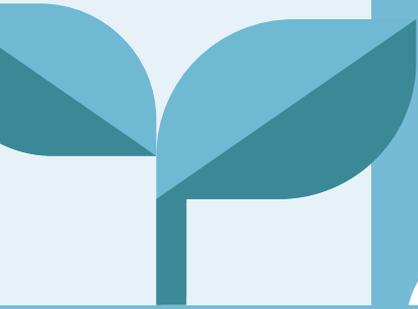
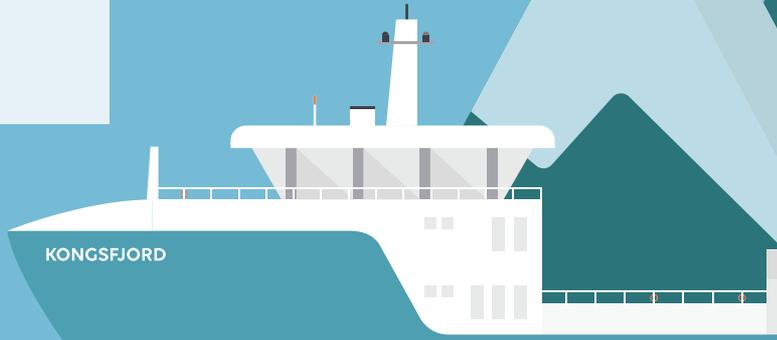
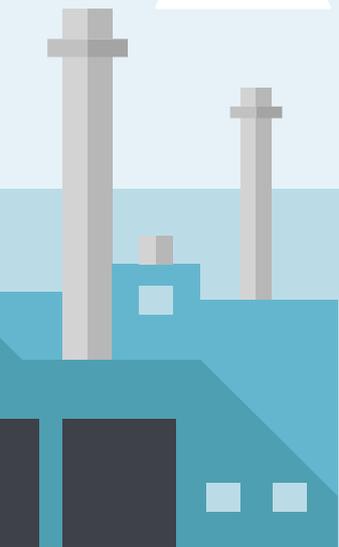
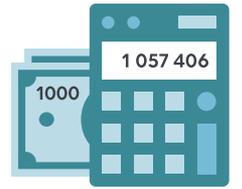
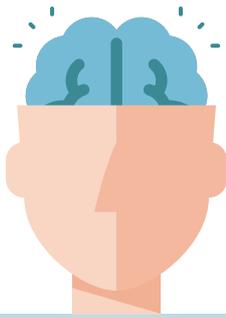


LERØY



# SUSTAINABILITY REPORT 2019



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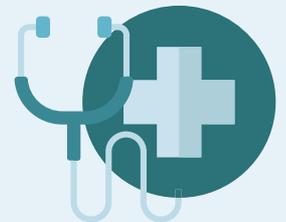
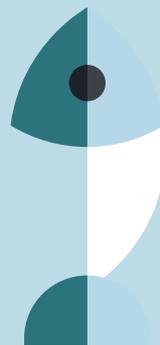
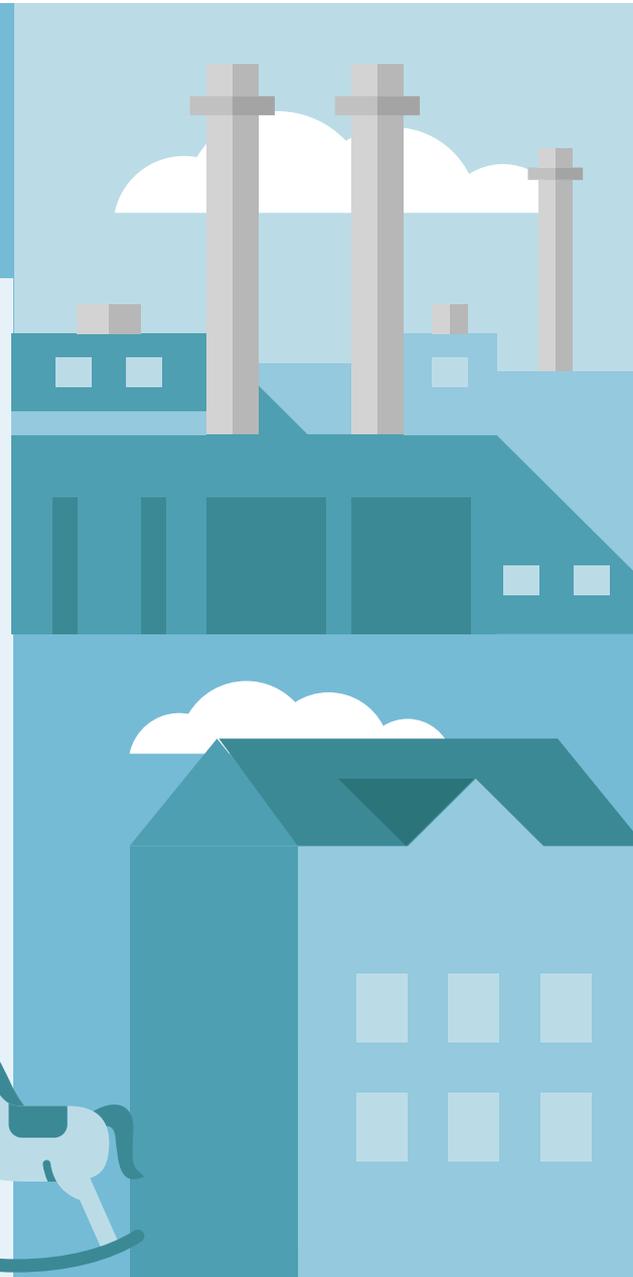
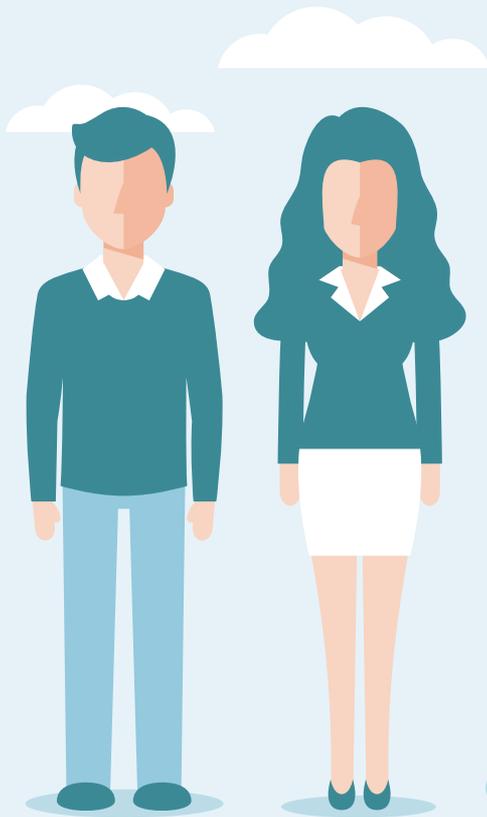
Healthy products  
Ensure food safety  
Ensure food quality



Our operations create major ripple effects for society in the form of employment, purchase of commodities and services and tax income. At the same time, we willingly take responsibility for making the right choices to ensure that our customers have access to the most sustainable seafood. For Lerøy, it is therefore important to focus on those areas where we have the most significant impact on sustainability. For our operations, this applies to the following five main areas:

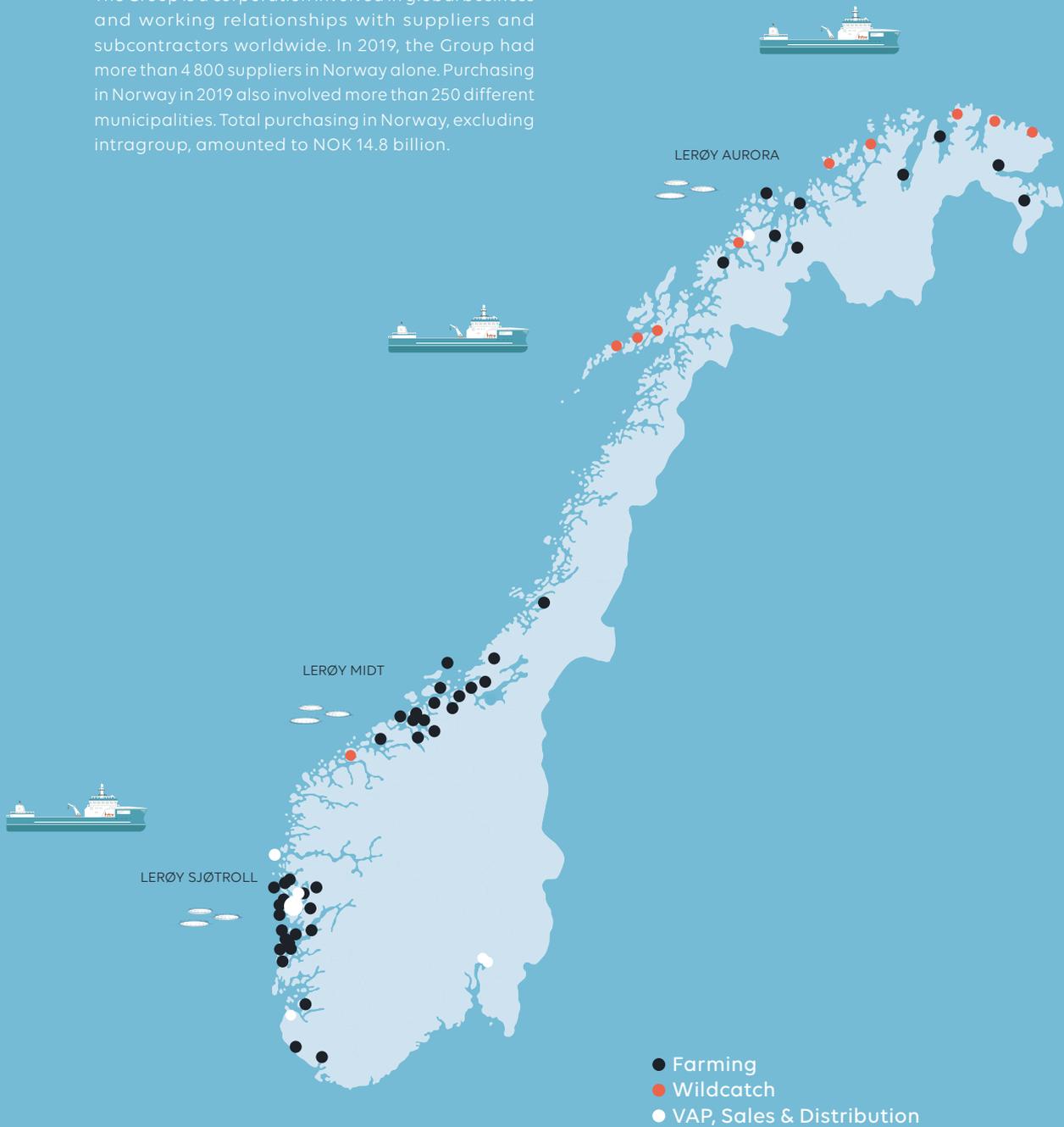


# Key Figures Sustainability



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

The Group is a corporation involved in global business and working relationships with suppliers and subcontractors worldwide. In 2019, the Group had more than 4 800 suppliers in Norway alone. Purchasing in Norway in 2019 also involved more than 250 different municipalities. Total purchasing in Norway, excluding intragroup, amounted to NOK 14.8 billion.



## Ripple effects for society in 2019 in Norway

All amounts in NOK 1.000

9 142.576\*



\*Subject to prevailing market prices

\*Formula from NOFIMA

1 299.112\*



\* Tax from employees and tax paid by the Group in 2019

2 997



1 233

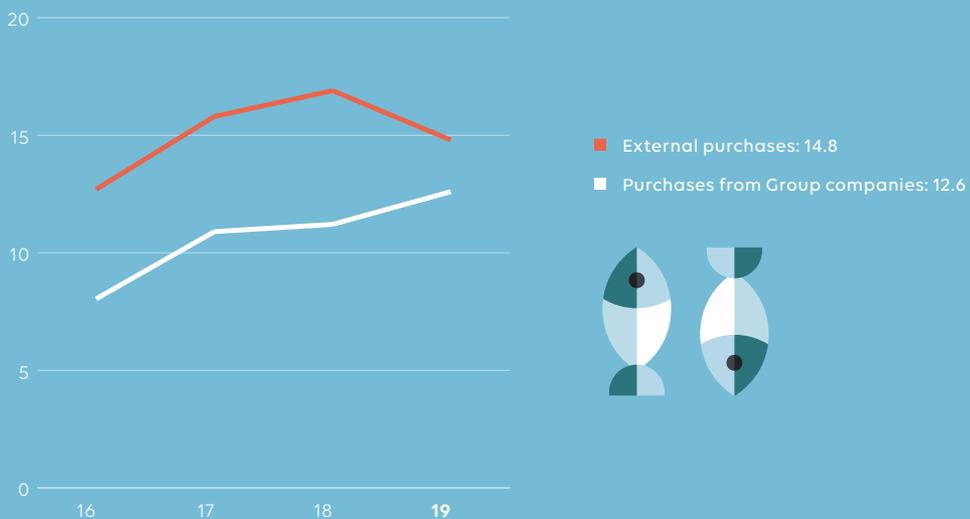


7 294

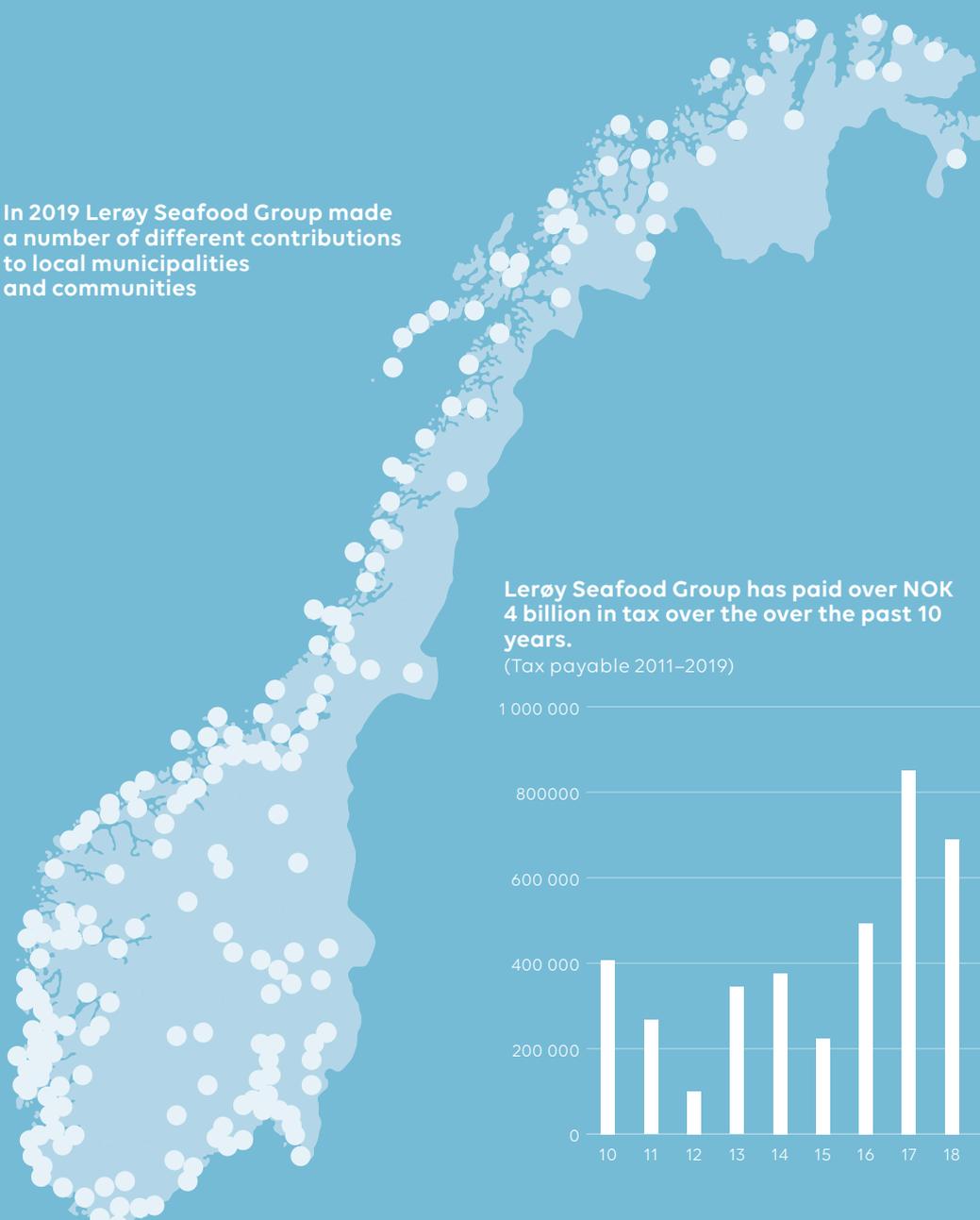


## Purchases made by our Norwegian companies from Norwegian suppliers in 2019 (Invoiced 2019)

All amounts in NOK 1.000

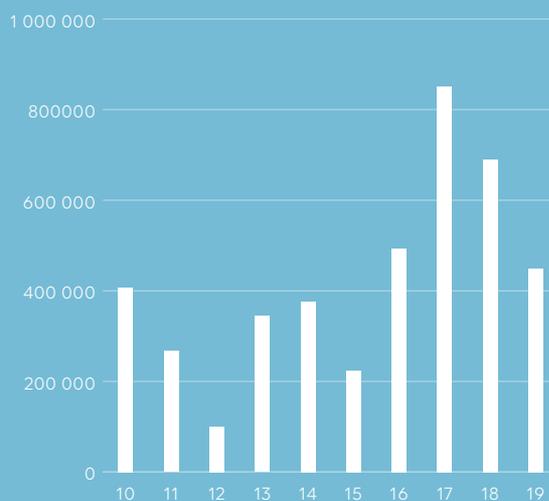


In 2019 Lerøy Seafood Group made a number of different contributions to local municipalities and communities



Lerøy Seafood Group has paid over NOK 4 billion in tax over the over the past 10 years.

(Tax payable 2011–2019)



**60**

municipalities

We had company activities in approx. 60 Norwegian municipalities

**NOK 14.8**

billion

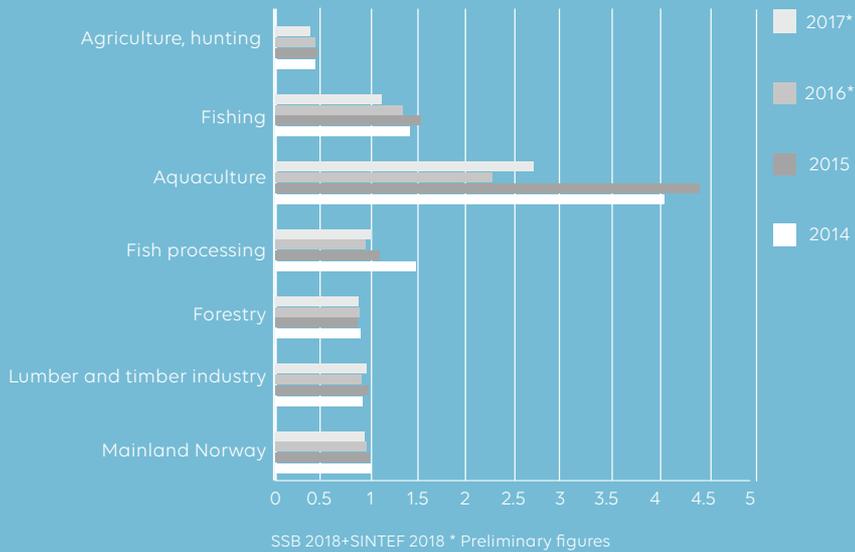
We purchased goods and services amounting to NOK 14.8 billion from more than 250 Norwegian municipalities

**NOK 608.6**

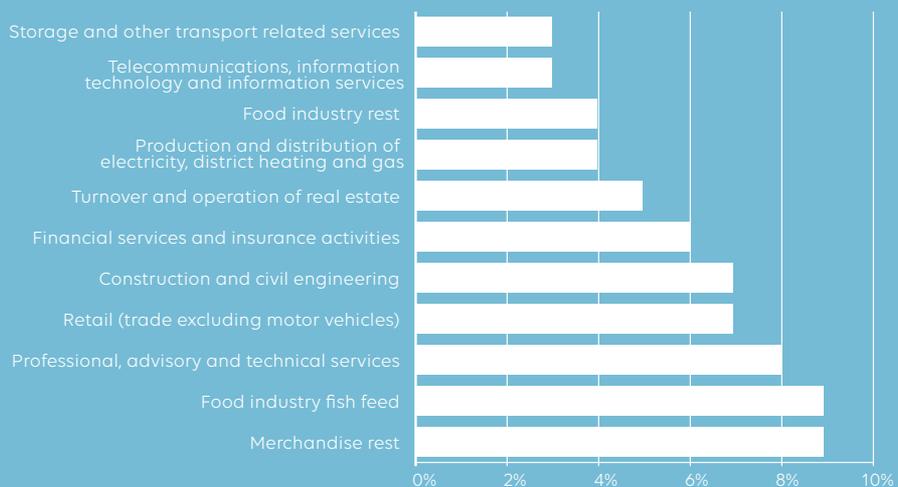
million

Our employees paid tax income to different Norwegian municipalities with a total value of NOK 608.6 million

A study done by SINTEF in 2018 showed the value creation per fulltime equivalent in selected industries in NOK million.



The study done by SINTEF also showed some ripple effects that the entire seafood industry had for other business groups.



The figure shows 11 business groups with the largest proportions with ripple effects of the total.

## Greenhouse gas emissions

CO<sub>2</sub>e emissions for fish are in general low. When compared with other types of proteins we eat, salmon has the lowest eco-footprint.

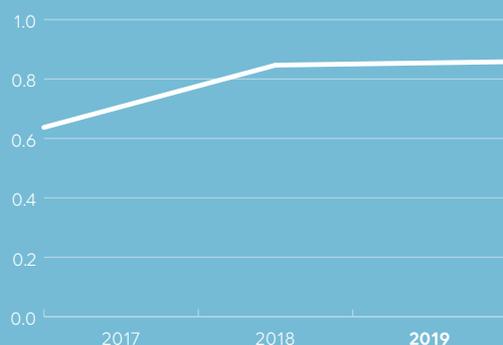
### Farming segment:

Emissions of greenhouse gases Scope 1 + 2 for Farming segment (Tons CO<sub>2</sub> e/ton gross growth)



### Wild catch segment:

Emissions of greenhouse gases Scope 1 + 2 for Wild catch segment (Tons CO<sub>2</sub> e/tons gross weight)



## Society

### Sick leave



### No. employees 2019

4 693



Men

3 035

Women

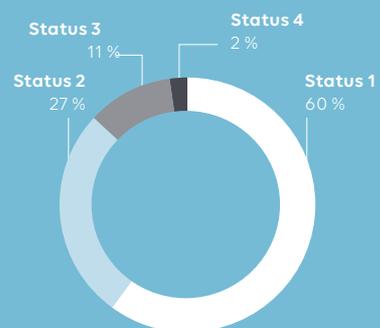
1 658

## Environment

### Ratio FIFO



### Location status



### Number of accidentally released fish per year, salmon and trout



### Trend curve for development of fully grown lice per fish



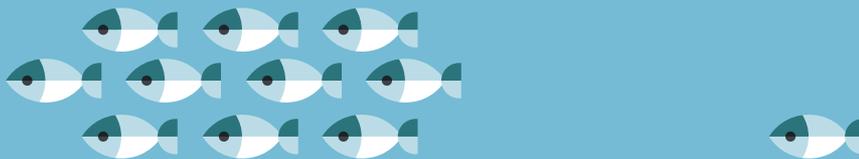
The average level of fully grown lice has been relatively stable the last years.

