 %
Status 4	2 %	2 %

MOM 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. 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.

Number of accidentally released fish (escapes) from aquaculture operations	2020	2019	2018
Number or release incidents from aquaculture operations	8	7	5
Size of release incidents from aquaculture operations	208	85	115

The Group had an escape of total 208 fish distributed on eight release incidents, in 2020. This entails an increase from 2019, but still a relatively low number of escapes. The releases were mainly caused by operating procedure incidents. 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 are a member of the UN Global Compact and the Group support the ten principles regarding human rights, labor, the environment and anti-corruption. Our subsidiary, FC, was 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.

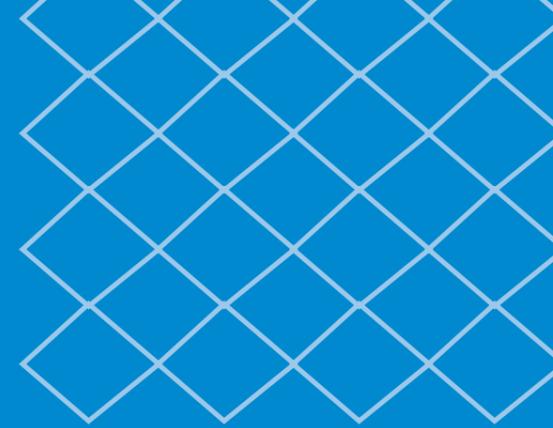
On the next pages we have outlined some of our important ongoing partnerships and collaborative agreements.

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	For many years, LSG has enjoyed a close cooperation with the environmental foundation Bellona. In 2015, the Ocean Forest 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. 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. The project involves cooperation with national and international R&D groups. Its long-term goal is to achieve negative carbon emissions.
Global Sustainable Seafood Initiative (GSSI)	LSG	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.
SFI CtrlAQUA (2015–2022)	LSG	CtrlAQUA is a Centre for Research-based Innovation (SFI) that seeks to lay the foundation for the development of a range of post-smolt concepts. SFI CtrlAQUA, LSG works to develop closed- or semi-closed- containment floating systems at sea as a part of its efforts to prevent salmon lice.
UNGC	Austral, FC, LSG	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.
IMARPE	Austral	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.
INPESCA	FC	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.
Institute of Marine Research in Bergen and the ICES	LSG	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.
Various partnerships	LSG	Other partnerships that we take part in through LSG include The Norwegian Seafood Federation The NCE The Seafood Innovation Cluster Médecins sans frontières Save the Children Norway Amnesty International

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Priorities going forward



The Group has defined an overall ambition to Protect our Oceans, established a baseline against which its future performance can be measured, and has set targets for our key performance indicators. We will continue to work with our subsidiaries, suppliers, clients and partners to ensure that we reach our goals.

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, and the Group has an ongoing number of projects aimed to contribute to both more sustainable aquaculture and fisheries. It is our goal that the sum of individual projects and initiatives through our subsidiaries will contribute significantly to our overall goal of sustainable food production with the least possible footprint.

As a holding company, Austevoll Seafood's direct involvement in the seafood production itself is exercised through its subsidiaries. In 2020, we started off by adhering to the UN Global Compact Standard, and our goal by joining the UNGC at the level of the holding company, was to 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

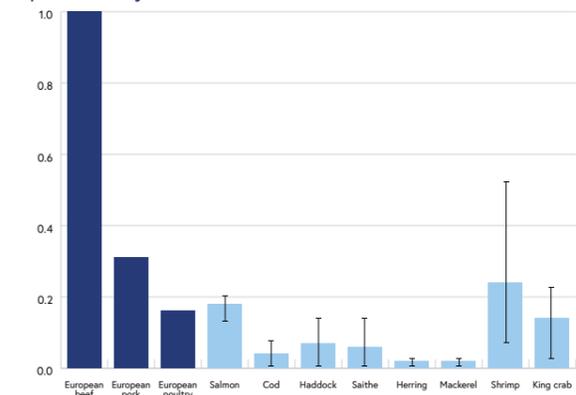


Figure 2 Relative greenhouse gas emissions of seafood (light blue bars) at landing/slaughter vs European terrestrial animal-source foods (dark blue bars), with average values in relation to European beef. Error bars for seafood represent min and max values under current production practise. Similar estimates 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 (fif0)
- 2 Ghg emissions scope 1 and 2 (tco2e) for the group
- 3 Non-compliance with environmental laws and regulations
- 4 Waste type and disposal method
- 5 Water consumption and discharge
- 6 Feed ingredients (marine raw materials) 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

Climate change and sustainable operations are becoming increasingly important to the Group, our employees and our stakeholders. There is an urgent need for action to achieve the 1.5-degree target set out in the Paris Agreement. 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 take responsibility for our emissions and are transparent about, and work to minimise, our 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.

In 2020, for the year 2019, Austevoll Seafood reported its climate work to the CDP for the Group as a whole. Austevoll Seafood achieved a score of B- its first year of reporting to the CDP. We consider this as a good starting point and have ambitions to improve our score going forward.

In 2021, LSG Board of Directors committed to set science-based targets for their GHG emissions. The Science Based Targets initiative (SBTi) has approved the targets. Baseline year is set to 2019, and the 2030 target is to reduce LSG's GHG emissions by 46%. We will continue to set targets and plan concrete measures to reduce the entire 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. 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.