### Accidental release

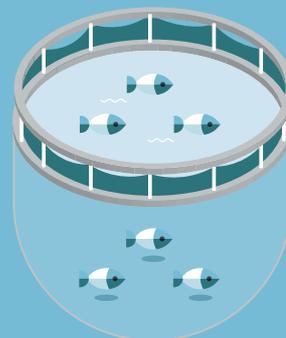
The Group can report a low number of accidentally released fish in 2019, 85 pieces.

### 0 use of antibiotics

The use of antibiotics is almost at zero in the Norwegian fish farming industry. No antibiotics were used by Lerøy Seafood Group, in 2019.



### Survival, rolling 12 month (GSI)%



1.

LERØY

SEAFOOD GROUP

01 CEO

02 Key Figures

03 Sustainable management

04 Governance and Stakeholders

05 Reporting



# LERØY SEAFOOD GROUP IS ONE OF THE LARGEST SEAFOOD CORPORATIONS IN THE WORLD.

As a responsible producer of seafood the Group have an obligation to secure a sustainable management of our natural resources. Without this our foundation for business becomes unsustainable.

As pointed out by the FAO (United Nations Food and Agriculture Organization), the UN High Level Panel for A Sustainable Ocean Economy, increased aquaculture production and improved wild catch management, done in a sustainable manner, is a vital part of the solution both for a healthier planet and healthier people.

Over many years, the Group has invested substantially in all parts of the value chain for both the farming and the wild catch segment. We are investing in the future, aiming to build the world's most efficient and sustainable value chain for seafood. The Group's fully integrated value chain is also a sustainable value chain from both a climate perspective, for social sustainability and of course also economic sustainability.

All food production and all industry leave a climate and an environmental footprint. Although seafood (including aquaculture) leaves a relatively low climate footprint compared to other kinds of animal protein production, the Group will strive to find the most environmentally friendly and sustainable systems for the Group's products. By close cooperation with customers and suppliers of fish feed and transport, Lerøy Seafood Group will continuously seek to introduce improvements that will reduce both climate and environmental footprint. The Group is working continuously to reduce both throughout the whole value chain and identifying Key Performance Indicators (KPIs) to improve all parts of the production, while at the same time both securing all aspects of social and economic sustainability.



Lerøy Seafood Group continuously seeks to introduce improvements that reduce pollution and help protect the environment.



## Lerøy Seafood Group

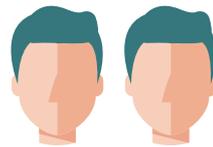
Lerøy Seafood Group is a world-leading seafood corporation with a history reaching back to 1899.

The Group's core business is the production of salmon and trout, catches of whitefish, processing, product development, marketing, sale and distribution of seafood. Every single day, all year round, our 4 693 employees deliver seafood corresponding to five million meals worldwide. We have an extensive range of sustainable, healthy products, which are served on tables in more than 80 different countries.

Our main office is located in Bergen, but we have fishing vessels and fish farms in operation along the entire coast of Norway. We have production and packaging plants in Norway, Sweden, Denmark, Finland, France, the Netherlands, Italy, Portugal, Spain and Turkey. We also have sales offices in the USA, Japan and China.

Every day, Lerøy delivers thousands of different seafood products to shops, restaurants, canteens and hotels. We are proud suppliers of seafood to customers worldwide, and our deliveries correspond to 1.75 billion meals every year.

Lerøy Seafood Group's strategy is based on an eternal perspective and comprises specific and continuous in sustainable improvement measures throughout the value chain. The Group aims to systematically work on improvements to enable us to become better every day, and make the right decisions to reach our goals. Take action today, for a difference tomorrow!



**4 693**  
employees



**Five**  
million meals  
per day



**80**  
different  
countries

# CEO

## We aim to serve the most sustainable seafood in the world.

Lerøy's goal is to create the world's most efficient and sustainable value chain for seafood.

Over the past two decades, the Group has invested in and developed an impressive, fully integrated value chain. Few companies worldwide can boast such strong foundations. This allows us to maintain fully sustainable operations throughout the value chain and guarantee traceability from origin to our customers worldwide.

We willingly take responsibility for making the right choices to ensure that our customers have access to the most sustainable seafood. These are not just empty words but translate into actions, as proven by the Group's position on the international sustainability index, Collier FAIRR, for production of meat, seafood and dairy products. Lerøy has had a top rating on this index since it was established in 2018.

The future development of our company will be determined by our ability to achieve continuous improvements, increased efficiency, innovation and development of sustainable solutions. Our employees are all committed to ensuring sustainable operations. It is essential to build a sense of pride in the initiatives we take if we are to continue developing the entire Group. Sustainability is of particular importance for the younger generation. Demonstrating our commitment to sustainability and our goal to be best will help Lerøy be an even more attractive employer for future generations.

With more than 60 companies, 4 693 employees and a large number of different nationalities, the Group is a global company. If we are to achieve our goal of creating the world's most efficient and sustainable value chain for seafood, it is essential to ensure unique collaboration throughout the value chain.

Our success in developing sustainable and smart solutions will also produce improvements in our profitability in the long term. We focus on efficiency in all our activities, and having a more efficient value chain will help us achieve even more sustainable operations as we introduce smarter production, become more energy efficient, utilise our raw material even more and reduce waste.

At Lerøy, our focus on working smarter is continuous. This is also true when it comes to future investments. Every investment we make must help us improve and achieve our objective of creating the world's most efficient and sustainable value chain for seafood.



**Henning Kolbjørn Beltestad**  
CEO, Lerøy Seafood Group



**Henning Kolbjørn Beltestad**  
CEO, Lerøy Seafood Group

## Key figures

All figures in NOK 1 000

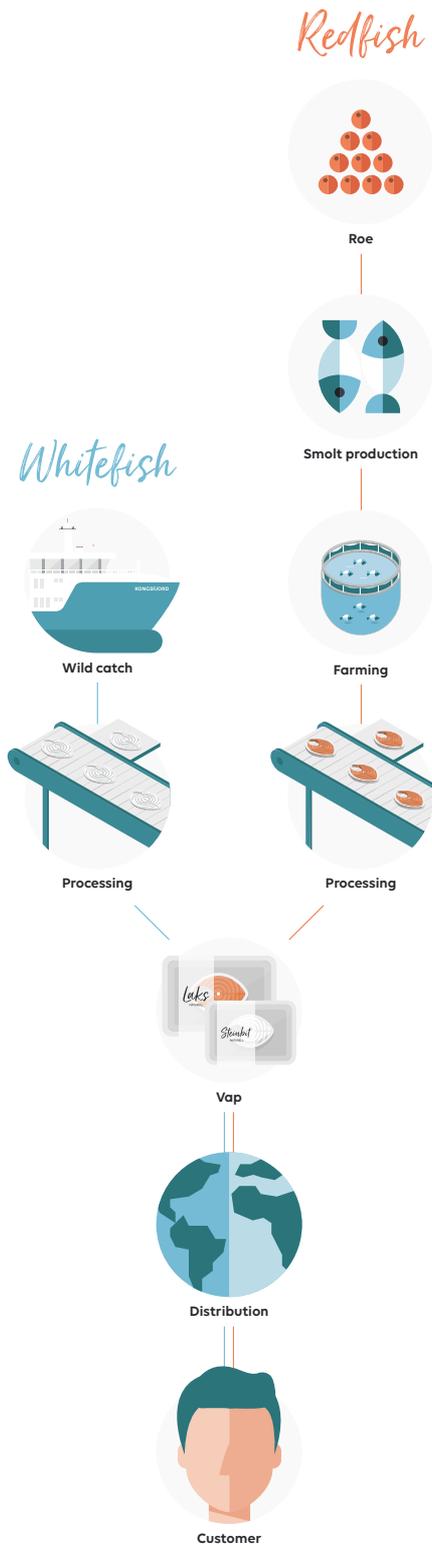
	2019	2018
LSG stock price last annual trading day	58.30	65.94
Dividend paid per share (distribution year)	2.00	1.50
Dividend per share for payment following year	1.50*	2.00
Cash flow from operating activities per share	4.80	4.67
Operating revenue	20 426 902	19 837 637
Net interest-bearing debt	2 641 431	2 546 412
Equity ratio	58,8 %	60,4 %
Harvest volume (GWT)	158 178	162 039
Key figures before fair value adjustments related to biological assets		
EBITDA before fair value adjustments	3 746 276	4 228 205
Operating profit (EBIT) before fair value adjustments	2 734 235	3 568 536
Pre-tax profit before fair value adjustments	2 717 911	3 696 982
Operating margin before fair value adjustments	13,4 %	18,0 %
Profit margin before fair value adjustments (pre-tax)	13,3 %	18,6 %
ROCE before fair value adjustments (annualised)	15,5 %	22,3 %
Earnings per share before fair value adjustments	3,48	4,90
EBIT/kg before fair value adjustments	17,3	22,0
EBIT/kg exclusive Wildcatch, before fair value adjustments	15,5	19,6
Fair value adjustments related to biological assets		
Fair value adjustments related to consolidated companies' inventory (before tax)	-333 703	754 938
Fair value adjustments related to associates' inventory (after tax)	-18 726	-2 959
Key figures after fair value adjustments related to biological assets		
EBITDA	3 412 573	4 983 143
Operating profit (EBIT)	2 400 532	4 323 474
Pre-tax profit	2 365 482	4 448 961
Operating margin	11,8 %	21,8 %
Profit margin (pre-tax)	11,6 %	22,4 %
ROCE	12,9 %	25,3 %
Earnings per share	3,12	5,77

# SUSTAINABLE MANAGEMENT

The Board of Directors of Lerøy Seafood Group ASA has one member who is assigned extended responsibility for the environment and sustainability.

In the Group, the CEO has main responsibility for this area. The Head of Quality & Sustainability is responsible for coordinating work involving the environment/sustainability for all the companies within the Group. Responsibility is delegated to the Managing Director of each subsidiary.





### Our focus areas

For Lerøy Seafood Group as a corporation, maintaining a constant focus on areas where we have the greatest influence in terms of sustainability is essential. Based on a critical evaluation of the value chain and our processes, we have concluded that we currently have the greatest influence within our work on the different areas related to our fish-farming activities. A major share of our efforts related to the environment and sustainability will therefore focus on fish farming.

### Quality and sustainability vision

Safe, sustainable, quality seafood.

### Quality and sustainability policy

We live by what is produced in the ocean and rely on sustainable management of resources. This enables us to produce and sell quality seafood in the future. Through close cooperation with professional bodies, customers and suppliers, we will deliver: a safe working environment, high professional competence, the right quality and sustainable solutions throughout the value chain.

### Mission

“Take action today for a difference tomorrow”

### Our values

**Honest**  
**Open**  
**Responsible**

*Creative*

### Visions for the Group

« We shall be the leading and most profitable global supplier of sustainable high-quality seafood.»

# GOVERNANCE AND STAKEHOLDERS

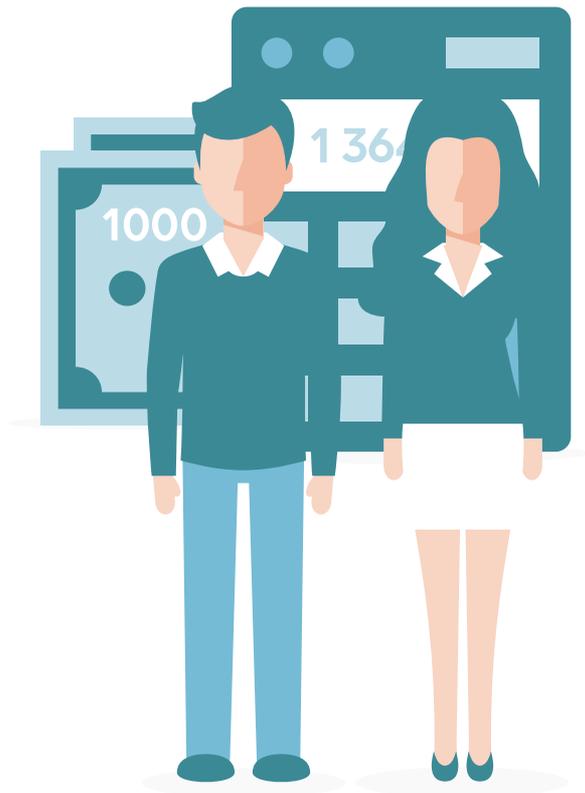
The Board works purposefully with the company management to make the Group the most sustainable and profitable, fully integrated global seafood company.

The Board of Directors of Lerøy Seafood Group ASA underlines the importance of having sound corporate governance that clearly states the distribution of roles between shareholders, the Board of Directors and the company management. The goal for Lerøy Seafood Group ASA is for all parts of the Group's value chain to operate and achieve growth and development. This according to the Group's strategy for long-term and sustainable value creation over time for shareholders, employees, customers, suppliers and society at large.

The Board of Directors of Lerøy Seafood Group ASA has one member who is assigned extended responsibility for the environment and sustainability.

## Presentation of the Board of Directors

When recruiting board members, the company's owners have for many years considered the company's needs for varied expertise, continuity, renewal and changes in ownership structure. It will always be in the interest of the company's stakeholders to ensure that the composition of the Board varies in line with the demands made of the company and with expectations regarding Group performance.



## Presentation of the Board of Directors



The Chairman of the Board, **Helge Singelstad** (1963), was appointed to the Board by the extraordinary general meeting on 26 November 2009. Helge Singelstad holds a degree in computer engineering, a degree in Business Administration from the Norwegian School of Economics (NHH) and took a foundation course in law at the University of Bergen. Helge Singelstad has previously held positions as CEO, Vice CEO and CFO of Lerøy Seafood Group. Consequently, he has broad knowledge of the Group and the industry. Helge Singelstad is Chairman of the Board of Austevoll Seafood ASA and Vice Chairman of the Board of DOF ASA. He is the Managing Director of Laco AS. Laco AS is a majority shareholder of Austevoll Seafood ASA. Helge Singelstad owns no shares or options in Lerøy Seafood Group ASA as of 31 December 2018, but as a shareholder in Austevoll Seafood ASA he indirectly owns shares in the Group.



Board member **Siri Lill Mannes** (1970), was appointed to the Board by the annual general meeting on 23 May 2018. She has studied history at second degree level, Russian at intermediate level and Russian-Soviet studies at one-year foundation level. She has also completed the Armed Forces' course in Russian (officer's training school) and studies in political science in Georgia, USA (1-year grant from Rotary). Siri Lill Mannes has an extensive background from journalism, has worked as a TV host and entrepreneur. She started working for TV2 when the TV channel was founded in 1992. Since 2010, she has been the Director of the communications company SpeakLab AS, where she is also a partner and founder. Siri Lill Mannes owns no shares in the company at 31 December 2018.



Board member **Britt Kathrine Drivenes** (1963) was appointed to the Board by the annual general meeting on 20 May 2008. Britt Kathrine Drivenes holds a Bachelor of Business Administration from the Norwegian School of Management (BI) and a Master of Business Administration in Strategic Management from the Norwegian School of Economics (NHH). She is the CFO of Austevoll Seafood ASA and is also a board member in a number of companies. She indirectly owns shares in Lerøy Seafood Group ASA as a share-holder in Austevoll Seafood ASA. Britt Kathrine Drivenes is the member who is assigned extended responsibility for the environment and sustainability within the Board.





Board Member **Hans Petter Vestre** (1966) was appointed to the Board as the employees' representative at the annual general meeting on 24 April 1995. Hans Petter Vestre is a graduate of the Norwegian College of Fishery, University of Tromsø. He was employed by Hallvard Lerøy AS sales manager in 1992 and is today team leader in Lerøy Seafood AS. Hans Petter Vestre owned 1 200 shares in the company as of 31 December 2018.



Board member **Arne Møgster** (1975) was appointed to the Board by the annual general meeting on 26 May 2009. Arne Møgster holds a Bachelor degree in Business Administration and an MSc in International Shipping. Arne Møgster is the CEO of Austevoll Seafood ASA and board member in a number of companies. As a shareholder in Laco AS, Arne Møgster indirectly owns shares in Lerøy Seafood Group ASA.



Board member **Karoline Møgster** (1980) was appointed to the Board by the annual general meeting on 23 May 2017. Karoline Møgster has a law degree from the University of Bergen (Candidata juris). She also has a Masters' degree in accounting and auditing (MRR) from the Norwegian School of Economics. She has worked as a lawyer with Advokatfirmaet Thommessen AS and is now employed as a lawyer for the Møgster Group. She is a board member for Laco AS and has experience of board work from DOF ASA and other companies in the DOF Group. Karoline Møgster indirectly owns shares in Lerøy Seafood Group ASA as a share-holder of Laco AS.



Board member **Didrik Munch** (1956) was appointed to the Board by the annual general meeting on 23 May 2012. Didrik Munch has a degree in law from the University of Bergen and qualified as a police officer at the Norwegian Police University College in Oslo. He has worked in a number of positions within the Norwegian police force (1977-1986). From 1986 to 1997, he worked in finance, primarily in the DNB system. Towards the end of this period, he was part of DNB's corporate management, as Director for the Corporate Customer division. From 1997 to 2008, Didrik Munch was CEO of Bergens Tidende AS (a Norwegian newspaper). From 2008 to 2018 he was CEO of Schibsted Norge AS (former Media Norge AS), and is today self-employed. Didrik Munch has sat on the boards of a number of companies, both as chairman and ordinary member. Didrik Munch is now Chairman of the Board of Storebrand ASA and Solstrand Fjordhotell Holding AS. He is also a board member in Grieg Star Group AS and Schibsted Media AS. He owns no shares in the company as of 31 December 2018.

## Ownership

The largest shareholders in Lerøy Seafood Group ASA:

**52.69%**  
Austevoll Seafood ASA

**5.11%**  
Folketrygdfondet

**1.57%**  
State Street Bank  
and Trust Comp

**1.08%**  
State Street Bank  
and Trust Comp

**1.06%**  
Pareto Aksje Norge  
Verdipapirfond

**1.02%**  
Arctic Funds PLC

**0.98%**  
Pictet & Cie  
(Europe) S.A

**0.91%**  
Verdipapirfondet  
ODIN Norge

**0.88%**  
Verdipapirfondet  
Dnb Norge

**0.84%**  
Danske invest norske instit. il



## Stakeholders

A stakeholder is a group, organisation, member or system who affects or can be affected by an organisation's actions.

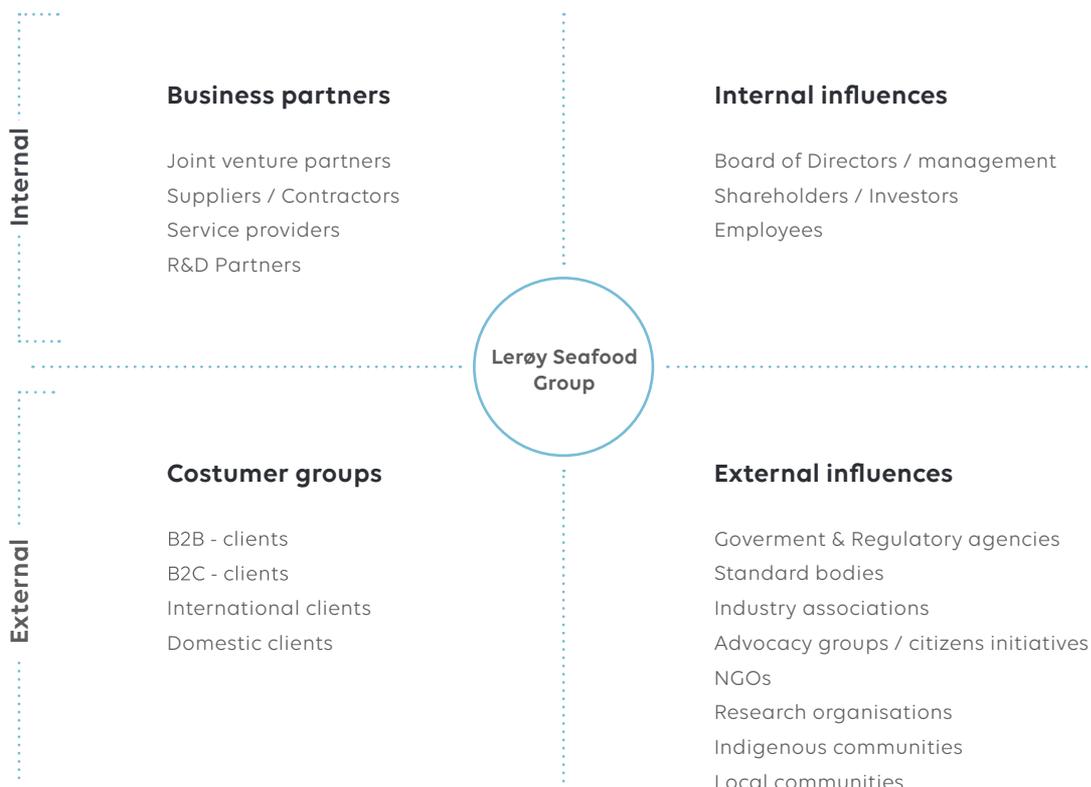
Lerøy Seafood Group has various stakeholders and communicates with these via meetings, annual reports, environmental reports, GRI reports, CDP reports, communication in the media, announcements, registrations, public reporting, joint projects, partnership agreements, the stock exchange, websites etc.

Good communication with stakeholders is important in our daily work. In a new process, we analyse our stakeholders on the basis of their influence on our

organisation. This helps us to identify how to engage them more effectively and, more importantly, ensures shared value on both sides of the table.

**Keywords:**

- Acceptance of topics chosen
- Different perspectives on impacts
- Problem identification
- External impression
- Knowledge



## Materiality analysis

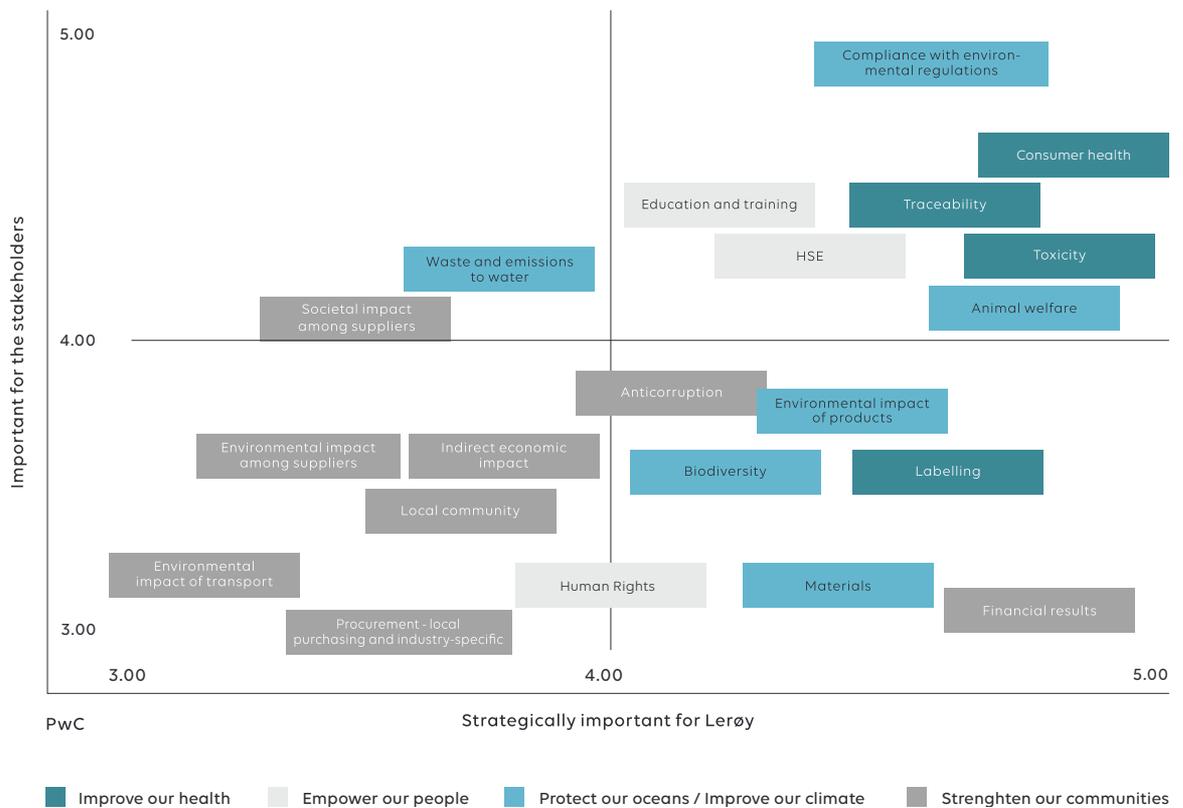
Lerøy Seafood Group ASA conducted a materiality analysis in the autumn of 2015.

The study was carried out by a third-party company, PwC, which conducted interviews with a sample of our key external and internal stakeholders. The interviews were conducted by telephone or face to face. The stakeholders were weighted to reflect their importance to Lerøy. The aim of the analysis was to find out which areas our stakeholders consider to be important for reporting, and whether these match the areas we ourselves consider important.

The materiality analysis identified four main areas:

- Protect our oceans/Improve our climate
- Empower our people
- Strengthen our communities
- Improve our health

The importance attached to topics within these four areas varies among stakeholders.



## UN sustainable development goals

The Group has adopted some of the Sustainable Development Goals established by the UN, including environmental, economic and social development goals.

The UN has adopted 17 global goals for sustainable development to transform the world over the next 15 years. The new goals for sustainable development encompass the environment, economy and social development, all within the same context.

- Ending extreme poverty
- Eliminating social inequality
- Combating climate change and its impacts

All 193 UN nations have participated in compiling the goals. The Group has chosen to adopt some of these 17 goals. The goals we have selected are those most relevant to the Group's processes, but the Group also have other goals that are closely associated with some of the other UN goals. Internal goals have been established for these areas in the Group's underlying companies.



# REPORTING



The Group reports sustainability information to: Carbon Disclosure Project Global Reporting Initiative

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This report has been prepared in accordance with the GRI Standards: Core option

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## GRI Topic specific disclosure

This report has been reared in accordance with the GRI Standards: Core option

1. Economic		
<b>GRI-201 - economic performance</b>	Disclosure 201-1 Direct economic value generated and distributed	5-7
	Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	55
	Disclosure 201-3 Defined benefit plan obligations and other retirement plans	81
	Disclosure 201-4 Financial assistance received from government	None
<b>GRI-203 - indirect economic impacts</b>	Disclosure 203-1 Infrastructure investments and services supported	84-87
	Disclosure 203-2 Significant indirect economic impacts	84-87
<b>GRI-206 - anti competitive behavior</b>	Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	We report all forms of compliance
2. Environmental		
<b>GRI-301 - materials</b>	Disclosure 301-1 Materials used by weight or volume	61-65
	Disclosure 301-2 Recycled input materials used	
	Disclosure 301-3 Reclaimed products and their packaging materials	59-62
<b>GRI-305 - emissions</b>	Disclosure 305-1 Direct (Scope 1) GHG emissions	9, 52-53
	Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	9, 52-53
	Disclosure 305-3 Other indirect (Scope 3) GHG emissions	49
	Disclosure 305-4 GHG emissions intensity	9, 52-53
	Disclosure 305-5 Reduction of GHG emissions	9, 50-51
	Disclosure 305-6 Emissions of ozone-depleting substances (ODS)	52-53
	Disclosure 305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	69
<b>GRI-307 - environmental compliance</b>	Disclosure 307-1 Non-compliance with environmental laws and regulations	55
<b>GRI-308 - supplier environmental assessment</b>	Disclosure 308-1 New suppliers that were screened using environmental criteria	20, 66-67, 84-85, 90-91
	Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	90-91

## GRI Topic specific disclosure

This report has been reared in accordance with the GRI Standards: Core option

3. Social		
<b>GRI-403 - occupational health and safety</b>	Disclosure 403-1 Occupational health and safety management system	77
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	74,77
	Disclosure 403-3 Occupational health services	77
	Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	77
	Disclosure 403-5 Worker training on occupational health and safety	77
	Disclosure 403-6 Promotion of worker health	77
	Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	77
<b>GRI-404 - training and education</b>	Disclosure 404-1 Average hours of training per year per employee	74, 78-79
	Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	74, 78-79
	Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	74, 78-79
<b>GRI-413 - local communities</b>	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	84
	Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities	85
<b>GRI-414 - supplier social assessment</b>	Disclosure 414-1 New suppliers that were screened using social criteria	5, 6, 20, 67, 84-85
	Disclosure 414-2 Negative social impacts in the supply chain and actions taken	90-91

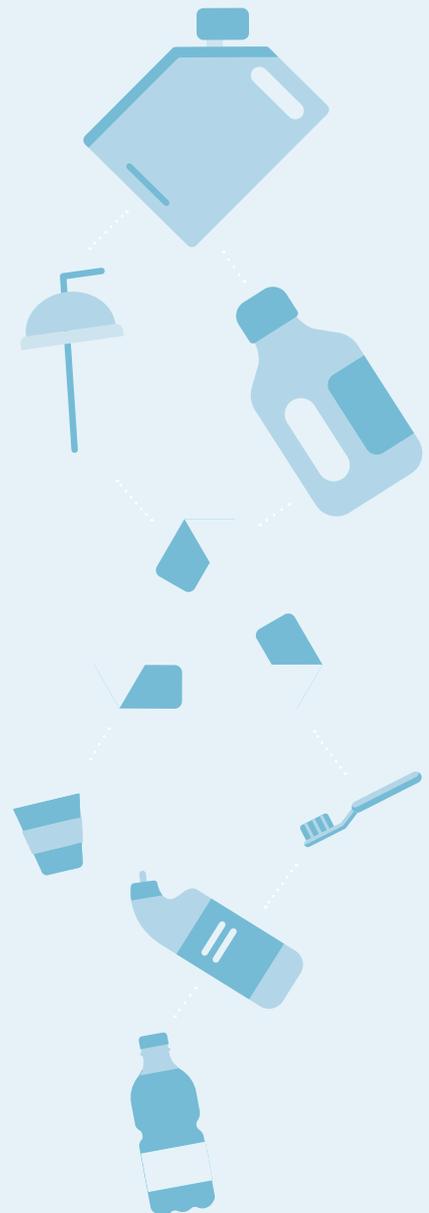
## 2.

# PROTECT OUR OCEANS

- 01 Sustainable aquaculture
- 02 Sustainable fisheries
- 03 Marine ecosystems and biodiversity
- 04 Knowledge and cooperation

# THE GROUP IS DEPENDENT OF THE SEA AND HAS AN ETERNAL PERSPECTIVE FOR ITS CORE BUSINESS.

As a seafood company, both producing in and harvesting from the sea, it is absolutely imperative for the Group to keep the oceans clean and healthy. We strive to reduce our environmental footprint, minimise our influence on wild habitats and wild salmon stocks. In aquaculture, we are developing and testing new technology to improve our existing production methods, reducing emissions from our farms and avoiding accidental release of fish from our cages. We have a very good track record in recent years when it comes to accidental release. Our vision is zero accidental release. We also work continuously to keep the sea free from plastic. We do this through strict monitoring and control of our own production, recycling the cages from our farms and nets from our trawlers, but also through collecting plastic in the ocean with our trawlers through the "Fishing for Litter"-programme. In our wild catch segment, we have modernised our trawler fleet with the newest and most modern technology available. We conduct all our catches within the strictest rules governing fisheries management, in close cooperation with the authorities and science.





## THE TABLE BELOW SHOWS THE GOALS/KPI'S THE GROUP HAS SET FOR THE AREA: PROTECT OUR OCEAN

Subject	KPI	Target 2020	Historical data					
			2014	2015	2016	2017	2018	2019
Sustainable aquaculture	Average of adult female sea lice per fish, number	0.13	0.22	0.19	0.17	0.12	0.11	0.15
	Number of cages treated for sea lice	750	na	na	1122	900	837	830
	Survival rate, rolling 12 months ( GSI) %	95	92.50	93.00	92.20	91.80	93.90	93.40
	% locations certified by Global Gap or ASC	100	100	100	100	100	100	100
	% sites involved in zone cooperation	100	100	100	100	100	100	100
	Max density kg/m3	25	7.54	8.05	9.17	10.4	9.35	8.83
	Use of antibiotics	0	1.8	38.4	1.6	0	7.4	0
Sustainable-fisheries	% Share of own fisheries certified by MSC	93 by 2022	na	na	na	92	90	91
Marine ecosystems and biodiversity	Accidental release, number of fish	0	52098	7340	18599	1219	115	85
	Following, average number of days	130	107	105	141	132	138	140
	Location status, max average MOM B	1.5	1.44	1.25	1.29	1.3	1.32	1.55
	Reducing use of plastic, not recyclable	50% by 2024	na	na	na	na	na	na
Knowledge and cooperation	Participation in multi-stakeholder initiatives that contribute to improvements in aquaculture	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Participation in multi-stakeholder initiatives that contribute to improvements in fisheries	Yes	Yes	Yes	Yes	Yes	Yes	Yes



# SUSTAINABLE AQUACULTURE

We are committed to responsible and effective management of our aquaculture operations.

## Certification

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



### ASC

Lerøy Seafood Group has been involved in the development of the ASC standard since 2004. In 2013, Lerøy Seafood Group was the first company worldwide to be certified according to the ASC standard, and ASC certification is a guarantee that our aquaculture operations are conducted in an environmentally sound and sustainable manner.

#### 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/>

Lerøy has chosen to certify its sites in line with the demand from the market for certified fish. Moreover, all sites operate in accordance with the requirements that apply in the ASC standard.

The aim is to continue the certification process according to the ASC standard.

In 2020, 71% of our biomass in two of our three farming companies was ASC certified.

## GLOBALG.A.P.

### GlobalG.A.P

GlobalG.A.P. is a standard for environmental conditions covering the Group's production activities and the employees' working environment. The standard covers the production process from roe stage to fish slaughter.

#### 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](http://www.globalgap.org)



## 2. Protect Our Oceans

### Innovation through special licenses

Lerøy Seafood Group operates several special production sites/licences to assure innovation regarding sustainability.

Licences	Description	Incentive	Status	Goal/Aim
Production of algae.	Production of macro-algae intended for ingredients in food and feed.	Develop sustainable, integrated multi-trophic aquaculture. Minimise environmental impact from Norwegian fish farming.	72 licences.	Establish a viable market/industry for macro-algae.
Production of blue mussels.	Production of blue mussels intended for ingredients in food and feed.	Develop sustainable, integrated multi-trophic aquaculture. Minimise environmental impact from Norwegian fish farming.	4 licences.	Establish a system for production of feed from mussels.
Production of wrasse.	Breeding and production of ballan wrasse to be used as cleaner fish.	Part of an effort to implement biological delousing at salmon farms to reduce the use of medicines.	4 licences.	10 000 fish produced within two years.
Production of lumpsucker.	Breeding and production of lumpsucker to be used as cleaner fish.	Part of an effort to implement biological delousing at salmon farms to reduce the use of medicines.	3 licences.	8 500.000 fish produced in 2020.
Brood stock, rainbow trout.	Production of milt and ova through specific breeding programmes.	Improve health, growth and quality traits of farmed fish.	2 licences.	40 000.000 eyed eggs produced in 2020.
Brood stock, Atlantic salmon.	Production of milt and ova through specific breeding programmes.	Improve health, growth and quality traits of farmed fish.	3 licences.	53 000.000 eyed eggs produced in 2020.
Green licenses, group C.	Licences based on technological improvements and restrictions of medicinal use. Salmon lice loads are limited to 0.1 mature female per fish.	Reduce the risk of escapes and lice impact on wild salmonid populations by developing new technological solutions.	1 licence.	Minimise environmental impact from Norwegian fish farming.

## Fish health and fish welfare

### Fish welfare policy and goals

For the Group, fish welfare involves protecting fish against unnecessary stress and impact. We care about our fish and accept our ethical responsibility that comes with animal farming. The Group's goal is qualitative and requires continuous monitoring and targeted efforts throughout our farming value chain.

### Welfare

Our fish welfare initiatives are comprehensive and cover every part of our farming value chain. They comprise of, but are not limited to the following:

- Training and courses for employees
  - Fish welfare courses
- Optimised nutrition
- Selective breeding
- Active use of cybernetic control systems
- Optimised farming conditions
- Active use of welfare indicators
- Early intervention and correct treatment, when necessary
- Careful handling
- Routine and regular veterinary inspections
- Disease monitoring and preventive disease management
- Humane slaughtering and killing methods
- Continuous improvement via participation in relevant R&D work
- Mandatory fish welfare training for all staff comprise legislation, animal welfare, fish health biology, stress, sedation and euthanasia. Other topics covered are natural behaviour, environmental requirements, water quality and physiology. Welfare indicators are used throughout the production cycle. At harvest stations, welfare indicators are used prior to, and after stunning and bleeding. Indicators such as eye reflex and operculum movements are monitored continuously and recorded daily.

### Zone cooperation 100%

All of our production localities take part in zone - based cooperation with other farmers. 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.

### Disease management

Disease management is of essential importance for all animal farming. Within the Group, disease management is based on a preventive operational practice, where the primary goal is to prevent problems before they occur.

Our work on disease management is based on recognised principles. These are in turn based on biological know-how and attitudes, in which training for our employees and a live internal control system lay the foundations for operations. Disease prevention and management are monitored by authorized animal health personnel, who also play key roles related to Lerøy's continuous learning and development of best operational practice.

We aim to farm fish with production conditions that safeguard the biological requirements of all species. We have vaccination programmes for all our fish.

The main target for fish health and welfare is to increase fish survival rates from sea transfer to slaughter. All employees involved in fish farming take part in training focusing on fish welfare. Fish welfare is developed and monitored by keeping use of medicines to a minimum, with careful assessment of use, using only approved medicines which have documented environmental impact in accordance with the requirements of The Norwegian Medicines Agency, monitoring and documenting tolerance, and following up biological feed factors.

**Main goal:** No disease and good fish welfare

### Number of outbreaks of illness

#### Main mortality cause

Main cause	Number of fish	Biomass tonnes
Treatments	1 469 380	3 790
CMS	1 200 800	4 848
PD	244 216	686
HSMB	225 454	621
Bacterial wounds	367 196	788
Maturation	158 122	615



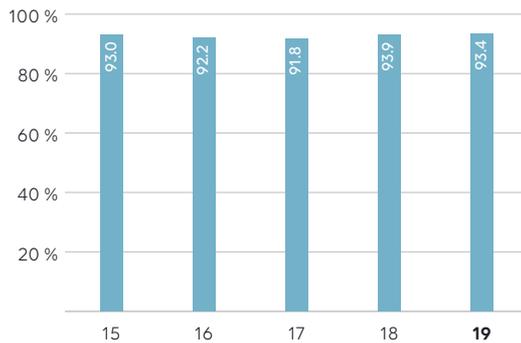
## 2. Protect Our Oceans

### Use of medication

Medication is used only when this is deemed appropriate and necessary. We exclusively make use of licensed products, and all medicine prescriptions are issued by authorized animal health personnel. Lerøy Seafood Group currently has between 20 and 30 persons employed as authorized animal health personnel.

### Survival rate

Survival, rolling 12 month (GSI)%



In 2019, Lerøy Seafood Group had a 12-month survival rate of 93.4% in the marine phase of production (calculated according to the "GSI formula"). The target for 2019 was 95.0%. The main reason we did not achieve our target was impact on fish during treatment, and CMS.

**Main goal:** 95%

### Sea lice

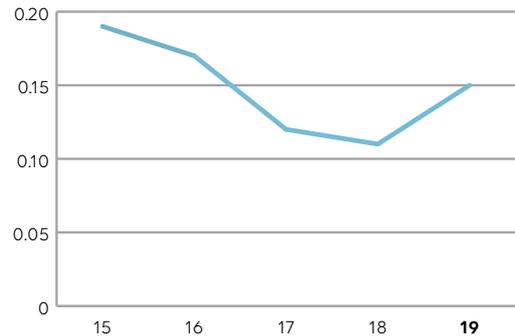
Lerøy Seafood Group has established measures both for prevention and treatment of salmon lice.

**Main goal:** 0 salmon lice

**"We work to minimize levels of adult female lice per fish and we want to avoid medical treatments"**

**In 2019, Lerøy Seafood Group had on average 0.15 adult female lice per fish**

### Trend curve for development of fully grown lice per fish



The level of sea lice has been stable the last years

### Chemical used in delousing agents, active agent

Year	Via feed (kg)	Via bath (kg)	Hydrogen peroxide* (kg)
2013	0.00006	0.002321	4.35
2014	0.002474	0.003034	40.87
2015	0.000132	0.001361	50.45
2016	0.000160	0.000547	18.40
2017	0.000162	0.000076	1.83
2018	0.000023	0.000003	6.11
2019	0.000149	0.000030	2.50

### Antibiotics – policy, goals and results

Lerøy Seafood Group aims to avoid unnecessary use of antibiotics in production of fish for consumption. We aim to achieve this goal via organisation-wide measures involving disease management, including preventive operational practice, 100 % vaccination, early diagnosis and appropriate measures to handle outbreaks.

Antibiotics are seen as the last resort, only applied in situations where use has been assessed by veterinarians as necessary to handle a confirmed disease-related situation. The Group never treat fish with antibiotics critically important for human use according to the WHO (Worlds Health Organization) list published at <https://www.who.int/food>

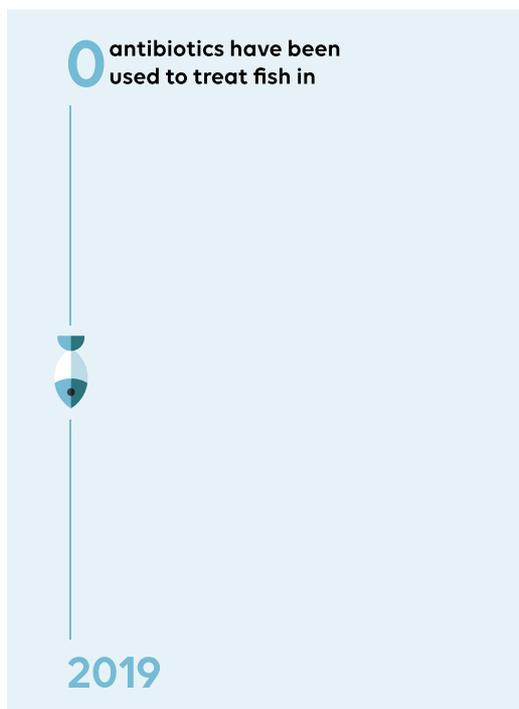


In 2019, the Group did not use any antibiotics in the production of fish for consumption. The Group has specifications for special brands telling that there is not used any kind of antibiotics during the production time.

**Main goal:** 0 use of antibiotics

#### 0 antibiotics have been used to treat fish in 2019:

The use of antibiotics is almost at zero in the Norwegian fish farming industry.



#### Lump sucker

The company produces around 10 million Lump sucker per year. This implies a high ratio of self-supply, which in turn ensures predictability for deliveries and enables us to control targeted improvement measures, aiming to ensure predictability and biological improvements for production. Welfare for cleaner fish has been debated for some time, and we acknowledge the challenges involved in farming cleaner fish. At the same time, we are aware that our measures are moving us in the right direction, biologically. Our onshore production facilities have implemented improvement measures within operations and biosafety, providing significant improvements to biology and cleaner fish welfare. These measures encompass a wide range and comprise of:

- Screening and selection of parent fish
- Value chain regionalisation
- Providing optimal environmental conditions
- Providing optimal nutritional values
- Improvements within logistics and handling
- General biosafety measures such as input water disinfection, hygiene zones in time and space
- Production biology

After transfer to salmon production sites, when the cleaner fish perform their function by eating salmon lice, we continue to experience challenges. The causes of terminal losses are dominated by bacterial disease. Measures to prevent loss are:

- Production planning and release strategy
- Farming and keeping cleaner fish
- Feeding strategy
- Catching escapees and separation
- Improvements to living environment, including use of shelter
- Vaccination

The cleaner fish have the same requirements for health. This is performed by authorised animal health personnel. Lump sucker are fed with special adapted feed and harvested in the same way as salmon and rainbow trout.

**Main goal:** Work for a better survival rate after transfer to salmon production sites.

#### R&D Projects within Fish welfare and farming

The group participates in many different research projects in order to be at the forefront in terms of the best possible fish health and to implement new technology and expertise as soon as possible.

The various projects can be roughly divided into 3 different areas.

- Sea lice
- Medication
- Survival

Most of our ongoing projects will fall into one of these groups.



# SUSTAINABLE FISHERIES

Contribute to the long-term sustainability and improvements of global fish resources.

Our operations within fisheries are based on fish as a natural resource. We therefore rely on proper management of the various species in the sea. Limitations on the harvest volumes of individual fish stocks come from Mother Nature herself. Information on fishing volumes (catch statistics), monitoring of fish stocks and estimates provided by researchers from numerous countries all form the basis for the fishing quotas established.

In our main operating area, more than 90% of all Norwegian wild fish landed annually are certified as sustainable according to MSC-certified sustainable fisheries.

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 our subsidiary Lerøy Havfisk is part of the Institute of Marine Research's reference fleet. As such, we play a part in collecting a significant amount of biological data utilised in the research into fish stocks.

## MSC (MARINE STEWARDSHIP COUNCIL)



The MSC recognises well-managed and sustainable fisheries through a certification programme. The MSC sets principles and criteria for sustainable fisheries which are used by a third party and voluntary certification programme.

### These principles are:

- The maintenance and re-establishment of healthy populations of targeted species
- The maintenance of the integrity of ecosystems
- The development and maintenance of effective fisheries management systems, taking into account all relevant biological, technological, economic, social, environmental and commercial aspects.

Lerøy's strategy is to support well-managed and sustainable fisheries and increase the share of certified fish.

**Main goal:** Increase the share of MSC certified fish to 93% by 2022

Year	MSC certified %
2017	92%
2018	90%
2019	91%

### Utilisation of catches

Lerøy is a substantial player within the wild catch and whitefish industry. We depend on sustainable management of marine natural resources and maintenance of clean and productive marine areas.

Norway enters into negotiations with other countries when total fishing quotas are to be established. The final decisions regarding the total quotas for fishing different species are made on the basis of stock assessments and advice on quotas from ICES. More than 90% of the fish resources harvested by Norway are managed in cooperation with other countries. The national quotas in Norway are discussed by the various stakeholders during regulation meetings, for which the Norwegian Directorate of Fisheries is responsible. These regulation meetings are held twice a year. Subsequent to the discussions at these meetings, the Directorate of Fisheries issues a proposal for regulation of fisheries to the Norwegian Ministry of Trade, Industry and Fisheries. The Ministry issues provisions regarding the distribution of quotas to Norwegian fishing vessels and provisions regarding fisheries in the form of annual regulations for each species of fish.