As we want to minimize our emissions we continue to seek for new ways to be more sustainable. 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 (e.g. by increase the proportion of processed products, and hence reduce the need for transport).

The following list highlights some of the ongoing activities and actions that were taken in the Group throughout 2020:

- > We continue our work to set minimum requirements for reduction targets for all our subsidiaries, as well as energy-saving initiatives and reporting at Group level.
- > LSG committed to set emissions reduction targets grounded in climate science through the Science Based Targets Initiative (SBTi). This commitment takes the Group a large step towards the goal to set emission reduction targets for the total Group
- > Our subsidiaries work continuously on fleet renewal, and five new trawlers and a new purse seiner was delivered between 2013 and 2020. All the new vessels are equipped with modern technology for more environmentally friendly operations and is replacing older vessels. LSG has installed battery hybrid power on the latest new build trawlers, and currently has one of the most modern trawler fleets in the world, with more effective energy use. But as of today, fossil-free propulsion system technology for large vessels has not been sufficiently developed to represent an alternative.
- > LSG has a cooperation with "Grønn Skipsfartsprogram" to look into alternative fuel for larger vessels
- > 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.

- > In 2020, LSG replaced generators with electricity from land-to-shore-power lines at seven new production sites. In 2021, LSG seeks replace fossil- fuel generators with land-power at another 12 sites. This will entail that 78% of the company's sites run on power from land. All of Br. Birkeland Farming sites runs on power from land.

In Austevoll Seafood we have an ambition to minimise energy requirements per kilo of seafood produced. As a part of this work Austral conducts an annual environmental monitoring that includes combustion and process gas emissions. The control is done by accredited laboratories.

- > Also, three of Austral's processing plants are using natural gas as energy for steam generation, which has reduced emissions at the plants.

- > One of our other subsidiaries, Foodcorp, has lowered their carbon emissions by reducing the use of energy generators. They have also started a project to change the type of fuel used in boilers - from fuel oil to natural or propane gas. This is challenging due to the lack of natural gas in local areas, but Foodcorp is actively working with suppliers to get a regular sourcing in near future.

- > 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.

In addition to make improvements in our own business, we also work to influence through collaboration with various organizations and contributing in joint programs.



OUR PERFORMANCE

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). tCO₂e 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 14064-1.

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

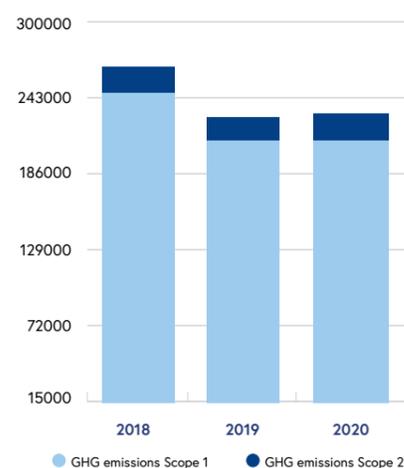
Mandatory reporting includes indirect emissions related to purchased energy; electricity or heating/cooling where the organisation has operational control. The electricity emissions factors used is based on national gross electricity production mixes on three years rolling average (IEA Stat). The Nordic 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.

In 2020 Austevoll Seafood's total GHG emissions (scope 1 and 2) amounted to 231 807 tonnes CO₂e, which entails a 1% increase. The primary contribution is from fossil fuel. The emission from the fishing fleet has increased in 2020 versus 2019 and can be explained by two main factors; increase in total catch volume, and increase in the total number of fishing vessels as LSG took over a new trawler in February 2020.

GHG emissions scope 1 and 2 (tCO₂e) for the Group



GHG emissions and energy consumption

Measure (Group)	2020	2019	2018
GHG emissions Scope 1 (tCO ₂ e)	211,948	211,734	247,530
GHG emissions Scope 2 (tCO ₂ e)	19,859	17,748	19,520

- › 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.