Our operations are based on public permits for the harvesting of Norwegian fish resources. The entitlement provided by these permits entails statutory obligations in terms of activity and delivery, as well as a responsibility to fish sustainably. It is our aim to be a "proud custodian", and we have taken an active approach to ensuring full compliance with all regulations involving fisheries.



We manage our natural resources on behalf of society as a whole, and therefore accept a particular responsibility for ensuring sustainable operations, leaving behind the smallest possible environmental footprint.

The Group monitors all employees and management to ensure compliance with prevailing regulations and quota provisions. The Group has also cooperated with authorities, trade associations and non-governmental organisations to help counteract illegal fishing, thereby safeguarding resources for future generations.

In 2016, Lerøy Havfisk and the other parties involved in the Norwegian trawling industry entered into the Arktisavtalen (Industry Group Agreement on cod fisheries in the northern part of the North-East Atlantic). As a result of the melting ice sheet around the North Pole and so-called new areas becoming accessible, a map has been prepared showing those regions traditionally fished. The parties to the agreement committed to not fish in waters north of these areas until the seabed had been charted and it had been established that fishing would not cause permanent damage to vulnerable benthic biotopes. In 2019 this agreement was replaced with new Norwegian government regulations to the same effect. The regulations were implemented following open dialog between Government, industry and NGOs.

In addition to the vast areas protected under the new regulations, there are 19 areas along coastal Norway that are protected against bottom trawling to protect coral and other benthic organisms. Additionally, trawlers are not allowed to fish inside of 12 nautical miles along the entire Norwegian coast, with the exception of small trawlers that have a 6 mile limit. Around all of the Svalbard islands there is a 12 mile limit. Combined with a more comprehensive nature reserve where fishing is prohibited and a general prohibition on fishing in waters that are shallower than 100 metres around Svalbard, the protected area covers 70.000 square kilometres, not including all before mentioned new protected areas.

The minimum water depth of 100 metres protects food sources for animals that live on shore and birds that dive for food close to the coast.

A number of other regulatory measures also apply, including a prohibition on fishing deeper than 1.000 metres to protect potentially vulnerable benthic biotopes in these areas.

### Ghost fishing

Parts of the fishing gear used by Lerøy Havfisk consist of plastic and plastic components. Lost fishing gear left on the seabed spoils the sea and destroys seafood caught in it. Ever since the early 1980s, the Directorate of Fisheries has carried out annual clean-ups along the Norwegian coastline, to remove fishing gear from the seabed – an important measure to avoid fish and shellfish getting caught, or "ghost fishing" as it is called. Furthermore, this represents general marine pollution.

For the most part lost fishing gear or "ghost fishing" is represented by gill-nets, a fishing gear not used by the Lerøy Havfisk fleet. Fortunately, it is not often that Lerøy Havfisk loses its fishing gear, but it has happened. Marine fisheries, including Lerøy Havfisk, are required by the Exercise Regulations to report lost gear to the Norwegian Coast Guard, and in recent years reporting has been further simplified through functions in the electronic catch log. Lerøy Havfisk will continue to spend time searching for any lost fishing gear, and we most often succeed in finding and recovering lost fishing gear. This in turn represents reduced consumption, and will at all times be included as part of the company's action plan for reduced plastic consumption (provided that fisheries, ropes, etc. contain plastic and plastic components).

In addition to production of Lump Sucker, the Group also buys wrasse from local fishermen. As part of our sustainability efforts, we have decided to demand two things from fishermen who supply Lump Sucker to us.

- The thread used in the fish traps must be made of decomposable material.
- Lost equipment must be reported to the Directorate of Fisheries.



# MARINE ECOSYSTEMS AND BIODIVERSITY

Minimise our negative impact on marine ecosystems, support its recovery and help secure biodiversity.

### Ecosystem impact

All activities will have a varying level of impact on the environment. The Group's goal is to minimize the environmental footprint of our operations. We only fish species from fish stocks that are appropriately managed, and we constantly strive to find working methods and equipment with minimal footprint. Our aim is to avoid harmful impacts on species caused by intervention in the natural environment in fjord systems, including sedimentation/seabeds.

### Escapes

The Group invests a considerable amount of resources in optimising equipment and routines specifically to avoid accidental release of fish. Actual incidents of accidental release and all events that may lead to accidental release are reported to the Directorate of Fisheries.

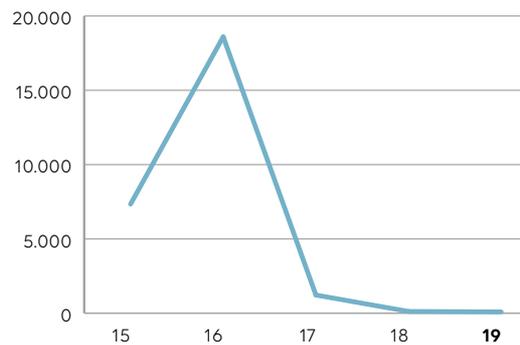
In 2019, the Group reported accidental release of up to 85 fish.

Date	Company	No. of fish	Species	Cause
07.01.19	Lerøy Midt	2	Salmon	Lice counting
16.02.19	Lerøy Midt	1	Salmon	Lice counting
10.05.19	Lerøy Midt	6	Salmon	Delousing operation
13.09.19	Lerøy Sjøtroll	1-19	Salmon	Bluefin tuna entered net
18.09.19	Lerøy Aurora	1-19	Salmon	Failure in harvest systems
27.10.19	Lerøy sjøtroll	1-19	Rain-bow trout	Delousing operation
13.12.19	Lerøy Aurora	19	Salmon	Mink whale entered net

**Main goal:** 0 escapes

The Group can report a low number of accidentally released fish in 2019, 85 pieces. The reduction from 2018 was in total 26, %

Number of accidentally released fish per year, salmon and trout



### Copper

Copper is a naturally occurring chemical element which can be toxic at high levels in the marine environment. Nets are treated with antifouling agents containing copper. However, cleaning of nets is necessary to ensure good water quality for the farmed fish. Lerøy Seafood Group uses low-pressure underwater washers to minimise the risk of copper flaking off. Projects have been implemented to measure the amount of copper emissions for each wash. Depending on the results, Lerøy Seafood Group will explore alternative methods for keeping the nets clean. At sites where elevated copper amounts have been detected in the sediments, the Group has started to use antifouling agents without copper, or has changed the nets as an alternative to in-situ cleaning.

In addition to cleaning in-situ, all nets are cleaned at onshore sites after each production period. Onshore cleaning sites have zero copper emissions, as required by Norwegian legislation.

Copper impregnation has a positive effect on sea lice and is used as there are currently no adequate alternatives. The Group is actively working with suppliers to develop an alternative to replace copper.

**Main goal:** Replace antifouling agents that contain copper

### Density

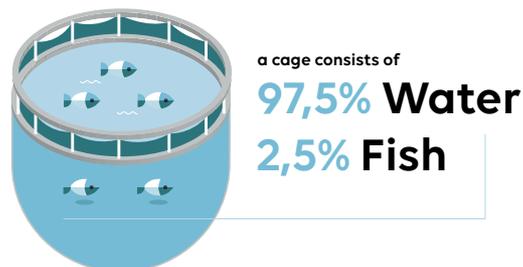
The maximum legislative limit for fish density in a cage is 25 kg/m<sup>3</sup> but the results for 2019 were far below this limit, indicating that the fish have plenty of space in the cages. Fish health and fish welfare are at the core of our operations as a producer of Atlantic salmon and rainbow trout. As such, we are committed to both ethical and statutory obligations governed by Norwegian legislation. A healthy fish is also a good fish for production and a prerequisite for good financial results. There are therefore numerous incentives for putting fish health and fish welfare at the top of the agenda for fish-farming operations. In an effort to ensure that we continuously fulfil these obligations, the Group has chosen to invest substantial resources in preventive measures for fish health, and this is now a major part of the production strategy for the entire Group.

#### Average density:

Month	Average all sites
January	9.3
February	9.7
March	9.3
April	8.2
May	8.2
June	7.9
July	8.3
August	9.0
September	9.0
October	9.1
November	9.0
December	9.0

Table. Average density (kg/m<sup>3</sup>) in all on-growing farms per month in 2019.

In a cage with fish, there will be 97.5% water and 2.5% fish.



### Fallowing

As a strategy to minimize infection pressure and environmental impact, all sites are fallowed and washed/disinfected every two years. In all regions where the Group has operations, fallowing and stocking periods are coordinated in zones, defined by the The Norwegian Food Safety Authority, NFSA and companies in each Area Based Management, ABM scheme. Every site in a defined coordinated area is fallowed every second year for at least two months. Within each area-based management area, there is at least a one-month coordinated fallowing period every second year.

In 2019, every marine site was fallowed for more than four months (140 days) on average for the Group.

**Main goal:** average number of days: 130

#### Fallowed days on average per site

Year	Number of days
2014	107
2015	105
2016	141
2017	132
2018	138
2019	140



### MOM B

Before stocking a production site, approval is required from a number of official and private bodies. Furthermore, approval requires compliance with numerous analyses, requirements and local conditions. These approvals are given after mapping and compliance of ecological status, spawning areas for marine species, diversity, and presence of endangered species in the region.

One of the assessments carried out both prior to approval for operations at a location and during fish farming at the facility is a so-called MOM-B evaluation.

#### MOM-B stands for:

- M – matfiskanlegg (production facility)
- O – overvåkning (monitoring)
- M – modellering (modelling)

A MOM-B evaluation is carried out by a third party and involves extraction of samples from the seabed under and around the cages in a facility.

The analysis has three parts

- Fauna investigation
- Chemical investigation (pH and oxidation reduction potential)
- Sensory investigation (gas, colour, odour, consistency, dredge volume and mud depth)

All parameters are allocated a score according to how much sediment is affected by the organic substance. The distinction between acceptable and unacceptable sediment condition is set to the highest accumulation that allows burrowing benthic organisms to live in the sediment. The analyses are carried out when production of one generation is at its peak. On the basis of these investigations, the individual location receives a score, which also provides an indication of when the next MOM-B investigation should be carried out. A poor score often requires more frequent seabed investigations than a good score. In addition to MOM-B, analyses are also

conducted locally at individual facilities. These include measurement of density, oxygen level in the sea, currents, water quality, visibility, dives under the facility etc. Each facility is also linked with neighbouring facilities in a zone-based cooperation to work together on topics such as lice and preventing accidental release, spread of disease, outbreaks of disease etc. MOM-B samples must always be taken before releasing fish to a location. If the score is 3 or 4, fish must not 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.

LSG MOM B	2019	No of sites in status%
Status 1	37	60
Status 2	17	27
Status 3	7	11
Status 4	1	2
Total	62	Average 1.55

**Main goal:** average MOM-B max 1.5 per location

### Impact on red-list species and protected habitats

As a general rule, our activities shall not impact on any other species or protected habitats. We only fish species that are properly managed and seek to use the equipment that is best for different species and habitats at all times. Despite this, we may experience unintentional by-catches. These are managed, recorded, reported and delivered to shore.

In aquaculture, we have a special responsibility for wild salmon as it lives naturally in Norwegian rivers. We participate in various interest groups working to safeguard the wild salmon in Norway.

Our different sites have a predator management system and keep records and report risk events, e.g., holes, infrastructure issues, handling errors, reporting and follow up of escape events.

### Plastic

According to WWF, plastics make up only 10 per cent of the world's total waste, but still it account for the majority of the marine waste.

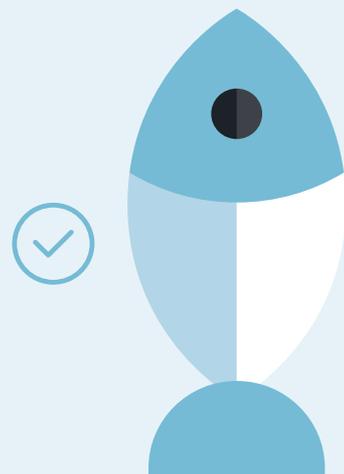
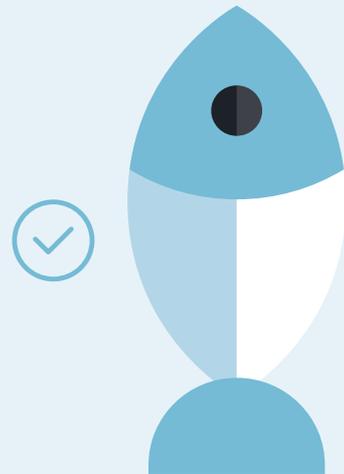
The plastic waste is a threat to all wildlife in the sea. It is found on the surface and right down to the deepest of the world's oceans. During the past year, plastic seeding of the ocean has gained significantly increased attention. The Group's activities is based on life in the sea and we depend on the sea being properly managed. It is therefore important to give priority to preventing plastic seepage from the seas.

The Group have several efforts regarding plastic. The latest is the project called 50/50-5. In this project the Group has set a goal to reduce the use of non-recyclable plastic by 50%. You can read more about this in the next chapter.

#### Other projects:

**Fishing for litter.** Our sea waters and coast are increasingly littered with vast volumes of man-made waste. Pieces of plastic, rubber and other non-degradable materials may remain in the environment for hundreds of years, causing harm to animals and humans. Lerøy Havfisk's fleet is involved in the "Fishing for litter" project, a voluntary environmental project to clear up marine waste from the sea, led by the Norwegian Environment Agency. The aim is to send as much of this waste as possible for recycling, by facilitating sorting, registration and recycling of all waste collected.

**Microplastics.** Microplastics in the sea remain an area where we lack information about quantities and consequences. The Group participates in various R&D projects, which focus on establishing a recognised method for analysing microplastics in fish and also experiment to identify activities that affect the level of microplastics in the sea.





# KNOWLEDGE AND COOPERATION

We are committed to knowledge-based sustainable stewardship of our oceans  
The Group is cooperating with different organisations and NGOs.



## Global Sustainable Seafood Initiative (GSSI)

We want everyone to enjoy a variety of fresh, sustainable seafood for years to come. We rely on the Global Sustainable Seafood Initiative (GSSI) to benchmark existing certification programmes.

## Cerrado Manifesto

In October 2017, 23 global brands signed the Statement of Support ("SoS") for the objectives of the Cerrado Manifesto. The Statement recognised the need to prevent further deforestation in the Cerrado in Brazil to mitigate future risks associated with climate change and agricultural resilience in this important agricultural production region.

## Bellona

The Bellona Foundation is an independent non-profit organisation that aims to meet and fight climate challenges, by identifying and implementing sustainable environmental solutions. The Group work towards reaching a greater ecological understanding, protection of nature, the environment and health. Bellona is engaged in a broad range of current national and international environmental questions and issues around the world.

Together with Bellona, Lerøy Seafood Group owns the company Ocean Forest that produces sugar kelp and blue mussels. One of the main goals for production is to find new raw materials for fish feed.

## Norwegian Seafood Federation

The Norwegian Seafood Federation represents the interests of approximately 600 member companies. The member companies cover the entire value chain from fjord to dinner table in the fisheries and aquaculture sectors in Norway.

The Norwegian Seafood Federation is affiliated with the Confederation of Norwegian Enterprise (NHO). NHO is the main representative body for Norwegian employers with a current membership of over 20.000 companies ranging from small family-owned businesses to multinational companies.

### Services:

- Promote policies and legislation that benefit our members
- Promote our members' interests in regard to exports, trade and other international issues
- Advise member companies on a wide range of issues, including:
  - Health, environment and safety
  - Quality systems
  - Food safety
  - Trade regulations
  - Legal advice in employee matters
- Coordinates research and development
- Represents employers in joint negotiations

## NCE The Seafood Innovation Cluster

The Seafood Innovation Cluster is a world leading cluster. The members represent the whole seafood value chain and supply healthy and sustainable seafood to the global community.

Enabling sustainable seafood is NSC's overall vision, and their mission is to build an ecosystem for growth and competitiveness in Norwegian seafood. As a Norwegian Centre of Expertise, they are scaling up their innovative ecosystem for new knowledge and solutions that will increase sustainability for the members.

One of the roles is to operate as a backbone organisation for the cluster in coordinating and fostering strategic collaboration with all stakeholders, initiating new partnerships and facilitating collaboration processes and activities.

#### **Médecins sans frontières**

An international, independent, medical humanitarian organisation that delivers emergency aid to people affected by armed conflict, epidemics, pandemics, natural disasters and exclusion from healthcare.

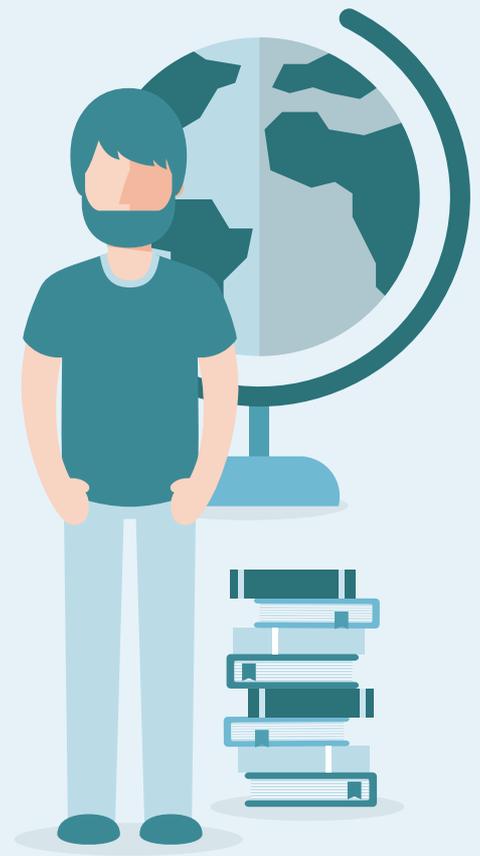
#### **Redd Barna**

Redd Barna is a Norwegian aid organisation that works for children's rights, both long-term and in need of emergency assistance. It is affiliated with Save the Children, which was founded in 1919.

#### **Amnesty International**

Overall its mission is "to undertake research and action focused on preventing and ending grave abuses of the rights to physical and mental integrity, freedom of conscience and expression, and freedom from discrimination, within the context of its work to promote all human rights."

From one of the projects the Group supports together with Redd Barna in Malawi.: "Schooling that benefits"



# 3.

# IMPROVE OUR CLIMATE

- 10 Reducing our carbon emissions
- 11 Safeguarding local environments
- 12 Waste management and recycling
- 13 Sustainable feed



# THE GROUP WILL WORK PURPOSEFULLY TO REDUCE OUR CLIMATE FOOTPRINT BOTH INTERNALLY AND FOR OUR PARTNERS.

The Group are measuring the climate footprint (scope 1 & 2) for the whole Group, and have started mapping and gathering information to further reduce CO<sub>2</sub>e for all production, including our partners, from raw materials for feed, to transport to the end consumer (scope 3). The Group are identifying where the emissions are and where we can make the biggest gains. The Group are switching from diesel to renewable energy (hydropower) on almost all feed barges. The Group's investments in an efficient and modern value chain are also helping reducing energy use at the factories and locations along the coast. The Group's fleet renewal has given the company one of the most modern trawler fleets in the world, with more effective energy use and also higher utilisation of the residual raw materials on board. Air transport to overseas markets is a substantial contributor to the Group's total climate footprint, and the Group are addressing that, but the Group are aware that the biggest potential for reduction in CO<sub>2</sub>e emissions is in feed, which constitutes approx. 80% of the Group's total CO<sub>2</sub>e emissions. The Group therefore work closely together with partners and stakeholders to be prime movers when it comes to both testing and implementing new feed raw materials.





## THE TABLE BELOW SHOWS THE GOALS/KPI'S THE GROUP HAS SET FOR THE AREA: IMPROVE OUR CLIMATE

Subject	KPI	Target 2020	Comments	Effort
Reducing our CO <sub>2</sub> emissions	Scope 1	-20%	20% reduction in GHG emissions from 2019	Electrification of fleets
	Scope 2	-10%	10% reduction in GHG emissions from 2019	Focus on reduction, targets and reporting
	Science-based targets	By 2021	Approved goals by 2020	Dedicated projects
Safeguarding local environments	Use of water	-5%		Focus on reduction, targets and reporting
	Compliance with laws and regulations due to environment	Compliance		Information and communication
Waste management and recycling	Use of plastic	-25%	Project 50/50-5	50% reduction within 5 years
	Food waste	-33%	Project 50/50-5	50% reduction within 5 years
	Share of non - organic waste, recovered, recycled or reused	+10 %	Increase the share with 10 % from 56 %	Focus on target and reporting
Sustainable feed	FIFO Ratio	<1		More trimmings and new raw materials
	Share of marine raw materials certified to IFFO or other sustainability standards	>95		Focus on feed producer and reporting
	Total share of certified raw materials in feed %:	>50		Focus on feed producer and reporting

# REDUCING OUR CARBON EMISSIONS

We are committed to reducing the greenhouse gas emissions from our operations.

The Group keeps a focus on eco-friendly solutions and works on keeping both direct and indirect emissions as low as possible.

The framework selected for calculating CO<sub>2</sub> emissions includes emissions from combustion processes required for the Group's operations. This is referred to below as direct emissions, Scope 1.

The Group also wanted to gain an overview of the indirect impact on global warming of the company's activities and has therefore also included CO<sub>2</sub> emissions from the production of electricity consumed by the Group. This is referred to below as indirect emissions, Scope 2.

All sources of greenhouse gas emissions from the Group's core activities have been included in the calculations.

The purchase of products and services such as transport has not been included in the calculations. The Group is currently working on obtaining a good basis for calculating Scope 3.

**Main goal:** to report Scope 3 for 2020.





## Greenhouse gas emissions

The tables provide a summary of consumption of fossil fuels and electricity, and greenhouse gas emissions per segment and in total.