Activity level and GHG emission per company

2020	Rawmaterial		Sales volumes			Tons CO ₂ e		
(All figures in 1.000)	Own catch (tons)	Purchased raw-material from 3rd party(tons)	Atlantic salmon and trout (GWT)	Fishemeal and fishoil (tons)	Frozen products (tons)	Scope 1	Scope 2	Sum scope 1 & 2
Total Group	471,318	112,392	177,639	87,220	54,209	211,948	19,8549	231,807
Lerøy Seafood Group ASA	68,419		170,849			127,792	9,799	137,591
Austral Group S.A.A.	308,032	83,254		69,498	17,222	54,099	4,218	58,317
FoodCorp Chile S.A	63,094			17,722	36,987	20,131	5,756	25,887
Br. Birkeland Farming AS		29,138	6,790			486	56	543
Br. Birkeland AS	31,773					9,441	30	9,471
2019	Rawmaterial		Sales volumes			Tons CO₂e		
(All figures in 1.000)	Own catch (tons)	Purchased raw-material from 3rd party(tons)	Atlantic salmon and trout (GWT)	Fishemeal and fishoil (tons)	Frozen products (tons)	Scope 1	Scope 2	Sum scope 1 & 2
Total Group	389,895	138,355	165,496	129,938	51,424	211,734	17,748	229,482
Lerøy Seafood Group ASA	62,537		158,178			119,349	7,476	126,825
Austral Group S.A.A.	242,683	107,646		112,636	15,386	63,770	4,358	68,128
FoodCorp Chile S.A	53,790	30,709		17,302	36,038	19,145	5,830	24,975
Br. Birkeland Farming AS			7,318			350	50	400
Br. Birkeland AS	30,885					9,120	34	9,154
2018	Rawmaterial		Sales volumes			Tons CO₂e		
(All figures in 1.000)	Own catch (tons)	Purchased raw-material from 3rd party(tons)	Atlantic salmon and trout (GWT)	Fishemeal and fishoil (tons)	Frozen products (tons)	Scope 1	Scope 2	Sum scope 1 & 2
Total Group	579,063	225,681	167,766	124,433	52,085	247,531	19,519	267,049
Lerøy Seafood Group ASA	66,255		162,039			118,565	6,862	125,427
Austral Group S.A.A.	414,769	187,934		110,569	11,808	86,961	5,497	92,458
FoodCorp Chile S.A	57,289	37,747		13,864	40,277	21,660	7,101	28,761
Br. Birkeland Farming AS			5,727			188	37	225
Br. Birkeland AS	40,750					20,157	22	20,179

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 continuing our work 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 of TCFD.

EU TAXONOMI

The EU taxonomy is currently being introduced all over Europe, and will impact what is defined as green and sustainable. The taxonomy will affect the entire business community, including Austevoll Seafood. So far there has not been set criterias for our business areas, aquaculture and fisheries, but we will follow the development of the regulations - particularly those related to the classification rules regarding fisheries. These are expected to launch in 2021.

Safeguarding local environments

All our activities - 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. We are committed to comply with local environmental standards and regulations, and work to limit local pollution. Our work within this area includes:

- > High focus on strict compliance with local, national and international environmental standards and regulations in the regions 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, Marine Trust Standard and ASC across our value chain. We expect the same of our suppliers.
 - > Austevoll Seafood became a participant in the UN Global Compact's global corporate citizenship initiative in 2020. Several of our major subsidiaries has followed the reporting scheme proposed by the UN Global Compact for years. As a part of 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.
 - > Our subsidiaries work to measure, secure and improve the use of water and the treatment of wastewater. Most water is consumed for transport, conservation and storage of the raw material. For this purpose, sea water is used.
- > Austral carries out water balances in each of its plants. Water usage efficiency is measured by a set of indicators which is compared to an established baseline.
 - > Foodcorp also have in place the full implementation of water efficient offloading fish pumps reducing the amount of water used and therefore also the waste water.
 - > 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.
 - > We also take part in programs directed towards safeguarding the local environments more broadly. Through the "Hazte una Pez" (english: "Make a Fish") suggestion program, Austral awards environmental initiatives that decrease the use of water and energy, organic matter recovery, process optimizations, effluent treatment and improvements in the quality of raw materials. In 2020, the program generated savings for 91,000 USD.
 - > During 2020, Austral also started the implementation of "Total productive Maintenance" (TPM) through a pilot at the Chancay plant. The TPM originated in Japan and has been adopted globally, significantly increasing productivity while maintaining a high level of quality in the final product. The objective of the TPM is to create a corporate organization that maximizes the efficiency of production systems, managing the plant as an organization that avoids all types of losses (zero accidents, defects and breakdowns).
 - > 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 2020:

03

Accidental release of salmon is reported under Protect our Oceans.

Three cases of non-compliance with environmental laws and regulations have been reported in 2020 (2019: 4 cases). Two of the non-compliance cases reported were related to violation of the sea lice regulation for a short period of time. The third case were a notification of non-compliance of mandatory reporting of discharge water in Foodcorp. The investigation concluded that the company had reported the correct volume of discharge water, however, there was an administrative error that has now been corrected.

Water consumption

Measure	2020		2019	
	m ³	tCO ₂ e	m ³	tCO ₂ e
Water supply	1,372,108	472	1,522,403	524
Water surface	85,598,952	53,585	88,674,782	55,510
Water ground	399,591	231	278,971	161
Water usage	87,370,651	54,288	90,476,156	56,195

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. LSG has invested heavily in new smolt facilities the latest years, all equipped with Recirculation Aquaculture System (RAS) technology for optimum water usage and water quality.

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, reduce food waste, 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. Food waste (food lost from the value chain or wasted) is another challenge, not only based on climate footprint but also the loss of food that can be used for the world's population. The UN's sustainability goal is to reduce food waste by 50% by 2030. 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 for both Austevoll Seafood and our subsidiaries. Some of the Group's actions and initiatives within this area include:

- › LSG has a 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 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. Part of LSG's 50/50-5 project (Food waste) has as one of the goals to increase the eatable part of today's offcuts/waste by 50% in the period 2019-2024. Example of efforts to meet this goal is to increase the survival rate of the farmed salmon. By implementing the concept "we use it all" reducing unsold products and unused input factors in the production as well as optimize the durability of the products. Increase the use of offcuts/waste from the whitefish segment into production of fishmeal, fish protein concentrates and fish oil.
- › In Austral, reusable waste is incorporated in the process or sold to third parties, and non-reusable waste is eliminated through authorized companies in accordance with current legislation. Waste from ships is reported to the Maritime Authority and eliminated following the same procedure. 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. Austral has also improved the reuse of organic waste from equipment cleaning.

- › In 2020, Austral implemented a plan for minimization of solid waste in all of their plants, which also provides better control and disposal of hazardous waste..
- › Regarding 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 LSG project - "50/50 - 5 Plastic", which aims to reduce the company's plastic use by 50% within the period 2019 -2024.
- › 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.
- › The International Convention for the prevention of pollution from ships (MARPOL) regulates treatment of all kind of waste from our fishing vessels.
- › 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 %).

OUR PERFORMANCE



Waste management

Measures		2020		2019	
		MT	tCO ₂ e	MT	tCO ₂ e
Incinerated	Non-hazardous waste	1,902.3	866.9	3,682.3	1,742.8
Incinerated	Hazardous waste	1,580.3	796.9	37.4	18.8
Recycled	Non-hazardous waste	2,489.7	53.2	4,957.3	105.7
Recycled	Hazardous waste	309.5	6.6	492.9	10.7
Landfill	Non-hazardous waste	1,196.1	531.8	1,279.7	616.6
Landfill	Hazardous waste	117.3	3.6	232.9	5.6
TOTAL WASTE TREATMENT		7,595.1	2,259.0	10,682.4	2,500.2

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, Marin Trust Standard 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 with smaller

footprint. 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.
- › Our Norwegian production is licensed and regulated according to the rules set by the Norwegian Environment agency. Both Austral and FC produce fishmeal and fish oils, and it is Group standard that the production shall follow local regulations. 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. Both Austral and FC are Marin Trust Standard 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.
- › 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 the environmental organisation Bellona aim at identifying new raw materials for fish feed which contributes to climate cuts. 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. We only use 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. As a member of the Cerrado Manifesto, LSG (and other Norwegian aquaculture companies and specific customers) has worked to achieve a cut off date on soy in Brazil. Further on, the producers of soy flour and oil has committed to implement a system for monitoring, control and reporting.

- › 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 (FIFO)

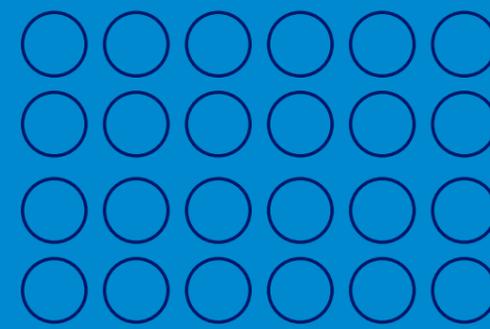
Measure	2020	2019	2018
Fishmeal	0.39	0.37	0.49
Fishoil	1.70	2.09	1.49
Share of Marine feed ingredients/vegetable feed ingredients (%)	20/80	22/78	23/77

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

	2020	2019
Feed ingredients (marine raw materials) certified according to a sustainability standard	90.27	89.53

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

Priorities going forward

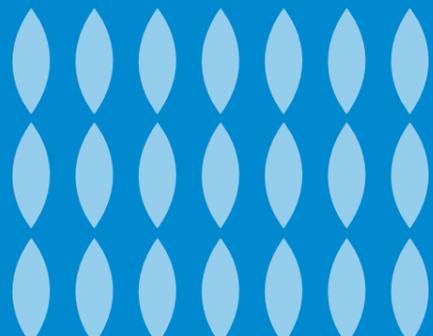
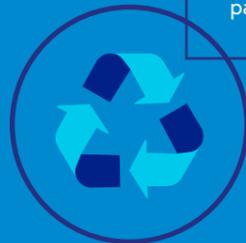


Our subsidiaries already have a strong focus on making their operations more climate friendly. Going forward, we will work to consolidate our efforts and set concrete climate and environmental targets at the Group level.

Our ambition is to set goals for GHG emissions reductions at Group level, and to utilize our advantage as an integrated seafood company with control of the entire value chain and make our business more circular.

One of the focus areas is food waste, and the Group has taken a step further to improve food waste by LSG's implementation of the 50/50-5 Food waste program. Within the pelagic segment "we use it all" as 100% of the volume going through our processing plants are either used for direct human consumption or to produce fishmeal and fishoil, including the offcuts from the filleting production.

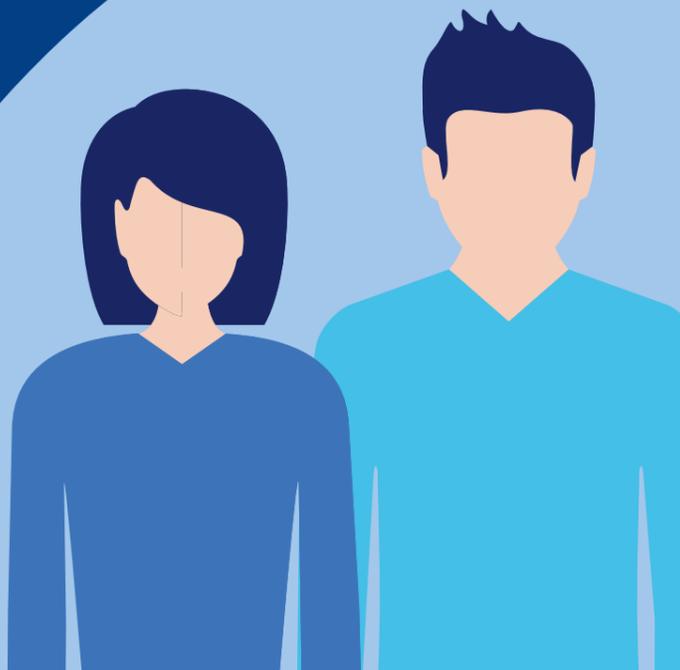
As LSG implemented a new system for supplier evaluation, we expect to gain better insight in our suppliers operations and explore even more solutions that contributes to a more circular economy. Moreover, we will continue to focus on R&D and partnerships for more sustainable feed production.