Total consumption of fossile fuels (Scope 1)	Unit	2017	2018	2019
<b>Farming</b>				
Different fuels	liters	6 296.276	5 987.872	6 614.796
LPG (Propane) and refrigerants	kg	58 328		1 921
<b>Wild catch</b>				
Different fuels	liters	32 359.151	36 541.736	35 564.934
LPG (Propane) and refrigerants	kg			203
<b>VAP, Sales and Distribution</b>				
Different fuels	liters	203 766	208 859	598 587
LPG (Propane) and refrigerants	kg	75	74	50 935
Natrual Gas	m3	2 096	-	24 267
<b>The Group</b>				
Different fuels	liters	38 859.193	42 738.467	42 782.317
LPG (Propane) and refrigerants	kg	58 403	74	53 059
Natrual Gas	m3	2 096	-	24 267

Total consumption of electrcticity (Scope 2)	Unit	2017	2018	2019
<b>Farming</b>	MWh	75 828.6	82 019.7	98 393.0
<b>Wild catch</b>	MWh	42 188.6	19 267.5	22 620.7
<b>VAP, Sales and Distribution</b>	MWh	15 066.2	9 410.7	26 370.2
<b>The Group</b>	MWh	135 628.9	110 697.9	146 383.9

Total tonnes of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	Unit	2017	2018	2019
<b>Farming</b>				
Scope 1	tCO <sub>2</sub> e	17 092	16 328	18 831
Scope 2	tCO <sub>2</sub> e	3 944	3 692	3 837
Total	tCO <sub>2</sub> e	21 036	20 020	22 668
<b>Wild catch</b>				
Scope 1	tCO <sub>2</sub> e	88 543	101 395	98 720
Scope 2	tCO <sub>2</sub> e	2 194	867	882
Total	tCO <sub>2</sub> e	90 737	102 263	99 603
<b>VAP, Sales and Distribution</b>				
Scope 1	tCO <sub>2</sub> e	833	841	1 798
Scope 2	tCO <sub>2</sub> e	1 981	2 304	2 757
Total	tCO <sub>2</sub> e	2. 815	3 145	4 554
<b>The Group</b>				
Scope 1	tCO <sub>2</sub> e	106.473	118.565	119.349
Scope 2	tCO <sub>2</sub> e	8.246	6.863	7.476
Total	tCO <sub>2</sub> e	114.719	125.427	126.825



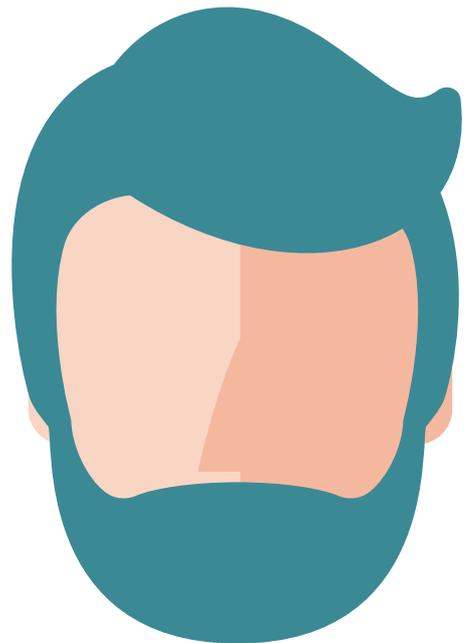


### Important improvement options are:

- IMPROVING FEED EFFICIENCY
- CHANGING FEED COMPOSITION
- FULL BY-PRODUCT UTILISATION
- LESS TRANSPORTATION BY AIR
- IMPROVING THE FUEL EFFICIENCY OF FISHING VESSELS
- SWITCHING TO ALTERNATIVE FUELS

#### Energy consumption

All the energy the Group uses in Scope 2 is renewable.





## Science-based targets

The Group is in process of charting the Group's Scope 3. The Group's activity will result in emissions in Scope 3 that will be incorporated in the Group's science-based targets. When the Scope 3 mapping phase is completed, science-based targets will be set for the Group.

## Risk management of climate

2019 represents a clear shift in several markets with regard to sustainability requirements. In addition to customers, other stakeholders like banks, investors and insurance companies have requirements regarding sustainability.

The Group believes that its increased focus on climate and environmental sustainability represents a significant opportunity for the Group, the seafood industry and for Norway.

Norwegian aquaculture's food production is a part of the solution to feed the world's population in the future. In this context, it is the responsibility of both industry and political authorities to exploit these opportunities. It requires reason and knowledge to prevail in the years to come.

The Group's operations are based on resources produced in fresh water and in the ocean. If climate change, irrespective of the cause, were to have a significant impact on the production / catches of fish along the Norwegian coastline and in the northern Atlantic, it could affect the Group's operations and earnings.

The Group's production at sea takes place in areas where the temperature and current conditions may change, but as long as the Gulf Stream does not change, it is likely that the Norwegian coast will be well suited for farming also in the future. If we look at the Group's catches of whitefish, it is likely that changes in sea temperatures could lead to changes in the catch volumes for the species on which Lerøy Havfisk bases its operations.

In the future, it is likely that the Group will have to pay tax on CO<sub>2</sub> emissions. A tax on CO<sub>2</sub> emissions will affect all types of food production in the years to come. The Group has installed battery and hybrid power on its latest trawler, but as of today, fossil-free propulsion system technology, for large vessels, has not been sufficiently developed to represent an alternative. The Group is monitoring developments closely to be able to change from fossil fuels to a better alternative.

As mentioned earlier, the Group's production of Atlantic salmon and trout is unique, as a Norwegian, global, financial, climate and environmentally competitive method of food production. It is therefore very gratifying to note that this was not only measured according to the UN's sustainability criteria, but that this was again confirmed last year through an international sustainability study conducted by Collier FAIRR.

Regardless of the good position of the industry, the Group shall work actively to reduce the footprint of the Group's activities.

All food production results in a footprint, and it is important not to forget this in our eagerness to improve. The Group's operations are closely linked to the natural conditions in Norwegian and international freshwater sources and marine areas. Access to clean water and clean seas is a prerequisite for the Group's operations.



## Air freight

The volume of fish transported by air has increased in the past years, due to higher sales to Asia, Australia and the USA. We work closely with our air transport suppliers to identify the best air freight systems and the best solutions for the environment

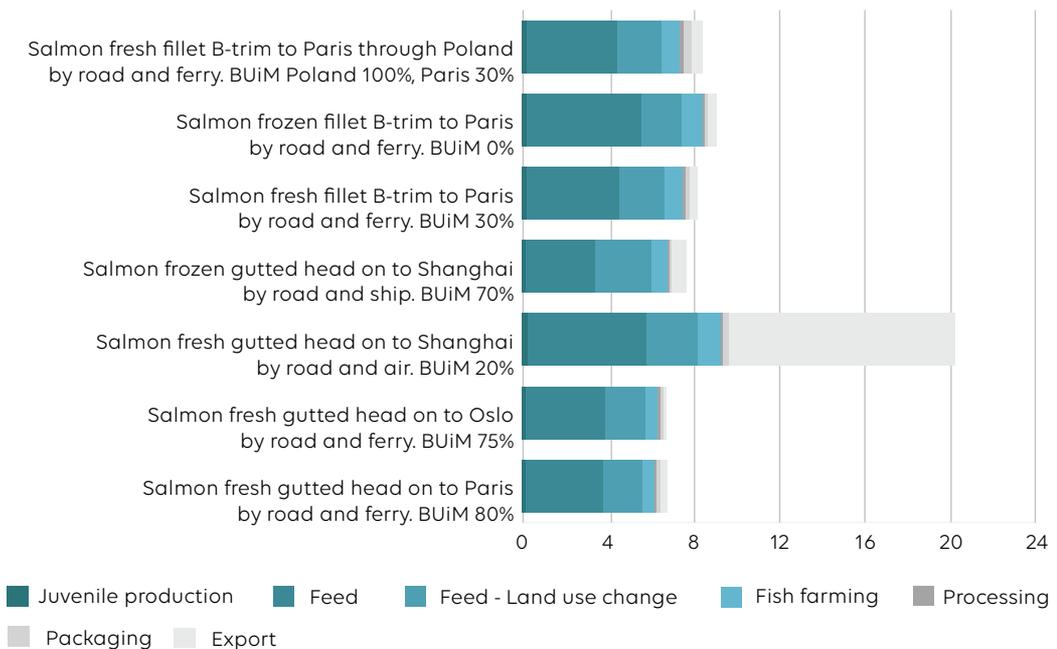
The Group are aware that transporting seafood by air has significant climate costs and we work closely with both transport partners and customers to make logistics to overseas markets more sustainable. Initially, we will strive to increase sales of processed products and try to send more products by sea if possible.

It is gratifying to see that the volumes transported by sea have increased in recent years. As the share of the total transportation by sea has increased by 45.1% the last five years. In volume, the sea transport has increased by 118.9% the last five years.

### Distribution 2019

Tons	2013	2014	2015	2016	2017	2018	2019
Truck	161 835	172 339	170 111	173 597	228 323	230 585	252 605
Boat	17 838	19 599	19 625	21 154	31 602	34 848	42 955
Air	20 926	24 731	25 839	27 618	26 297	28 129	31 110

The Group have reduced the transportation by aircraft with 20.9% over the last five years (2015-2019) and increased the share by boat with 45.1%.



Greenhouse gas emissions of salmon products ( kg CO<sub>2</sub>e/kg edible product at wholesaler) SINTEF



# SAFEGUARDING LOCAL ENVIRONMENTS

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

## Non-compliance with environmental laws and regulations

The company had no violations of the regulations which resulted in fines in this area.

## Water usage

Farmed salmon and trout spend their initial phase in freshwater, just as they do in the wild. Norway has an abundance of freshwater compared to other countries that farm salmonids, but that does not mean we can overlook the environmental impacts water usage may cause. We closely monitor our usage of freshwater in the entire value chain and seek to reduce our usage where possible. By focusing on process optimisation, new technology, RAS and control, we will reduce our water usage by 5% each year.

98,6% of the fresh water used by the Group in 2019 where sourced from surface water and 1.4% from municipal water. The Group's main utiliser of fresh water is the smolt facilities and they all use surface water. The average fresh water used per kg fish produced before slaughtering were 10.2 m<sup>3</sup> in 2019. Our processing plants used an average of 0.003 m<sup>3</sup> of freshwater per kg fish produced.

**Main goal:** To reduce the fresh water usage by 5 %.

## RAS

The RAS (Recirculating Aquaculture Systems) technology allows Lerøy Seafood Group to produce fish with up to 99% reduction in water use compared to conventional flow-through systems. The Group started to use RAS-technology already in 2005. In 2020, approximately 80% of all salmon smolt in Lerøy Seafood Group will be reared with this technology.

Table; Kg smolt produced per m<sup>3</sup> water in 2019

Water usage 2019	Total m <sup>3</sup> used	m <sup>3</sup> /Kg
Total	88 595	Average: 10 266

## Waste Water

All our processing plants have fat separation, UV treatment / filter treatments of discharged wastewater. Wastewater from our facilities is also sent to municipal treatments centers. The Group had no accidents related to discharge of wastewater in 2019. By reducing our use of freshwater with 5 % each year, we will also reduce our wastewater.

## Discharge of water

There is a strict regulation governing how the discharge of water from our activities should be handled. The company satisfies all the requirements imposed in this area.



## Electricity

The Group has established different revolutionary measures in order to reduce environmental impact; from obtaining power from land, hybrid fleets, floating solar cells, to working boats.

Wherever it is possible, the Group seeks to use electricity sourced from land-based powerlines instead of electricity from generators at each production site.

### Power from land:

Power from land usually makes good overall economic sense.

Power from land results in:

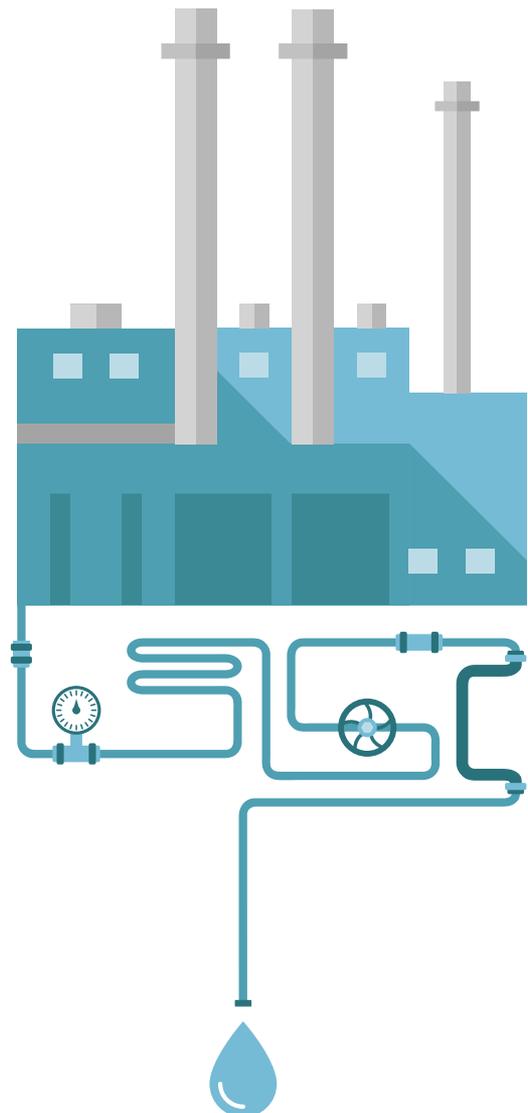
- Reduced emissions
- Less noise
- Good economy
- Less maintenance

The further development of power from land should entail a degree of overcapacity, thus enabling any future electrified boats to be recharged.

More than 65% of our sites now run on power from land – a figure that will increase in the coming years. In 2020, there is a plan to replace fossil-fuelled generators at 19 production sites. We will then have 85% of the Group's sites on renewable electricity.

The various measures require technological development and a high level of expertise, and in many ways, they represent a breakthrough in the industry.

Where the infrastructure is insufficient for land-based electricity, Lerøy Seafood Group is developing hybrid solutions that allow for up to 30% more efficient use of fossil fuels at each site. The Group has hybrid solutions with batteries at two production sites.





# WASTE MANAGEMENT AND RECYCLING

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

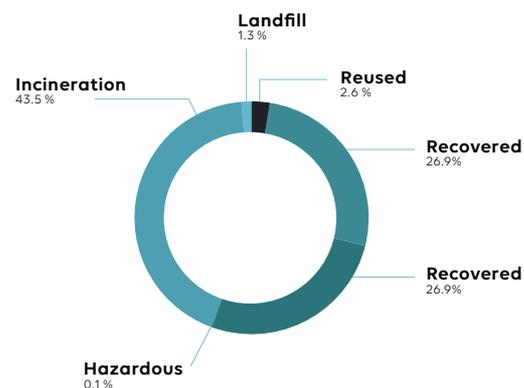
## Waste management and recycling

Improving our management and recycling of waste is a continuous priority for the Group. Sorting waste for reuse and recycling will greatly impact our environment through reduction of unwanted, hazardous and non-biodegradable waste in the environment. We have implemented strict sorting regimes in all our locations and strive, in collaboration with our waste management companies, to make sure that all our waste is handled correctly by us and the recipient of the waste. The Group also participates in different fora to discuss and find good solutions to implementing circular economy also regarding waste. About 56% of all non-organic waste from the Group is either recovered, recycled or reused. Our goal is to increase this share by 10% every year. About 43% goes to incineration for energy recovery, and 1% to landfill.

**Main goal:** Increase the share which is either recovered, recycled or reused with 10% from 2019.

The share of hazardous waste in the Group is about 0.0005% of the total amount of waste we generate. Some of our factories still use fluorescent lights, so by changing them to LED lights we can reduce this even further. In addition, the electrification of our feeding barges will also reduce our hazardous waste by eliminating the use of oils and lubricants for our generators.

Waste sorting 2019



## Organic non-edible materials

Organic non-edible materials from all our activities represent about 21% of our total volume produced. We categorise these from 1-3. Of the total volume of organic non-edible materials, 0% is category 1, 37% is category 2, and 63% category 3. The Group strives to increase the share for human consumption, and aims to increase this by 50% by 2024. Projects across the Group have been ongoing since 2018. We have e.g. invested in a harvest boat which will significantly increase fish welfare and volumes for harvest from our farming operations. This will reduce the volume in Category 2 significantly. In addition, several projects in our VAP, Sales and Distribution segment will contribute to the reduction of food waste and increase the level of raw materials for human consumption.



## Project 50/50-5 Food waste

Food waste includes all usable parts of food produced for humans, but which are either discarded or removed from the food chain for purposes other than human food. In project 50/50-5, the Group has chosen to include reduced mortality in farming and utilisation of residual raw materials from wild catches to produce fishmeal, fish oil or silage. Such raw materials are used for human consumption or animal feed, generating food for humans.

Globally, food waste contributes to 8-10% of greenhouse gas emissions. By reducing food waste, we also reduce our climate footprint.

The Group has participated in a SINTEF project to map the amount of food waste that occurs in the seafood industry, enabling sub-projects to be set up that have an impact.

We aim to increase the edible proportion of today's food waste by 50%, including reduction in mortality and increased utilisation of residual raw materials from wild catches (fishmeal, oil, silage)

### Some sub-projects within 50/50-5 Food waste:

- Increased utilisation of residual raw materials from wild catches (fishmeal, oil, silage) from 7.800 MT (2019) to 12 300 MT (2024). Contribute net +19% increased utilisation. Projects are initiated to utilise fishmeal, fish oil from own wild catch fleet in our salmon feed recipe.
- Increased utilisation of residual raw materials from white fish processing plants – “we use it all”.
- Opportunity to develop new products utilising residual raw materials in our plant in Stamsund, producing fish cakes, puddings etc.
- Increased shelf life for retail products to contribute to lower food waste at retail level. By using new technology like CO<sub>2</sub> emitters in consumer packages, we have increased shelf life for certain consumer packages by +24% (5 days)
- Projects investigating new opportunities to extract protein and meal from residual raw materials
- Measures to reduce products falling on the floor in all our facilities. A single project will give a reduction of 12 000 kg of food loss by a reduction of 70%.
- Optimizing trimmings in our facilities to develop new products from trimmings and new by-products.





**WHITEFISH**  
*We use it all*



**HEADS**  
Conservation: Fresh, frozen  
Origin: North Atlantic: FAD 27, sub-area I & II  
Packaging of fresh: 5, 12, 20 kg styrofoam, 250 kg tubs  
Packaging of frozen: 20 kg carton or unpackage  
Available: All year  
Shelf life frozen: 24 months  
Shelf life fresh: 12 days



**TONGUES**  
Conservation: Fresh, frozen (CF, vac.)  
Origin: North Atlantic: FAD 27, sub-area I & II  
Packaging of fresh: 5, 12, 20 kg styrofoam, 250 kg tubs  
Packaging of frozen: Customer's specification  
Available: All year  
Fresh seasons: Nov - Apr  
Shelf life frozen: 24 months  
Shelf life fresh: 22 days



**MEDALLIONS**  
Conservation: Fresh, frozen (CF, vac.)  
Origin: North Atlantic: FAD 27, sub-area I & II  
Packaging of fresh: 5, 12, 20 kg styrofoam, 250 kg tubs  
Packaging of frozen: Customer's specification  
Available: All year  
Shelf life frozen: 24 months  
Shelf life fresh: 12 days



**COLLABONES**  
Conservation: Fresh, frozen  
Origin: North Atlantic: FAD 27, sub-area I & II  
Packaging of fresh: 5, 12, 20 kg styrofoam, 250 kg tubs  
Packaging of frozen: 20 kg carton or unpackage  
Available: All year  
Shelf life frozen: 24 months  
Shelf life fresh: 12 days



**BACKBONES** - from filleting  
Conservation: Fresh, frozen  
Origin: North Atlantic: FAD 27, sub-area I & II  
Packaging of fresh: 5, 12, 20 kg styrofoam, 250 kg tubs  
Packaging of frozen: 20 kg carton or unpackage  
Available: All year  
Fresh seasons: Nov - Apr  
Shelf life frozen: 24 months  
Shelf life fresh: 12 days



**BACKBONES** - from splitting/walting  
Conservation: Frozen  
Origin: North Atlantic: FAD 27, sub-area I & II  
Packaging of fresh: 5, 12, 20 kg styrofoam, 250 kg tubs  
Packaging of frozen: 20 kg carton or unpackage  
Available: Feb - May  
Shelf life frozen: 24 months



**SKIN**  
Conservation: Fresh, frozen  
Origin: North Atlantic: FAD 27, sub-area I & II  
Packaging of fresh: 5, 12, 20 kg styrofoam, 250 kg tubs  
Packaging of frozen: 20 kg unpackage  
Available: All year  
Shelf life frozen: 24 months  
Shelf life fresh: 5 days



**LIVER**  
Conservation: Fresh, frozen  
Origin: North Atlantic: FAD 27, sub-area I & II  
Packaging of fresh: 5, 12, 20 kg styrofoam, 250 kg tubs  
Packaging of frozen: 20 kg carton  
Available: Jan - Apr  
Shelf life frozen: 24 months  
Shelf life fresh: 3 days



**STOMACH**  
Conservation: Fresh, frozen  
Origin: North Atlantic: FAD 27, sub-area I & II  
Packaging of fresh: 5, 12, 20 kg styrofoam, 250 kg tubs  
Packaging of frozen: 20 kg carton or unpackage  
Available: All year  
Fresh seasons: Jan - May  
Shelf life frozen: 24 months  
Shelf life fresh: 20 days



**MILK**  
Conservation: Fresh, frozen  
Origin: North Atlantic: FAD 27, sub-area I & II  
Packaging of fresh: 5, 12, 20 kg styrofoam, 250 kg tubs  
Packaging of frozen: 20 kg carton or unpackage  
Available: Jan - Apr  
Shelf life frozen: 24 months  
Shelf life fresh: 3 days



**ROE**  
Conservation: Fresh (frozen/boxed in vac.), frozen  
Origin: North Atlantic: FAD 27, sub-area I & II  
Packaging of fresh: 5, 12, 20 kg styrofoam, 250 kg tubs  
Packaging of frozen: 20 kg carton  
Available: Jan - Apr  
Shelf life frozen: 24 months  
Shelf life fresh: 8 days



## Project 50/50-5 Plastic

About 5 kg of CO<sub>2</sub>e are emitted for 1 kilogram of plastic – 2 kg resulting from the production of the plastic and 3 kg of CO<sub>2</sub> are emitted when the plastic is burned after use. For some types of plastic, the number may be 4.5 – and for others 5.5.

Source: Norwegian Climate Foundation

Lerøy's programme, as a Group, is to reduce plastic consumption by 50% in the next 5 years.

### Specified:

Reduce non-recyclable plastic consumption by 50%, including reduction in plastic consumption.

All 60 companies in the Group will contribute to achieving the goal and have established sub-projects with goals for each company. Each company has established a detailed action plan so that the Group can achieve the target in total by 2024. Cooperation, reporting and following up takes place at three segment levels: Farming, Wild catch and VAP, Sales & Distribution. Cooperation at segment level allows us to can utilise ideas and actions across similar operations within the Group, improving our contribution towards achieving the main goals.

Over the past year, the Group has carried out a thorough evaluation of the sub-projects to assess the actual effect and impact of the measures taken – and to ensure that they are making a difference! Our understanding is that all plastic is recyclable as long as it is possible to collect and sort in the right fractions. Therefore, "non" recyclable plastic is interpreted as plastic in wrong place.

### Examples of projects:

- On four-pack frozen salmon and frozen whitefish products, we use one plastic chamber for the label. By removing the last chamber with label, we are able to reduce plastic consumption by 10.000 kg.
- Project to collect and sort existing plastic waste at each location. Close collaboration with waste management companies to ensure a higher utilisation of recycled waste.
- Reduce disposable / hygiene items at each site and replace with multi-use articles.
- Reduce the use of disposable cleaning agent containers and replace them with multi-use containers.
- By making changes to just one product, we can reduce plastic waste by 2.5 tonnes by changing the use of vacuum film. This change will also reduce costs.



## Reduce plastic waste

- The label is now placed elsewhere than in a separate plastic pocket.
- - 10 250 Kg Plastic





## Recycling

The Group is actively involved in the process of recovering plastic waste from the oceans through different programmes, in order to protect marine wildlife. One of the activities is recycling our fish farming nets, yarn and old trawls.

Another activity is: "Only on loan". This is a project in which Lerøy Seafood works together with waste and recycling company Norsk Gjenvinning to ensure that the packaging for products packed in

aluminium trays is returned for recycling after use. Such packaging is therefore only "on loan". Waste is a resource that is not properly utilised, and we aim to do something about this. We also focus on using the correct packaging and the correct size of products in order to avoid waste.