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 work-force 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 goals 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. 2020 has been a challenging year due

to the COVID-19 pandemic, and our focus has been to secure the health and safety to our employees and proper working conditions, as well as providing support to our local communities. Read more about our efforts under “Health and safety”.

Austevoll Seafood’s ambition is to ensure 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 2020 was 6,342 (2019: 6,507) and by the end of 2020 the Group was employing close to 7,600 people (2019: 6,800).

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

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.

Due to the COVID-19 pandemic the entire Group have made a significant effort to secure the health and safety of our employees and their families. Read more about the Group's effort on the next page.

Our efforts and policies to prevent general 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.
- > FC have 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 standards and have both supported and initiated a number of different local health initiatives related to COVID-19.
- > Austevoll Seafood invest in proactive initiatives to improve employee health. In addition to training and capacity building, The Group 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.



SOME OF THE GROUP'S COVID-19 INITIATIVES

2020 has been a challenging and very different year for the Group. The world was hit by COVID-19, which developed into a global pandemic in the first quarter of 2020. When the world shut down due to the spread of the coronavirus it had major consequences for our businesses. Many experienced having to change shift arrangements, work from home offices, and implement extra infection control measures to ensure a safe environment for our employees. Throughout the year, our employees have been flexible, worked to make the best out of a difficult situation and shown an incredible ability and willingness to adapt to the new normal. Thanks to our employees, we have been able to continue to keep our value chain open and continue deliveries of the Group's products during such a challenging period.

All our subsidiaries have made a significant effort to facilitate and secure a safe and healthy workplace despite constantly changing environments, and have:

- > Implemented COVID-19 routines in line with restrictions imposed by local authorities. These have varied based on different regions and infection pressure, but includes e.g appropriate distance between workers, disinfection, and sharing of information concerning correct use of safety equipment as glasses, gloves and masks.
- > Created local "COVID-19 Committees" who handled decisions and issues related to the coronavirus through 2020.
- > Provided adequate facilities for those who worked remotely

Both Austevoll Seafood and our subsidiaries has experienced a significant increase in digital competence and use of digital tools.

Further on, we have described a selection of specific COVID-19 measures that our subsidiaries have implemented:

Lerøy

- > Implementation of rapid test for specific cases
- > In case of outbreak at specific sites/plants the sites/plants have been shut down to stop the outbreak

Austral

- > Implementation of rapid test tap for fleet and plan contractors (during first wave of Covid-19 and for specific cases). Molecular testing for crew members was also implemented.
- > Providing AMC insurance for those who did not have private medical insurance, which not only support Covid-19 related issues, but also ambulatory and hospital care
- > Implementation of medical services at hotels where their workers were quarantined when the national health system collapsed, as well as remote medical monitoring to allow workers to operate safely during maintenance and fishing seasons
- > Launching an awareness campaign promoting mental health and offered courses to all workers concerning prevention and managing stress and handling of the psychosocial aspects of the uncertain conditions and quarantines. Psychological support was also offered to those workers who were infected.

Foodcorp

- > Continuous (full) review of sanitary protocols to adapt operations to constant changing conditions of the pandemic
- > Developing a pandemic food relief program to their own workers which included providing a monthly food box to all their plant workers

 **OUR PERFORMANCE**

Absence rate			
Measure	2020	2019	2018
Absence rate (sick leave)	5.40 %	4.60 %	3.87 %

2020 has been a challenging year that required different measures and handling of absence. As a general rule, we always aim to keep our absence rate as low as possible. However, in 2020 our main focus has been to secure people's health and safety and prevent outbreaks of COVID-19. Employees have been encouraged to stay at home or have a home office (if possible, considering work duties) if they experience symptoms of the coronavirus, or if any of the household has been infected. In addition, quarantine and the use of rapid tests have been carried out as needed.

Absence rate, which was 5.40 % in 2020 compared 4.6 % in 2019 must be seen in light of the global pandemic that affected so much of 2020.

However, we have experienced a great variety in the effect COVID-19 has had on sickness absence in different geographical regions. Among the regions where the Group operates, we have experienced more infection outbreaks related to the coronavirus in Southern Europe and south America. Norway have had relatively low infection rates related to the pandemic. This is reflected in our subsidiaries individual absence rates.

Some companies experienced local outbreaks and an increase in sickness absence by almost 50-100% compared to the norm for selected departments. Fortunately, a limited number of our employees have been diagnosed with infection, and this shows that the infection control measures the group has established have had the desired effect. Unfortunately, we have also lost some of our employees as a result of Covid-19, and our thoughts go to the bereaved and colleagues.

It is of great importance to Austevoll Seafood that our employees feel their health and safety is secured as best as possible, and hence surveys have been conducted to assess the employees' perception of the measures that have been implemented.

> In Austral, the employees showed a satisfaction level of 91% concerning the health and safety measures implemented (December 2020 and January 2021)

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. In 2020 we implemented lost time injury (LTI) reporting for all our subsidiaries and for the first time we report LTI for the Group consolidated.

	2020	2019
Work related injuries (with absence)	222	230
Work related injuries (without absence)	276	263
Lost time injury rate (H1)	170	

We had one fatal work-related injury in 2020 at one of our production plants in Peru. During maintenance work at the plant a tragic incident occurred and an employee of the company carrying out the maintenance work died.

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

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 Whistleblower 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. Whistleblowers 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	2020	2019
Percentage of total employees covered by collective bargaining agreements*	64.7 %	65 %

*Number of people included in collective bargaining agreement/Number of man-year (FTE)

Collective bargaining agreements
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 %.

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. In Austral, the training platform is strengthened by offering courses in both reinforcement of technical skills to improve performance, but also courses to strengthen skills and competencies as professionals and people.
- As part of the NCE Seafood Innovation, LSG participates in the creation of customised training programmes for the seafood industry. The programmes include a specific one-year trainee programme, Seafood Next 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 personal 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 implemented different tools and programmes to ensure that their managers are accountable and skilled in their role, and lead by example.

- For several years, Austral has also been committed to strengthen their employees and substantiate a culture of equity. Among several programs, "Aprende y Emrende" was created to empower the wives of their workers by training them in realization of different crafts possible to do at home, and even start ventures that support the personal economy.

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. 49 LSG employees received their certificate of apprenticeship in 2020 (2019:105).

"We focus on developing learning and development programs to improve and reinforce the employees' skills"

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.

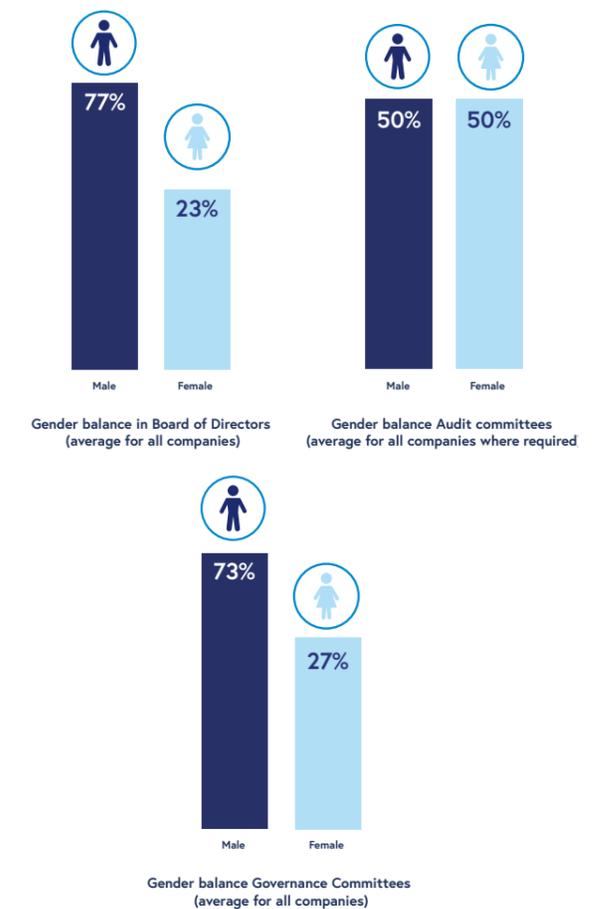
OUR APPROACH

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

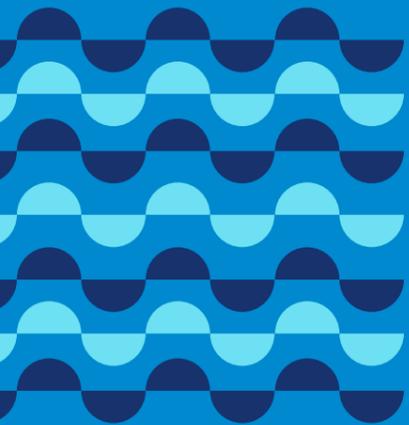
In Austevoll Seafood, we have zero tolerance for discrimination based on ethnic background, religion, age, disability, marital status, sexual orientation, trade union membership or political affiliation. This is embedded in our Code of Conduct and applies for all our subsidiaries. Our efforts and policies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

- We have Whistleblower 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. In 2020, they developed an awareness program regarding respect to Human Rights, Gender Equality and all issues related to COVID-19.



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.

2021 started as 2020 ended, and unfortunately, we expect COVID-19 to affect both our people and our business throughout 2021. We are optimistic about the vaccine rollout, but Austevoll Seafood are prepared to facilitate further adjustments to our new everyday and assist our employees in working in a continuous changing environments.

We will focus on minimizing the sick leave for the Group, but our main priority is to keep our people safe and healthy. As we yet have not seen the full social effect of the COVID-19 restrictions, we will strengthen our focus on our employees mental health and measures to help our people to handle a different work day.