### Effects of recycling of fish farming nets, yarn and old trawls.



Decrease in waste equipment going to landfills, incineration or ending up at sea

**0.8 kg/kg**



Decrease in non renewable resources

**1.7 kg oil eq/kg**



Decrease in Carbon Footprint

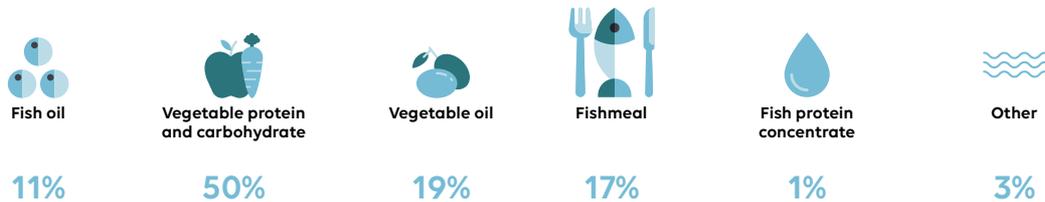
**3.6 kg CO<sub>2</sub> e/kg**



# SUSTAINABLE FEED

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

## Ingredients in Fish Feed



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

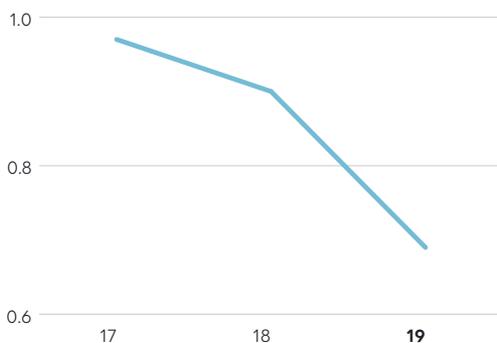
Lerøy Seafood Group has taken an active role in influencing the further development of feed composition to ensure product quality in a sustainable way.

In 2019, the Group purchased 293 345 tonnes of fish feed.

## FIFO, Fish in Fish out

FIFO Ratio	FIFO o	FIFO m
0.69	2.09	0.37

### FiFo ratio, Fish in: Fish out - (IFFO RS)



## CO<sub>2</sub>e for production of fish feed

The feed producers had an average emission of 1.58 kg CO<sub>2</sub>e per kg feed produced for the Group in 2019. (1.77 kg CO<sub>2</sub> per kg in 2018). The total CO<sub>2</sub> emissions from feed production for the Group in 2019 were 464 176.12 kg CO<sub>2</sub>e.

## Proportion of marine raw materials

22% marine raw materials  
78% vegetable raw materials



## Conscious choices

The Group has worked for a long time to change feed composition and have made some decisions regarding the fish feed we use for our salmon:

### Our feed contains:

- No salmon oil
- No GMO
- No ethoxyquin
- No palm oil
- No chitin inhibitors
- No bone or blood meal
- Insect meal
- Microalgae
- Camelina oil
- 7.5% EPA and DHA
- Less Omega 6 than an average Atlantic salmon

## Marine feed ingredients certified according to a sustainability standard

	Volume	IFFO SR	MSC
Fish oil	31 046.400	92%	92%
Fish meal	33 362.520	93%	60%

Share of ingredients certified according to a sustainability standard: 40.25 %.



## Source of marine raw ingredients in fish feed

English	Latin	Norwegian	%Fish-meal	%Fishoil
Alaska pollock	Gadus chalcogrammus	Alaska pollock		0.05
Baltic Sprat	Sprattus Sprattus balticus	Brisling	0.67	3.12
Baltic Sprat trimmings	Sprattus Sprattus balticus	Brisling avskjær	0.1	
Blue Whiting	Micromesistius poutassou	Kolmule	23.33	5.54
Boar fish	Capros aper	Villsvinfisk	0.1	0.004
Capelin	Mallotus villosus	Lodde	0.69	0.67
Capelin trimmings	Mallotus villosus	Lodde avskjær	0.33	1.67
Cod trimmings	Gadus morhua	Torsk avskjær	0.54	0.19
European anchovy	Engraulis encrasicolus	Ansjos		
Greater Argentine	Argentina silus	Vassild	0.07	0.01
Herring	Clupea harengus	Sild	4.26	5.65
Herring trimmings	Clupea harengus	Sild avskjær	17.31	10.73
Horse mackerel	Trachurus Trachurus	Hestmakrell	0.01	0.004
Jack mackerel	Trachurus murphyi	Stillehavsmakrell	0.13	0.07
Krill	Eupheusia suberba	Krill	3.88	
Mackerel	Scomber Scombrus	Makrell	10.1	0.03
Mackerel trimmings	Scomber Scombrus	Makrell avskjær	1.46	2.9
Menhaden	Brevoortia patronus	Beinfisk	0.49	14.33
Norway Pout	Pollachius sp.	Øyepål	2.78	1.27
Other, multiple species		Andre arter	0.15	0.1
Pacific anchovy	Cetengraulis mysticetus	Stillehavsansjos	1.57	0.08
Peruvian anchoveta	Engraulis ringens	Ansjos		26.4
Pilchard	Sardinia pilchardius	Sardin		6.15
Pout	Trisopterus luscus	Skjeggorsk	0.001	
Saithe	Pollachius virens	Sei	0.004	0.18
Sand eel	Ammodytes marinus	Tobis	6.83	4.48
Sardine	Sardinella sp	Sardin		8.62
Silvery Lightfish	Maurolucus muelleri	Laksesild	0.005	
Skipjack tuna	Katsuwonus pelamis	Tunfisk		0.001
Southern African anchovy	Engraulis capensis	Ansjos		0.003
Sprat	Sprattus Sprattus Sprattus	Brisling	7.86	4.53
White fish, trimmings		Hvitfisk avskjær	17.43	2.98
Yellowfin tuna	Thunnus albacares	Gul tunfisk		0.001
SUM			100.1	99.983



## Requirements for raw materials

The Group cooperates with different feed suppliers in the work to achieve requirements. The Group has established requirements for its suppliers of fish feed to make sure that raw materials are managed in a sustainable manner. Moreover, the Group will require its suppliers to monitor closely how quotas are established and respected, and how the catch is utilised.

- Fished/ harvested in an ethically sound manner and in compliance with legal frameworks
- Based on sustainable harvesting or fishing
- Increased usage of raw materials certified according to a sustainability standard

- Compliance with demands in ASC feed standard
- Traceability back to origin (farm/ geographical area)
- Increased use of trimmings
- For use of soy from Brazil, see below
- Electronic transmission of traceability data for all species

### Soy from Brazil

If the feed producer also is buying soy that is not certified according to a sustainability standard to other customers than Lerøy Seafood Group, they have to prove that they have the same requirements for this production as for certified soy.

## Deforestation / Use of land area / Soy

### Facts

### CO<sub>2</sub> Footprint in food

Volume of green house gases in fresh food (mg CO<sub>2</sub>-EQ/kg)



Beef

26.61 kg



Egg

5.77 kg



Fish

(Average of all species)

3.49 kg



Fruit and vegetables

(Heated greenhouse)

2.13 kg

Meat from farm animals, such as beef and lamb, are the most discharged intensive types of food we eat because of the methane gases they produce.



Ensuring that feed is as sustainable as possible with the lowest possible footprint is a continuous process for the Group. We do so by implementing inhouse research projects and placing strict requirements on all suppliers. Soy is an essential ingredient in the fish feed we use today.

- All the feed we currently purchase contains soy from Brazil.
- The soy is not grown in either the Amazon rainforest, the Cerrado (savanna ecoregion) or the Pantanal wetland.
- The Group has signed the Cerrado manifest, aiming to stop deforestation in this region.
- The Brazilian suppliers to the feed manufacturers for Norwegian aquaculture have one of the lowest scores on the deforestation index prepared by Trace (Transparency for Sustainable Economies).
- All soy used in the company's feed has sustainability certification (ProTerra and RTRS).

Our feed suppliers are obliged to ensure that both they and their subcontractors safeguard employees, products and the local environment in an ethically sound manner. All vegetable raw materials shall have certification in accordance with an approved standard for sustainable production and shall be cultivated on land acquired sustainably for this type of production, e.g. not by burning down/levelling to the ground rainforest/mangrove forests etc. This is covered by the ProTerra and RTRS certification schemes.

The Group requires suppliers to transfer traceability data to our own systems. The Group carries out regular audits of feed suppliers, as a means of follow-up. The feed suppliers on their part follow-up on their suppliers and subcontractors by carrying out their own audits.

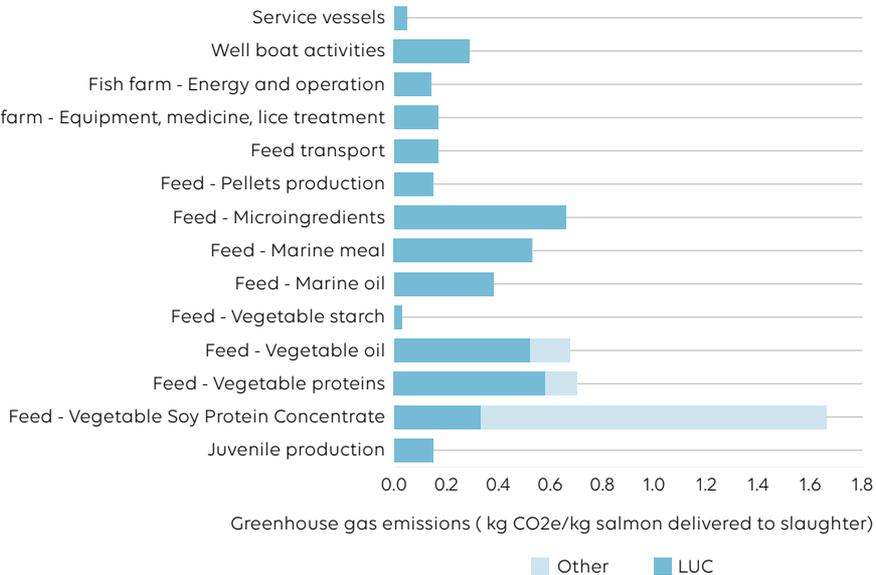
In 2018/2019, four 3. parts audits were conducted of the soy manufacturers for Norwegian aquaculture. None of these audits uncovered breaches of the certification requirements, such as the soy not originating from deforested areas, illegal land acquisition, workers' rights, use of pesticides. Neither did the audits show that these manufacturers had production in deforested areas in other locations for other customers.

The share of soy in Norwegian feed is on the decline. The Group is constantly seeking new and sustainable raw ingredients harvested as close to the bottom of the ecosystem as possible. This involves collaboration with the feed industry, research groups, environmental protection organisations and, not least, our customers worldwide. The Group started using microalgae that are rich in Omega 3 fatty acids in 2016, and have used Omega 3 rich camelina oil in their own feed since 2015. In addition, the Group uses krill meal and large volumes of insect meal in feed. Biology, fish health and sustainability are all important parameters that are assessed with a view to new raw materials.



## Fish feed and CO<sub>2</sub> emissions

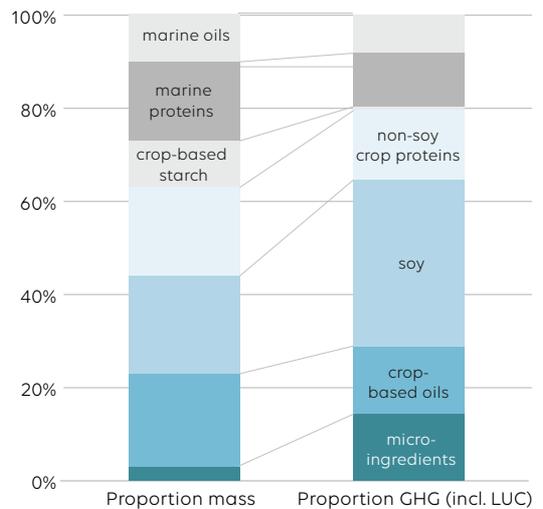
SINTEF conducted a survey in 2019 which showed that fish feed is the largest contributor to CO<sub>2</sub> emissions for farmed salmon.



Detailed greenhouse gas emissions per kilo farmgate salmon of different activities and feed inputs, indicating the contribution from direct Land Use Change separately. SINTEF 2020

The report concludes with some important suggestions on how to reduce the CO<sub>2</sub> impact for fish feed. The most important ones for the Group will be:

- Improving feed efficiency and
- Changing feed composition



Relative contribution to mass and greenhouse gas emission, respectively, of different components of salmon feed per kg of LW salmon. SINTEF 2020.



## R&D project reducing CO<sub>2</sub> emissions

### Production of sugar kelp

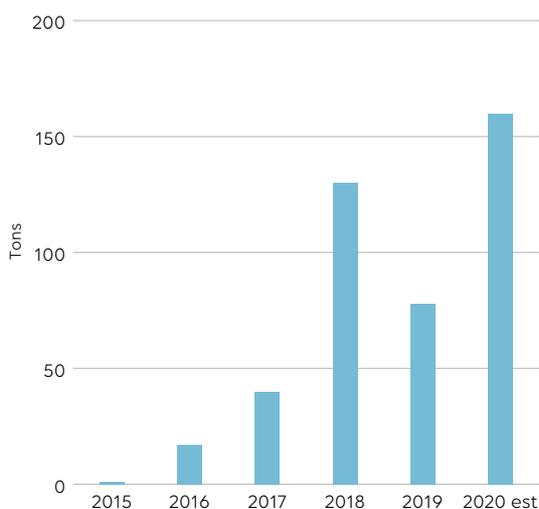
Producing sugar kelp is a very efficient way of binding CO<sub>2</sub> already dissolved in the sea. Farming sugar kelp does not require any input of freshwater, fertiliser, pesticides or land. The plant captures the nitrogen, phosphorus and carbon (as CO<sub>2</sub>) directly from the ocean. On average, 1.000 kg (wet weight) sugar kelp contains 26 kg carbon equal to 100 kg CO<sub>2</sub> – which is higher than the same volume for wood.

Ocean Forest AS is an R&D company, and the Group has a 50% share in this company together with NGO Bellona Holding AS. The company is focusing on the production of low trophic species such as macro algae, blue mussels and polychaeta.

#### The aim is:

- To reduce the footprint of our fish farming activities by capturing dissolved nitrogen, phosphorus and carbon dioxide from the water
- To develop new ingredients for human consumption or animal feed
- To develop new species for the Norwegian aquaculture industry
- Utilise sugarkelp as an feed ingredient for cattles, giving an substantial reduction in emissions from cattle farming.

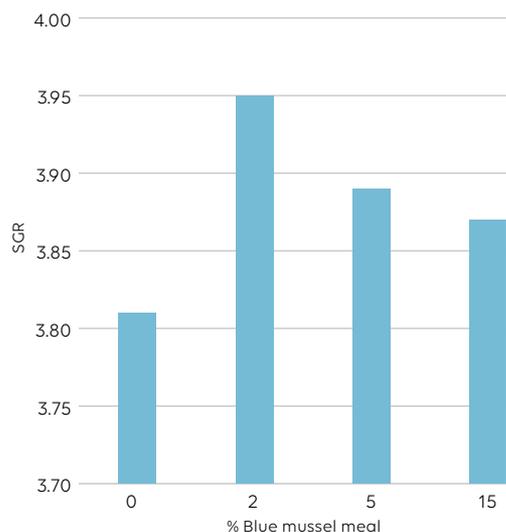
#### Production of sugarkelp



### Production of blue mussel meal

Ocean Forest AS also focuses on the production of blue mussels, not for human consumption but mainly as a source of marine protein. We have conducted a series of growth studies with Atlantic salmon demonstrating that blue mussel is an excellent fishmeal replacement. The challenge has been to produce a blue mussel meal free of shell fractions on an industrial scale. We have now ordered special equipment that will enable us to separate the meat from the shell on an industrially efficient scale. Testing and implementation of the equipment will take place in 2020. Blue mussels will also contribute to cuts in CO<sub>2</sub> emissions.

#### Fish trial with input of blue mussel meal in the fish feed



### More efficient feed control

The Group has a constant focus on the footprint from our fish farming activities. Faeces and uneaten feed on the seabed beneath our cages can represent a local undesired impact on the environment. This issue is addressed with an increased focus on feed control but also how to optimize the raw material used and the amount and physical quality of the faeces.

Ocean Forest focuses on the organic matter that reaches the seabed and how we can increase the turnover of this material. Our focus is on polychaeta; how to support the establishment of an active and healthy community of this species and how to harvest the surplus for use in e.g. fish feed for other species than salmon.



### 3. Improve Our Climate

In collaboration with the Institute of Marine Research in Norway and the University of Wageningen, we have in recent years conducted a series of studies indicating the turnover rate and species present. We have developed a “polychaeta vacuum cleaner” for harvesting and one of our employees is now studying in detail these challenges in a PhD programme with the Institute of Marine Research / University of Bergen.

#### New raw material for feed

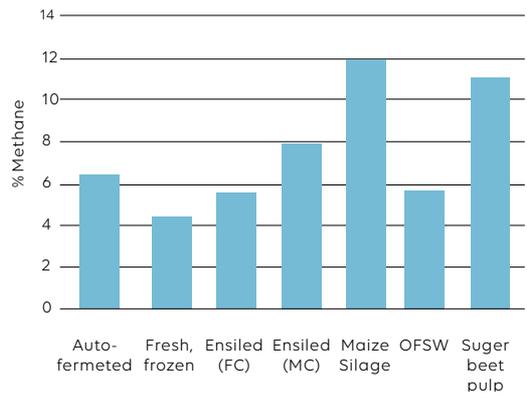
The Group has a major ongoing programme for developing new innovative raw material for fish feed. Historically, Lerøy has been a prime mover regarding the use of Omega 3 fatty acids produced from microalgae to increase the level of Omega 3 in our feed compared to industry standard, and for the introduction of Camelina oil and the ban on ethoxyquin. Last year, we were the first company to start using insect meal in all our freshwater feed delivered by one of our feed suppliers.

Today, we buy the full volume of insect meal the producer can produce. We are also involved in very interesting projects relating to blue mussel meal and seaweed in salmon feed. Both projects are part of a major EU-supported project – “Holofood”, involving a series of issues, such as feed utilisation and retention, growth performance, fish and gut health.

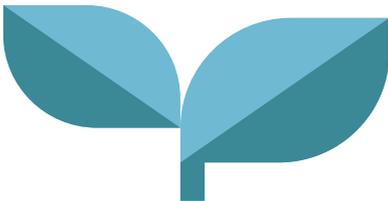
#### Methane reduction with sugar kelp

The Group is also delivering sugar kelp to an exciting project in Denmark. In the project, they mix sugar kelp with feed for cows. Compared with ordinary diets with normal cow feed, the project shows that this mixture provides a 50% reduction in the methane emissions from the cows. Fermented sugar kelp in feed also proved successful.

Methane concentration from pure sugar kelp feed, maize silage and sugar beet pulp fermented



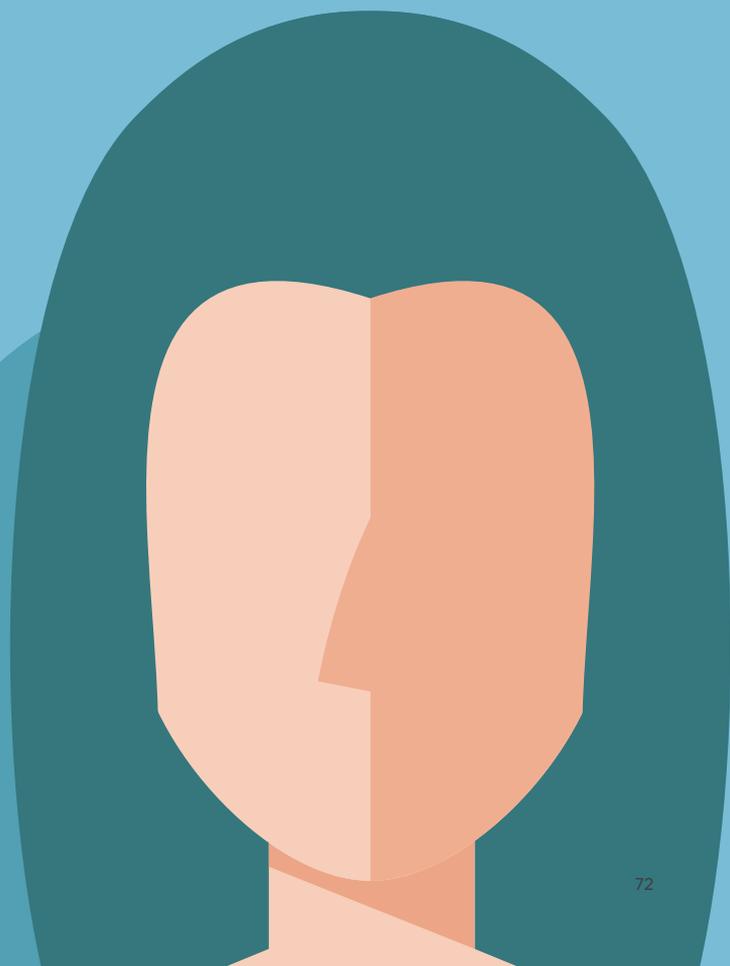
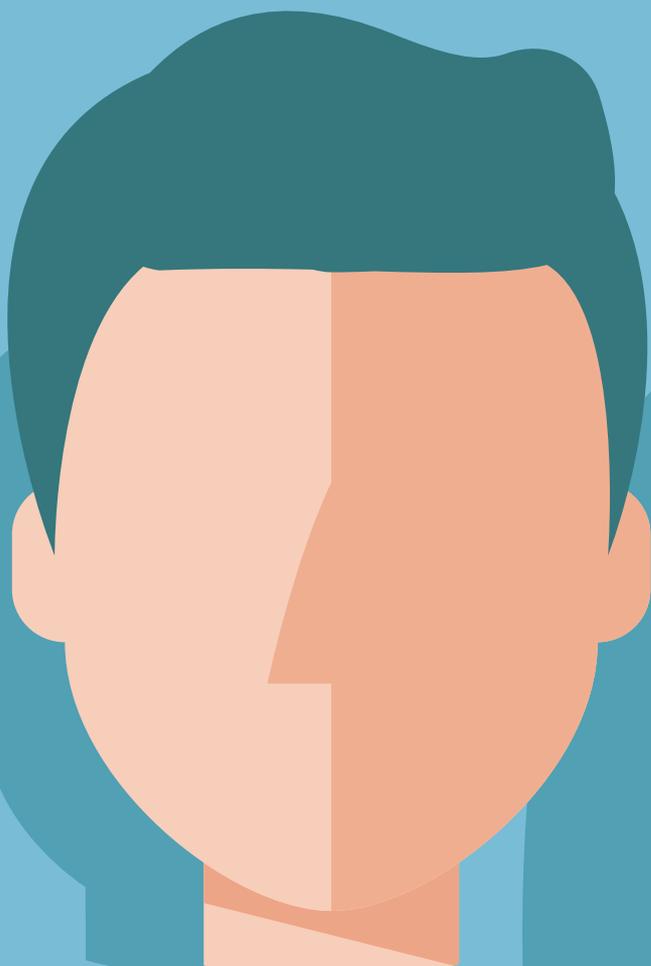
While the use of antibiotics is almost non-existent in Norwegian fish farming, it is a major problem in production of red meat. Here too, sugar kelp can be helpful. The trials in Denmark show that sugar kelp in pig feed, helps with intestinal health and reduces the need for antibiotics.