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 according to UN Global Compact, 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 (LSG have more than 5,000 suppliers in Norway alone), we place ethical and sustainability requirements on our suppliers. In 2020, LSG implemented a new system for supplier evaluation to gain better control of the duty of care and to be able to better monitor our suppliers. Our global presence requires us to keep a close and continuous dialogue with local stakeholders, and hence we expect our subsidiaries to communicate regularly and well with local authorities and civil society.

Austevoll Seafood's ambitions is to 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. Hence, 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.

- › 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.
- › 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.
- › Foodcorp has been working close to its community for several years and has a long term and close relationship with neighbors through their associations. Foodcorp has one company executive that keeps the liaison with the different community leaders and the local authorities



OUR PERFORMANCE

Stakeholder communication 2020

Number of complaints from stakeholders **29**

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 2020 have been answered and we have initiated measures where this has been possible. The major parts of the complaints are from neighbors of our aquaculture businesses and related to noise.

EXAMPLES OF INITIATIVES AND INVOLVEMENT IN 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. In 2020, our involvement in local communities also included support related to the COVID-19 pandemic. Due to the pandemic restriction related to social distance have unfortunately led to fewer social initiatives in 2020. 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:



COVID-19 RELATED INITIATIVES:

Austral

- › In Peru the fishing sector was within the activities allowed to operate during the mandatory quarantine period decreed by the government. In this way Austral continued its operations forming a Covid-19 committee as well as decentralized committees in each plant that were in charge of developing and implementing a strict safe work protocol permanently reviewed, updated and audited by a recognized certifier (SGS). The measures taken allowed operating with the necessary care to prevent infections.
- › Contributing with donations worth around 31,500 US\$.
- › Participation in 24 coordination meetings with main organizations in the society, and contributed to the development of COVID-19 response in main emergency institutions as hospitals, town hall, and social groups.
- › Implementation of the Decentralized Safe Operation Committee with other fishing companies of each port. The needs of the population were identified, validated and responded to through the Covid-19 emergency support.
- › Offering webinars focusing on mental health to support children and parents in social isolation (e.g. webinars about social-emotional skills, change of social dynamics, and parenting with respect).
- › Launching several social communication campaigns, aimed at the local communities, suppliers and family of their workers, to educate and raise awareness about health protection measures against Covid-19.

FoodCorp

- › Involvement with the communities via the industry groups and associations to channel aid and establish long term support programs with key community organizations .
- › Delivering sanitary kits to Coronel neighbours through the local municipality.
- › Giving basic sanitary and food supplies to specific communities .
- › Pandemic food relief program to own workers, providing a monthly basic food box to all their plant workers.
- › Participation in an industrial fishing companies' group that was created to establish a food program to elderly homes, covering the regular supply of canned and frozen fish to a large number of nursing homes in four region. This program has been renewed for 2021.

EXAMPLES OF INITIATIVES AND INVOLVEMENT IN LOCAL COMMUNITIES

Austevoll Seafood and our subsidiaries also perceives education and knowledge sharing as crucial for the development of local communities. All our subsidiaries contribute in different educational or upskilling initiatives which is described in their company specific reporting. A selection of these initiatives supported by our subsidiaries are described below:

EDUCATION AND TRAINING:

- 1 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 several years, FC has arranged Breakfast meetings with all neighbour associations and FC management to hear out local needs.
- 2 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.
- 3 In line with the "Clean Production Agreement", Austral has committed to two goals concerning educating fishermen in environmental care and solid waste management, as well as upskilling in the municipal segregation program.
- 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. Through this program Austral train artisanal fishermen in coordination with the National Fisheries Development Fund - FONDEPES. In 2020, Austral contributed to formalize 26 artisanal fishermen through the program.
- 5 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. In 2020, 3 schools, 53 teachers and 1,184 families from Coishco benefited from the program. Due to the pandemic, the program was virtualized, accompanying teachers in distance education and preparing materials for the prevention of health and values.
- 6 In alliance with Forge Foundation, Austral implemented the "Tu Futuro"-program, which gave 101 scholarships to young NEEt's (people who is not in education, employment or training) from local areas and children of their workers. The scholarships included training in both technical and soft skills and gave the scholars access to a job placement opportunity in the formal market. Almost all of the 75% who stayed in the program obtained the qualification of achievement, and 15% have been employed.
- 7 Austral launched a remote corporate initiative where 144 volunteers tutored children in 6th grade over 79 sessions materials and developed 79 tutor sessions through the "Viva Valores" program. 20 students from the Ramón Castilla de Coishco school got the grad "A".

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 2020, the Group has continued its focus on using local suppliers. The Group's largest subsidiary, LSG, had more than 5,000 suppliers in Norway alone, and total purchasing amounted to NOK 15.1 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 to Norwegian municipalities. The study found that the total value creation contribution from the overall seafood industry, including ripple effects, is around NOK 100 billion in 2019. In addition the total employment effect from the Norwegian seafood industry has stabilized at around 55,000 – 62,000 man-years (FTE) from 2015 to 2019. The findings indicate that seafood industry play a major part in local job and value creation in the local communities.
 - > 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 2020, the Lerøy Group had 27 interns, 33 trainees, 125 apprentices and 49 who took a trade certificate. The Group invests substantial resources in our recruitment work.

- > Foodcorp as also been working with their regular suppliers of raw materials to avoid the waiting time between catch and processing, and hence - improve end product quality and avoids unpleasant odors release to the air.
- > Austral scored 81% on the their Stakeholder Sustainability Index (SSIndex) in 2020, which entails that 81% of the collaborators, clients, suppliers and the community is committed to the work Austral is doing on the ESG variables.



OUR PERFORMANCE

Tax contributions			
Measure	2020	2019	2018
Tax contribution from employees and the companies	MNOK > 1,192	MNOK > 1,576	MNOK > 1,562
Of this local tax contribution from employees was	MNOK > 698	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 over 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. The Board of Directors of Austevoll Seafood has chosen to establish a committee comprising three of its board members in order to pursue and monitor the development of this ambition further and this has been named the Committee for Social Responsibility and Sustainability.

- › 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.

In addition to promoting a high ethical standard through our Code of Conduct, the Group also seek to impact our local communities through knowledge sharing and awareness campaigns.

- › Austral developed a social media campaign targeted to reduce violence against women, as well as offering webinars for communities and our employees about the subject.



OUR PERFORMANCE

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

- › FC have a "Major Felony Prevention Model", with training for all its employees in order to avoid illegal actions by mistake, and to improve communication with suppliers and authorities.
- › Austral have a "Compliance Policy Prevention model" which include identifying and evaluating key risks. Based on the critical risk evaluation processes, prevention measures is being carried out. Training of all employees and strategic suppliers have also taken place, where continued periodic training will take place going forward. Access to Austral's Ethics Line was expanded to suppliers and customers to report acts of corruption, money laundering, security, breach of regulations etc.
- › During 2020 Austral has executed two supplier development programs in partnership with two key institutions Innòvate Perú and the ILO.
- › In 2020, LSG implemented an online and anonymous whistleblowing channel for our employees, which is organized and handled by an external third party (EY).

WHISTLE BLOWING INCIDENTS

The Group experienced an increase in reported whistleblowing cases from 2019 to 2020. We interpret this as positive as more cases are being discovered and processed.

Notification of whistleblowing **23**

23 cases were reported through the subsidiary's whistleblowing channels in 2020 (2019: 13). 22 of the cases are closed, while 3 remaining are currently being investigated. 2 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 2020.

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

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. As a large, integrated seafood company, we are uniquely placed to contribute to the sustainable development of the seafood value chain. 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:

- › 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.

- › 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 a dedicated resource for purchasing and conduct supplier audits for continuous improvement between the company and its suppliers. The company also has 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. Due to the Covid-19 pandemic physical audits in 2020 have been limited.
- › As part of its "Major Felony Prevention Model", FC has screened all its suppliers. Similarly, in 2020 Austral incorporated into the Code of Ethics the guidelines of the Compliance Policy and the Crime Prevention Model for avoid dishonest behavior or bribery of third parties. In 2020 access to Austral's Ethics line was expanded to suppliers and customers to report acts of corruption, money laundering, problems related to security, breach of regulations etc.
- › 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.

Austral has developed two supplier development programs in partnership with Innóvate Perú and the ILO.

- › In collaboration with Innóvate Perú, Austral implemented the "Innóvate con Austral"-program, which involves 17 strategic plants and fleet suppliers. In August 2020 the first stage, regarding business diagnoses, was completed. The second stage of the program has already begun, and includes training and identifying of improvement opportunities among the suppliers (e.g. strategy, leadership, occupational health, sustainability etc.)
- › In collaboration with the ILO, Austral developed the first module of their "SCORE Training" Program, which is targeted on their suppliers. The program is promoting competitive, responsible and sustainable companies, and integrated world-class business management.



OUR PERFORMANCE

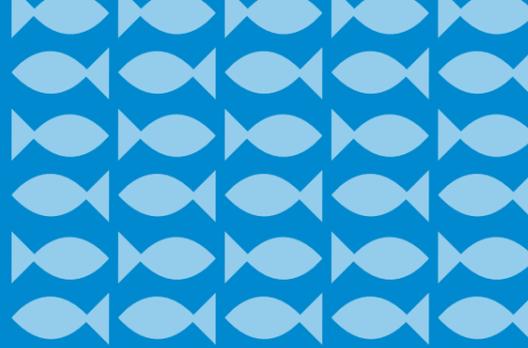
OUR PROCUREMENT POLICIES

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 Marin Trust Standard), and it is a prerequisite that laws and regulations are followed.

We will continue 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.

We also seek to find new innovative solutions and projects to use less, use longer and reuse. In alliance with BUREO, Austral developed the "Austral Positive Net" program, where 80,070 kg net was collected in 2020 and used as raw material by BUREO.

'We also seek to find new innovative solutions and projects to use less, use longer and reuse.'



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.

The COVID-19 pandemic is likely to affect our communities throughout 2021, although to varying degrees depending on the infection situation in various regions. Austevoll Seafood and our subsidiaries will continue to focus on how we can contribute in our local communities with the goal of strengthening local facilities and knowledge-sharing.

Another focus going forward is to improve communication and transparency towards the local communities and the consumers. 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 continue its focus to 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.