# 4.

## EMPOWER OUR PEOPLE

- 14 Attractive and meaningful jobs
- 15 Health and safety
- 16 Learning and development
- 17 Equal opportunities



# OUR EMPLOYEES ARE OUR MOST IMPORTANT RESOURCE.

Our employees are our most important resource. Every single day, all year around, our employees deliver seafood corresponding to five million meals to over 80 countries. The Group's key activity demands a range of skills and expertise throughout the value chain: from farming and wild catches, to sales and distribution.

In the Group, we aim to create a winning culture through collaboration and synergies. Together, our companies all over the world contribute to different parts of the Group's fully integrated value chain.





## THE TABLE BELOW SHOWS THE GOALS/KPI'S THE GROUP HAS SET FOR THE AREA: EMPOWER OUR PEOPLE

Subject	KPI	Target 2020	Comments	Effort	
Attractive and meaningful jobs	Increase in answer rate on GPTW survey	5%	Increased with 5% from the survey in 2019	Information	
	Be on GPTW's top 10 list in Norway.	To be on the top 10 list by 2025		Through: Lerøy ambassadors and good and engaging work environment.	
	Annual increase in GPTW total score	2%	2 % increase per year	Competence enhancement and employee interviews	
Health and safety	Live our vision and values	100%		Management and information	
	Number of fatal incidents	0		Management focus, training, information, courses	
	Lost Time Injury rate	10%	Reduced with 10% from 2019	Management focus, training, information, courses	
	Reported unwanted events per man year	3 by 2022		Management focus, information, follow - up	
	Absence rate	2%	Reduced from 2019 to 2025	Management focus, work environment, customized tasks	
	Learning and development	Compliance with our Etichal guidelines	100%		Information and training
		Accomplishment of a new program for new leaders in Lerøy	Within one year of employment		Information and offering courses
Accomplishment of Lerøy LUP		2 groups per year		Information and invitation to participate	
Internal mobility		increased by 2025	Base year 2019	Competence enhancement, employee interviews and trainee programs	
Equal opportunities	Harresment cases	0		Information and training	
	Anonymous whistleblowing chanel	By the end of 2020	Implementation within the Group	Information and training	
	Standardisation of key processes within HR	By 2025		Collaboration across the Group	



# ATTRACTIVE AND MEANINGFUL JOBS

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

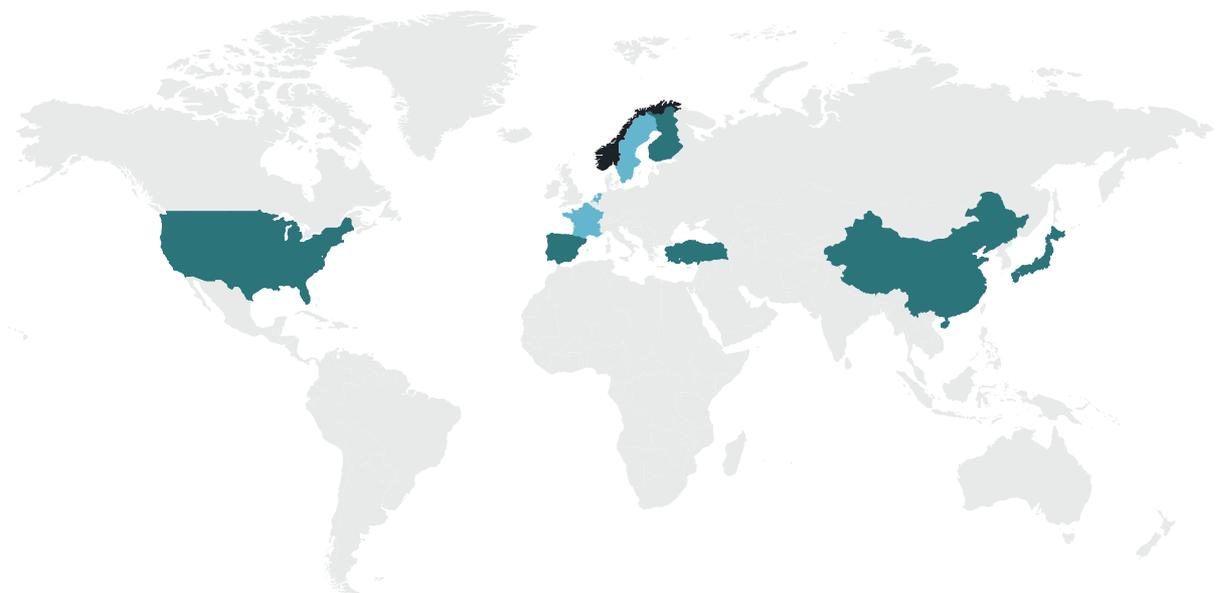
The Group aims to be an enterprise with local roots in the areas where we operate, thereby contributing to all local communities regardless of region and nationality. Lerøy's culture is based on our values; Honest, Open, Responsible and Creative. The Group strive to create an including and engaging work environment built on collaboration, learning and continuous development.

"Our goal is to be a recognised and attractive employer in the seafood industry, recruiting people with the right competencies, skills and values."

## Where do our employees work?

Number of employees

- 0-100
- 100-500
- 500+





## Our employees

The Group's goal is to be an attractive employer for both existing and potential employees. Our values; Honest, Open, Responsible and Creative represent the foundations for all the work we do. Therefore, it is important that our employees live and identify with our values, and represent the Group as good ambassadors.

"Lerøy is an environmentally conscious company with keen eyes on focus on the future, so all of the future generations can also enjoy the taste of a beautiful fish product."

- GERRIT VAN LEEUWEN  
Lerøy Seafood Centre Urk

Employees	Number of employees	Permanent	Contractor	Male	Female	Number of man year
Farming	1 699	1 615	84	1 306	393	1 502
VAP, sales & distribution	2 096	1 716	380	1 071	1 025	1 985
Wildcatch	898	886	12	658	240	884
Total LSG	4 693	4 217	476	3 085	1 658	4 371

One of our main focus areas is to develop an inclusive and engaging work environment. Within the Group, we strive to build a culture of pride and openness through collaboration and learning across our fully integrated value chain. To measure this, we run an annual employee survey in collaboration with Great Place to Work. In the future, we will continue to build our One Lerøy culture focusing on continuous development and improvement.

"I think Lerøy is a company with a focus on employees, providing opportunities to grow professionally and with internal promotion. In other companies, you are just a number but here I feel that we are people."

- NURIA PERIS  
Lerøy Processing Spain - Valencia

"One Lerøy - Unique alone,  
Stronger together"



# HEALTH AND SAFETY

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

The Group maintains a strong focus on procedures and compliance with these. Measures to protect all employees are vital. This is a perpetual process moving us forward to our vision of zero injuries. The Group has developed its own nonconformance system where all injuries and accidents are recorded and followed up with a root cause analysis. The Group uses these results to improve and to prevent new injuries. One of the most important things for us is to record near accidents so we can prevent injuries from occurring.

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 business activities entail, and to do something active to prevent someone from getting hurt or getting sick.

HSE procedures and risk analyses are extremely important and allow us to organise our work so we can prevent as many work-related injuries as possible. HSE reports show our employees and their relatives that we take safety seriously.

**We work within a number of HSE-related areas:**

- Training and information
- Good ergonomics in the workplace
- Rolling work operations
- Occupational health
- Various forms of organised training
- Preventive work
- Risk analysis

H1Factor - LTIR, Lost Time Injuries Rate %	2019
Farming	18.93
VAP, sales & distribution	16.65
Wildcatch	5.00
Total LSG	12.20

**Fatalities: 0**



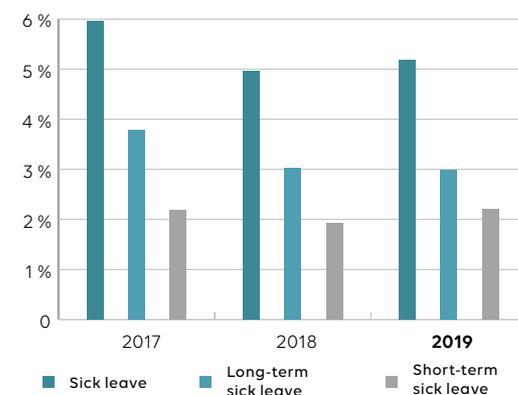
40% of training activities in Norway was related to HSE in 2019

No. employees 2019 **4 693**

Lerøy has a high focus on reducing sick leave and works actively to prevent and follow up sick leave in the workplace.

Absence %	2019	Short-term	Long-term
Farming	4.8	2.2	2.6
VAP, sales & distribution	5.6	2.7	2.8
Wildcatch	4.9	1.2	3.6
Total LSG	5.2	2.2	2.9

**Sick leave**





# LEARNING AND DEVELOPMENT

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

As an employer, the Group has a responsibility to develop and maintain our human resources, as well as attract and hire employees with the right competence to solve future challenges.

We are committed to ensure training and development at all levels and offer unique and interesting career opportunities for our employees. We will advertise internal career opportunities and encourage increased internal mobility.

**Number of employees who participated in training activities and courses in 2019**

**3 489**

## Management development

**“Being a manager in Lerøy is a vote of confidence that carries significant responsibility.”**

The Group focuses on forward-looking and clear management based on the Group’s values and business strategy. Our managers shall lead by example, create direction and focus on achieving results jointly. In 2020, the Group shall implement tools and development programmes to ensure that our managers is accountable and skilled in their role.



Lerøy management standard that is based on our values: Honest, Open, Responsible and Creative.



Lerøy management handbook for all our Norwegian companies (will be adapted to our companies abroad)



Management development programmes



## Employee development

The Group operates in a global industry that requires employees who are dynamic and willing to adapt and learn. By facilitating formal and informal learning areas, our employees will have the opportunity to take responsibility for their own learning and development, and are encouraged to work in various areas and positions in the Group.

*“Lerøy helps me to grow professionally and I feel valued.”*

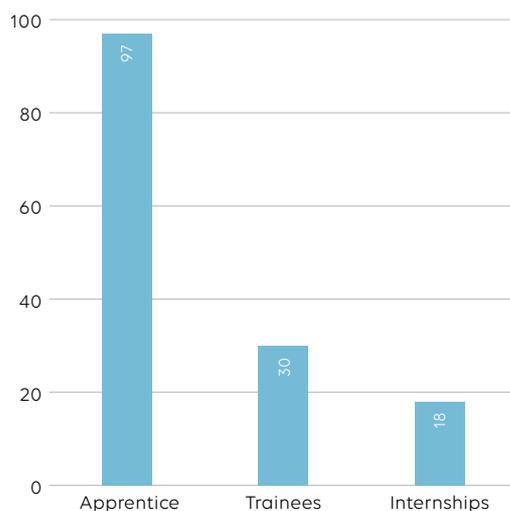
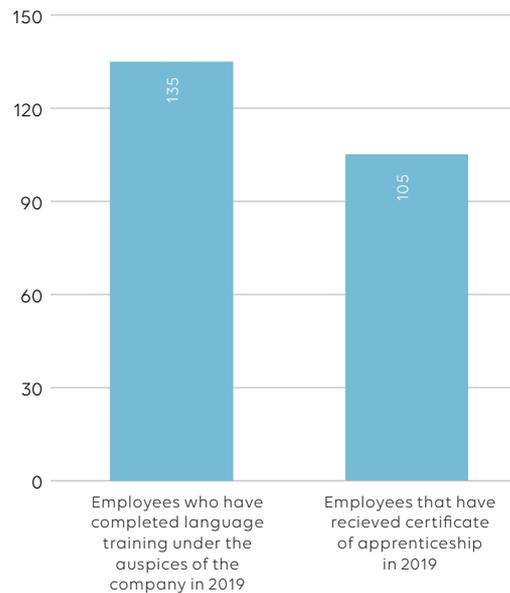
- RUBÉN TARAZONA,  
Valencia Spain

We have a close cooperation and knowledge sharing with various educational institutions, such as universities and colleges. In addition, we cooperate with students at Bachelor, Masters and PhD level.

*“I have been working as an apprentice for almost one year and am really enjoying my time with Lerøy Midt! I meet lots of new people who are skilled at their job, and who make sure I am constantly learning something new.”*

- JUNE HAFSMO,  
Apprentice, Lerøy Midt

The Group finds great value in recruiting young people and graduates into the industry for the future. We offer apprenticeships, summer vacancies, internships and trainee positions. It is important for the Group to have people from different backgrounds and with different types of education.





# EQUAL OPPORTUNITIES

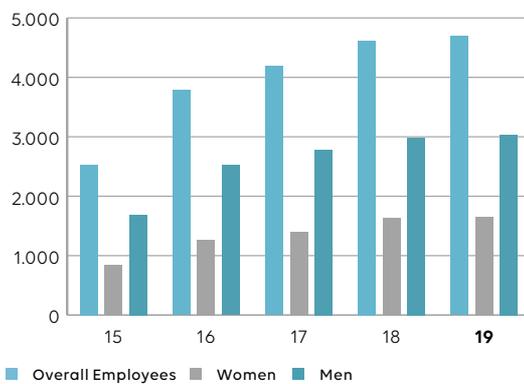
The Group works hard to ensure a discrimination-free environment, where every employee is treated equally, independently of their gender, origin, ethnicity, skin colour, language, religion or personal philosophy.

One of the Group's goals is to provide a workplace without discrimination because of disabilities. The company will arrange for individually adapted workplaces and work tasks where possible for employees or work applicants with disabilities. The Group has always emphasised individual skills, performance and responsibility in its recruitment policy and salary system. Furthermore, the Group at all times ensures equal employment opportunities and rights for all employees, both men and women. The Group has an international working environment and a number of our employees are from other countries. Several of our companies have multinational workforces.

In recent years, the Group has seen an increase in the proportion of woman in previously traditional "male-dominated" occupations, such as aquaculture and wild fish. We see the same trend in different study directions for the seafood industry. This will lead the way for a better balance in the future. Lerøy finds that the gender balance is positive for the psychosocial work environment. In recent years, the Group has seen an increase in the proportion of women in the companies, and aims to increase the proportion of women further in the coming years.

	Norway	Sweden	Finland	Netherlands	France	Portugal	Spain	Turkey	USA
Women	938	102	24	241	72	27	220	32	2
Men	2 340	198	23	172	87	47	130	34	4
	<b>3 278</b>	<b>300</b>	<b>47</b>	<b>413</b>	<b>159</b>	<b>74</b>	<b>350</b>	<b>66</b>	<b>6</b>

## Employees



Men

Women

**3 035 1 658**



## Fair compensation

The Group complies with the laws applicable in the different countries in which we operate. Our compensation policy means that no employee is paid less than the official national minimum wage. All our employees have employment contracts in which compensation is specified. Our personnel system and the presence of labour unions ensure that all employees are compensated fairly.

## Freedom of association

All our employees are free to organize themselves in unions of their choice, including the right to engage in collective bargaining. The Group keeps a close dialogue with employee representatives, as well as maintaining an active cooperation between the company and employees/trade unions.

### Employees covered by collective bargaining agreements in Norway

# 77%

### Employees covered by collective bargaining agreements abroad

# 54.3%

## Whistleblowing:

The Group has established a digital channel for whistleblowing, which is a secure electronic system that allows the employees to remain anonymous. Whistleblowing is initially processed by an independent third party and further follow-up is coordinated by the Group's whistleblowing committee.

# 5. STRENGTHEN OUR COMMUNITIES

15 Involvement of local communities

16 Local value creation

17 Ethics and anticorruption

18 Sustainable value chain



## THE GROUP OPERATES IN SEVEN COUNTIES ACROSS NORWAY AND IN 13 DIFFERENT COUNTRIES.

Even more, we are an important part of local communities along the Norwegian coast. In many places, we are the cornerstone of the community and one of the most important employers. That leaves us with a great responsibility. Our legitimacy depends on our relationship with the local communities. To secure a good relationship with both the local citizens and the local authorities is vital for the company. We are trying to create optimal ripple effects from our operations. In addition to creating necessary jobs, we purchase a high percentage of our goods and services locally. We are actively sponsoring local organisations, festivals and so on. These sponsorships are not to attract media attention but are a way of giving back to the communities. As part of several of our certification schemes for our fish farms, we regularly have dialogue and information meetings with local communities where we have our farming activities.

**13**  
different  
countries



.....  
**7**  
counties  
across  
Norway





## 5. Strengthen Our Communities

### THE TABLE BELOW SHOWS THE GOALS/KPI'S THE GROUP HAS SET FOR THE AREA: STRENGTHEN OUR COMMUNITIES

Subject	KPI	Target 2020	Comments	Effort
Local value creation	Local goods and service purchases	100%	If competitive and according to specification	Satisfactory purchasing routines
Sustainable value chain	Supplier control	100%	All high risk suppliers	Coordinated within the Group
	New method for risk assessment of supplies	By the end of 2020		Internal project
Involvement of local communities	Complaints from communities and stakeholders	<5	Registered in LQMS	Training and information
Ethics and anticorruption	Number of cases of corruption	0		Training and information
	Number of noncompliance cases dosed by fine	0		Training and information



# INVOLVEMENT OF LOCAL COMMUNITIES

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

## Local communities

One of the improvements we have made as a direct consequence of the implementation of the ASC standard is that we have implemented meetings with the local communities where we operate. These local meetings provide an opportunity for discussions and improvements and are held on a regular basis.

The Group is aware of its responsibility also in relation to the impact on communities where we have no direct activity. This may be, for example, in areas where our raw materials for fish feed are produced. We therefore focus on this in our collaboration with suppliers and subcontractors.

We are participating in the Cerrado manifest, focusing on the indigenous population of Brazil and the possible impact on the rainforest as a result of the production of soy. We want the production of soy to take place in an orderly form and not at the expense of local population and local nature.

### Number of complaints from stakeholders and measures taken in 2019: 9

Good cooperation with our stakeholders is important to us, and we take all complaints seriously. All complaints have been answered and we have initiated measures where this has been possible.

## Achievements for local projects and initiatives where we have contributed

The Group's companies are often located in decentralised areas, making significant contributions to employment and income in the local communities.

To the best of our knowledge, we have not affected any communities negatively.

Through our decentralised locations, we also contribute to investments in buildings, infrastructure, quays, floating quays and modern equipment in small, local communities. These form the grounds for local commerce. In fact, we represent 25-80% of the economic basis for certain suppliers in the municipalities in which we have facilities.

The Group aims to develop positive, close cooperation with these communities, and contribute by sponsoring and supporting local sports clubs and festivals/ various events.

Each year we invest several million NOK in support to different local activities.

The Group supports various local activities related to children and young people. Diet, health and healthy eating are important common values in this collaboration. It is therefore rewarding to see children and young people enjoying healthy food at different events supported by the Group.

In 2019, the Group supported 879 different events for children and young people with healthy food.

### We donated:

Approx.

**500 000**  
Pieces of sushi

**37 000**  
Fish cakes

**10 000**  
Sushi wraps

**10 000**  
Poke bowls

**7 000**  
Portions of salmon

**1 000**  
Pieces of 1 kg  
of smoked trout



# LOCAL VALUE CREATION

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

The Group is a corporation involved in global business and working relationships with suppliers and subcontractors worldwide. In 2019, the Group had more than 4 800 suppliers in Norway alone. Purchasing in Norway in 2019 also involved more than 250 different municipalities. Total purchasing in Norway, excluding intragroup, amounted to NOK 15.2 billion.

## Value creation 2019

Revenue: **20 426 902 (1 000 NOK)**

Pre-tax profit: **2 365 482 (1 000 NOK)**

Purchasing, excl. intragroup, in Norway:  
**NOK 14.8 billion**

Purchasing, incl. intragroup, in Norway:  
**NOK 27.4 billion**

Purchasing in Norway from  
**4 855 different suppliers**

Purchasing from suppliers in Norway in  
**258 different municipalities**

Tax payments by employees in Norway:  
**More than NOK 608.6 million**

Tax payments from the company:  
**NOK 690.5 million**

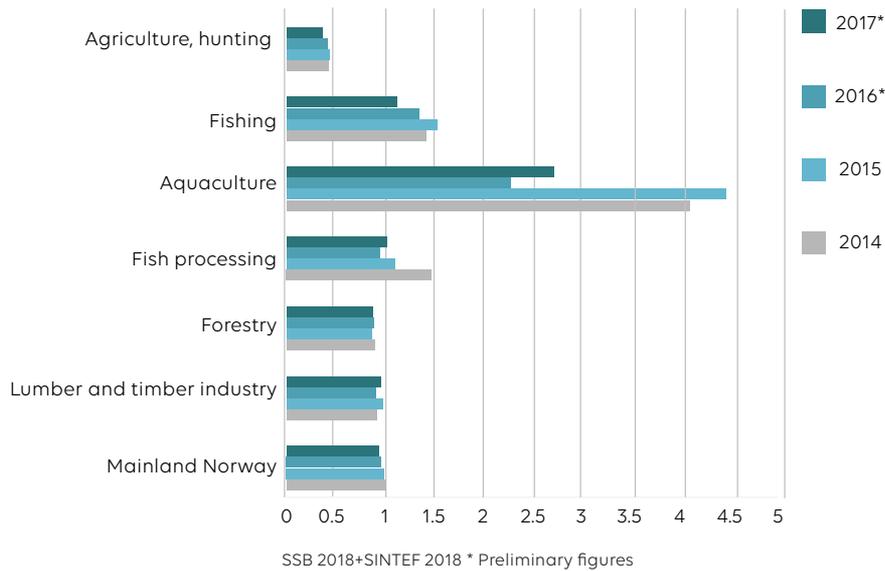
**2 997 full-time** equivalents in Norway

**NOK 1 299 million paid** by the Group and its employees in Norway in taxes and duties

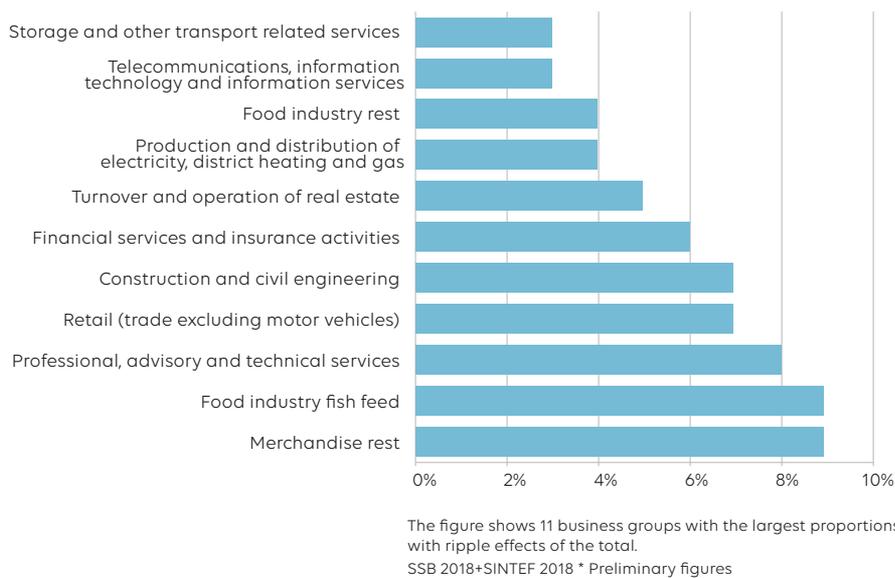
**1 233 places** in nursing homes and **7 294 children** in municipal kindergartens



A study done by SINTEF in 2018 showed the value creation per fulltime equivalent in selected industries in NOK million.



The study done by SINTEF also showed some ripple effects that the entire seafood industry had for other business groups.





## 5. Strengthen Our Communities

When measured in terms of value creation per full-time equivalent, the individual businesses made the following contributions in 2017\*:

- Fisheries NOK 1.42 million per full-time equivalent
- Farming NOK 4.1 million per full-time equivalent
- Fish processing NOK 1.47 million per full-time equivalent

When transferred to the Group's activities in Norway, this will provide the following value creation:

	The Group's employees in Norway, full time 2019	Provides following value-creation in other industries mill NOK	Value-creation per man year in other industries, 2017, (mill NOK)*
Fisheries	368	522.56	18.93
Farming	1 179	4 833.90	16.65
Fish processing	1 522	2 237.34	1.47

Ripple effect analysis done by Sintef in 2018



# ETHICS AND ANTICORRUPTION

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

Our code of conduct has been reviewed by the Board of Directors. The guidelines are based on the UN guidelines for human rights. The Group management is responsible for ensuring that our guidelines are followed and complied with in full, including by our suppliers and subcontractors. Our goal is to combine healthy business management with a clear responsibility for society and the environment. The Group's code of conduct is incorporated in all contracts made by the Group.

The Group does not support individual political parties or individual politicians, but does engage in public debate when in the interests of the Group.

Every effort shall be made to safeguard local, regional and global environmental aspects. Aspects regarding animal ethics shall also be given full consideration.

## Code of conduct

The Group has prepared an ethical code of conduct for employees with the aim of establishing common principles and rules that shall apply to all employees in the Group. Our code of conduct reflects the Group's values, and guides our employees on what principles to follow when it comes to business practices, equity, conflicts of interest, political activity, representation, information processing and confidentiality, relations with business partners, corruption, confidentiality and more. Each employee is responsible for following our code of conduct.

**For more information, see the Group's code of conduct**  
<https://www.leroyseafood.com/en/about-us/ethicalframework/>

**Confirmed incidents of corruption and actions taken in 2019: 0**

**Whistleblower cases in 2019: 2**





# SUSTAINABLE VALUE CHAIN

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

The Group's goal is to contribute towards improving human rights, labour rights and environmental protection within the Group, in relation to our suppliers and subcontractors, and in relation to trading partners. Environmental aspects shall be taken into consideration throughout the production and distribution chain, from production of raw materials to sales, and shall not be limited to the Group's own activities.

When using external suppliers and subcontractors, it is important that we inform them of our HSE guidelines and that we ensure that our safety routines are followed by external parties involved in our operations. In situations involving employees with different languages and cultural backgrounds, it may be difficult to create a shared safety culture with good compliance. It is therefore important to ensure good communication to achieve full understanding of the prevailing safety routines.

## Supplier involvement

In the Group, suppliers are an integral part of our operations and we have an obligation to ensure that our suppliers act according to the Group's governing documents. By implementing a structured and standardised approach to supplier management, we are able to verify that our suppliers adhere to our requirements and, if necessary, initiate corrective measures. As a buyer, we have an ethical responsibility to ensure that our suppliers act in accordance with relevant laws and regulations.

Suppliers, including subcontractors, are requested to adhere to the highest industry standards, and it is a prerequisite that laws and regulations are followed. In the Group, supplier audits are a tool for developing cooperation and continuous improvement between the companies in the Group and our suppliers, and a requirement to assure compliance.

As one of the largest employers along the coast of Norway, the Group has local suppliers that are valuable contributors to our operations. We highly value the diversity in our supply chain and work continuously to develop a local presence near our operations.

As a responsible buyer, the Group has developed a risk-based approach to supplier management to assure that our supply chains are sustainable and robust. We are influenced by internal and external factors ranging from biodiversity to political risks, and we therefore analyse and focus on understanding those factors.

## Supplier audits

As a part of the Group's programme for continuous improvement and preventive action, the Group performed 209 supplier audits in 2019.



## Supply chain – Risk management – suppliers

To cope with the risk of several suppliers, and to take responsibility for working with continuous improvement with all our suppliers, the Group has developed a supply management system.

The system gives us:

- Overview of all suppliers at a corporate level
- Evaluation and risk evaluation of all suppliers related to social, economic and environment factors
- Audit scheme based on risk evaluation
- All new suppliers have to go through a risk evaluation before they can supply goods/services to the Group.
- The goal for 2020 is to audit all suppliers in category 3 (high risk).

## Forecasting, for external use

Stakeholders or other external persons who wish to contact the Group, or report anything, can contact the Group through the Group's web pages, [www.leroyseafood.com](http://www.leroyseafood.com)

# 6. IMPROVE OUR HEALTH

19 Healthy products

20 Ensure food safety

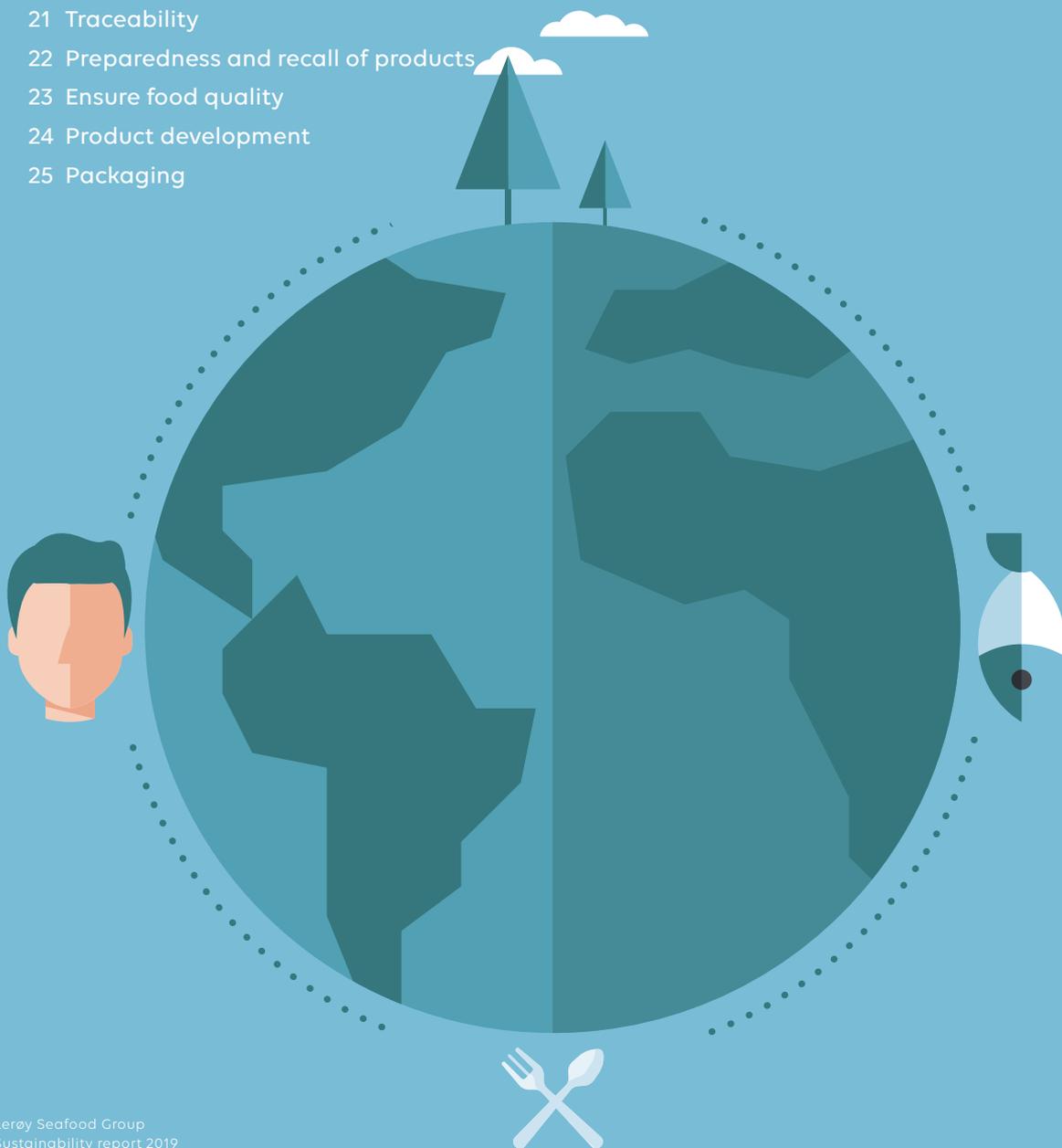
21 Traceability

22 Preparedness and recall of products

23 Ensure food quality

24 Product development

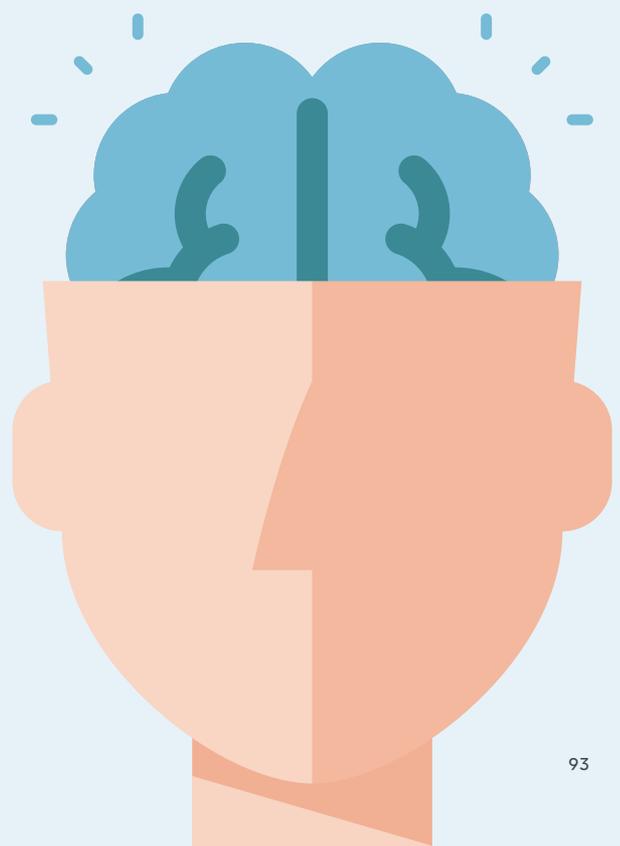
25 Packaging



## SEAFOOD IS NOT ONLY TASTY, IT IS VERY HEALTHY.

Fish is a vital source of food for people, and provides mankind with a unique combination of high-quality protein and vital nutrients. This makes fish an invaluable food. One of the major advantages with salmon and trout is their high level of the essential Omega 3 fatty acids EPA and DHA. Omega 3 is essential for human health, and cannot be produced in the body. Thus, you must get them from your diet. Fatty fish is a great source of Omega 3. For our farmed fish, Lerøy has chosen to have an increased level of Omega-3 in the feed, through sustainably produced microalgae. This gives our fish an increased level of Omega 3.

Through our value chain, we not only deliver more than 5 million seafood meals every day, we also secure the best quality and the highest level of food security. Through our system of extended tracking, we provide full traceability from roe to table for our farmed fish, and from fjord to table for our wild catches. At the end of our value chain, we are systematically developing easy-to-make healthy products in order to contribute to improved public health.





## THE TABLE BELOW SHOWS THE GOALS/KPI'S THE GROUP HAS SET FOR THE AREA: IMPROVE OUR HEALTH

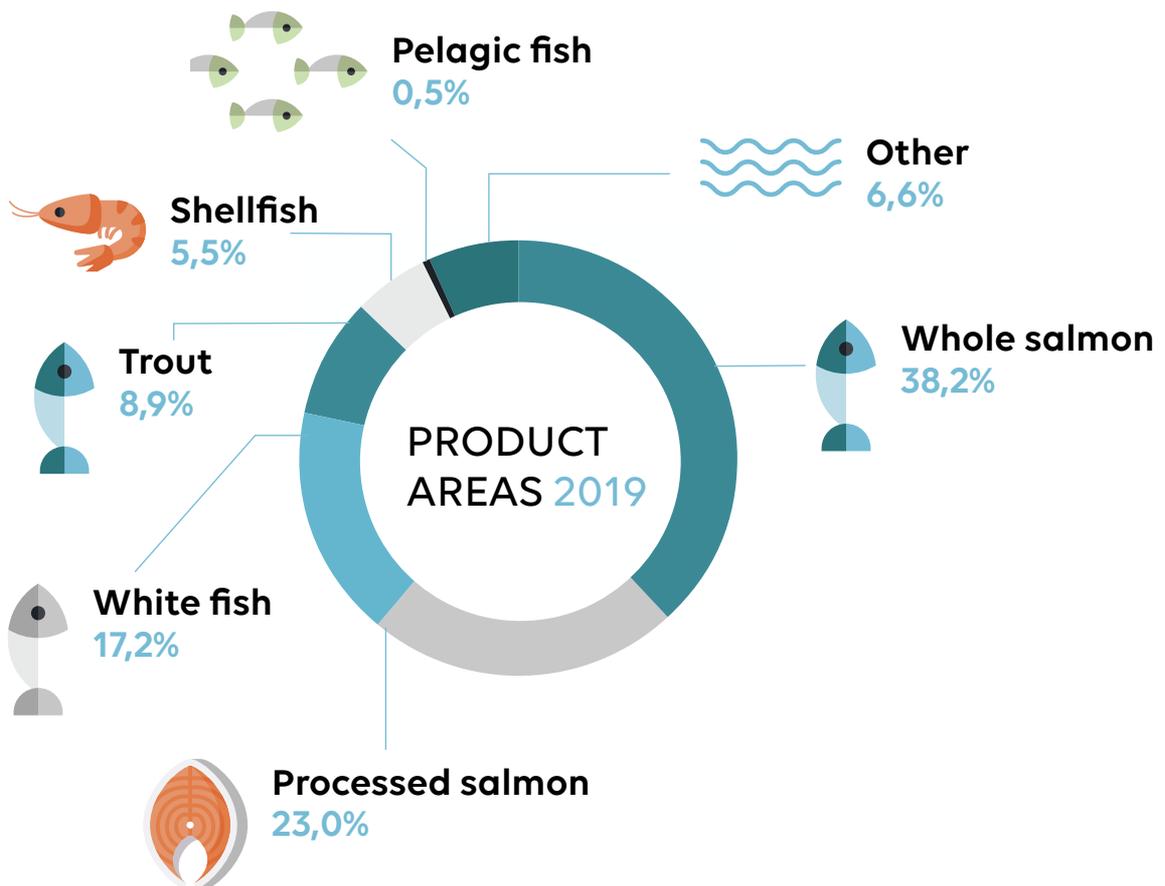
Subject	KPI	Target 2020	Comments	Effort
Ensure food safety	Recall of products	0		Training, food safety

The Group's vision is to be the leading global supplier of sustainable, high-quality seafood.

The Group's vision is to be the leading global supplier of sustainable, high-quality seafood.

The Group's products are distributed on the Norwegian market and more than 80 other markets worldwide. In order to provide a good consumer experience and ensure minimum waste, we are constantly searching for sustainable solutions.

The Group has a large proportion of fresh fish products in its product range – currently more than 80%. Approximately 70% of the products the Group sell are harvested or produced within the Group.

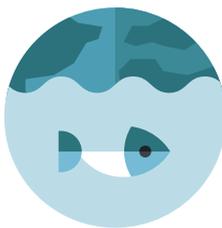




# HEALTHY PRODUCTS

## Seafood – an important source of protein for future generations

The UN Food and Agriculture Organization (FAO) has estimated that the world's population will increase to approx. 9 billion people by the year 2050. A population growth of approx. 30% will require increased food production of approx. 30%, based on current food production volumes. The FAO has estimated that the increased demand for seafood will be in total 40 million tonnes by 2030.



**30%** land  
**70%** sea

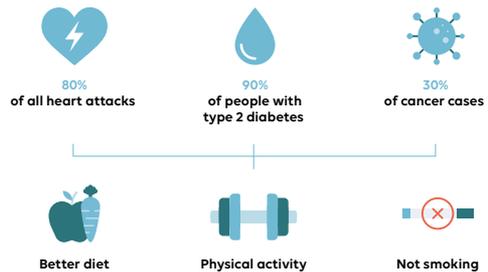
less than **5%** of the protein consumed worldwide originates from the sea

Only 30% of the earth's surface is land – the other 70% is covered by sea. Today, less than 5% of the protein consumed worldwide originates from the sea. There is no doubt that we will need some source of protein in the future, making the potential for increased production of food from the sea particularly relevant.

### Seafood is highly sustainable in a climate perspective for several reasons:

- Production at sea does not require a lot of space, as production is three-dimensional.
- Salmon is a poikilothermic animal, which means that it adapts to sea temperatures and does not require an energy supply for heating, as for housing for animals on land.
- Most species of seafood require relatively low volumes of fresh water.
- The volume of feed required by most species to grow is very low, 1-2 kg for salmon.
- Most species provide a high yield, i.e. a high percentage of the fish can be utilised, principally align.
- Fish have a small carbon footprint when compared with other types of protein.

Lifestyle related diseases are expected to represent a global challenge in the future. The WHO has estimated that most diseases in the future can be affected by ourselves:



In 1999, 60% of all deaths and 43% of all illnesses were related to overweight, diabetes and osteoporosis. In 2025, these figures are expected to be 73% and 60% respectively.

Unhealthy diet can cause various types of illness. The lifestyle diseases now emerging in large parts of the world can be prevented by ensuring a correct diet. All dietary experts recommend that we eat more seafood and less red meat. We are in a unique position to contribute in this area. We therefore take an active role with our partners to encourage people to eat seafood, and to increase knowledge of, and access to, seafood in different arenas.

Recent consumer surveys have indicated a reduction in the consumption of seafood among children and young people. This can be a serious problem in the years to come if we cannot change this trend. An increased intake of seafood will help people improve their diets and will reduce the incidence of lifestyle diseases.

### Today's food protein consumption:





## SEAFOOD IS GOOD FOR YOU!

Oily fish has a high Omega 3 content and a low Omega 6 content. We tend to focus on Omega-3 in our diets and forget Omega 6.

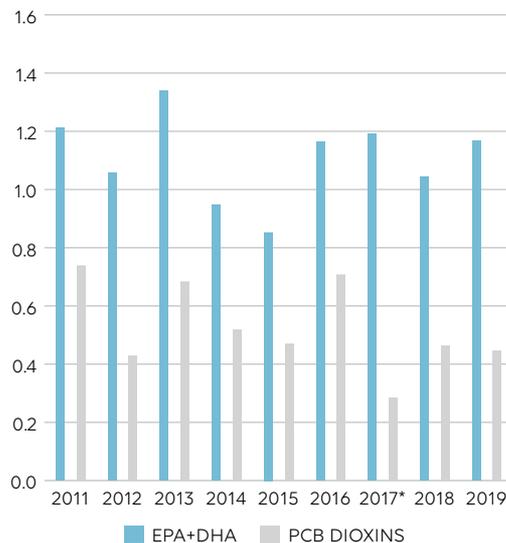
The World Health Organization (WHO) is concerned about the high consumption of Omega 6 in our diets, and recommends that we all reduce the amount of Omega-6 we eat. Seafood often has a high content of Vitamins A, E and D and is rich in the minerals zinc and iodine. Cod is a particularly good source of iodine. The health authorities recommend that we eat more fish and reduce our consumption of red meat. An increase in the consumption of seafood will improve public health. It has been documented that salmon has a positive effect on cardiovascular diseases, and several trials have shown a positive impact on other lifestyle diseases such as dementia, diabetes, depression etc.

The salmon produced by Lerøy has 7.5% EPA and DPH, Omega 3. This is 1.5% more than in traditional branch standard for farmed salmon. The content of Omega 6 is also lower than in traditional Norwegian salmon.

Within the Group, there is a high focus on health – the health of our employees and of both current and future consumers. The individual human being, the consumer, is important both for the community and for us in the Group, as these are the people who will buy our products and therefore secure our jobs.

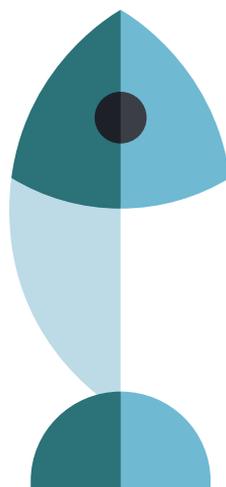
### Surveillance of undesirable substances and fatty acid profile

As a result of the feed strategy in the Group and by using alternative resources in feed, we have reduced the level of undesirable substances such as dioxin and DL-PCBs in the salmon by 38% per cent from 2011 (0.736 pg/g) to 2019 (0.445 pg/g). In the same period, we have managed to stabilize the level of EPA/DHA from 2011 (1.21 g/100g) to 2019 (1.17 g/100g).



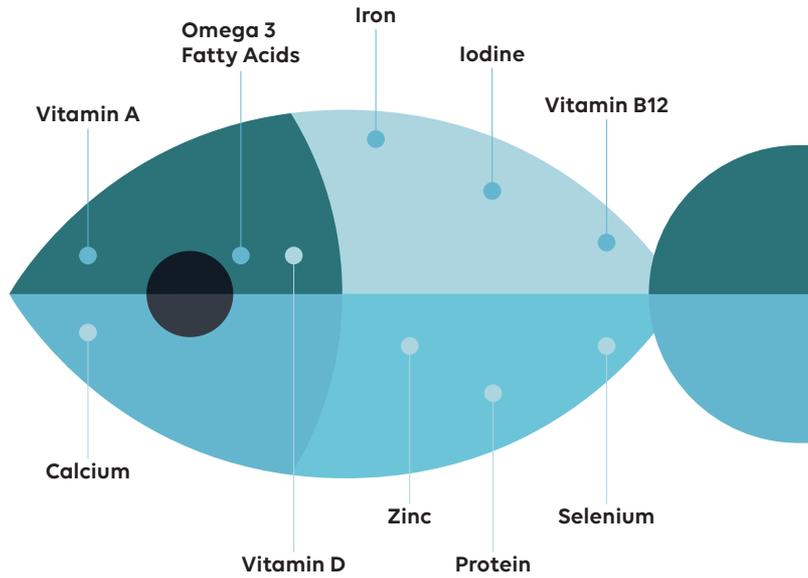
### Salt

In 2016 the Group made an agreement with Norwegian health authorities. The agreement obliges the parties to work towards the following:



# 7.5

The salmon produced by Lerøy has 7.5 EPA and DPH, Omega 3



**LONG CHAIN OMEGA-3 FATS**

Mainly found in fish and fishery products, these fatty acids are essential for optimal brain development.



**IODINE**

Seafood is in practice the only natural source of this crucial nutrient. Iodine serves several purposes like aiding thyroid function. It is also essential for neurodevelopment.



**VITAMIN D**

Another nutrient crucial for mental development, this vitamin also regulates the immune system function and is essential for healthy bones.



**IRON**

During pregnancy, iron intake is crucial so that the mother can produce additional blood for herself and the baby.



**CALCIUM, ZINC, OTHER MINERALS**

Diets without dairy products often lack calcium, and zinc deficiency slows a child's development.

## KEY FACTS & FIGURES

More than **3.1 billion people** depend on fish for at least **20%** of their **total animal protein** intake, and a further **1.3 billion people** for **15%** of animal protein intake.

Often undervalued and discarded parts of the fish, like the head, viscera and back-bone, make up

**30-70% of fish** and are especially high in micronutrients. Fish consumption has increased from **9 kg** per capita in 1961 to over **20 kg** per capita today.



# ENSURE FOOD SAFETY

Food safety, product quality and product development are always a high priority.

The Group's strategy is to meet the market's ever-increasing demands for food safety, quality, product range, cost efficiency and continuity of supply. This is achieved by coordinating the various elements in the value chain: the production units, the Group's sales network, and established strategic alliances with sea farms, fishing vessels and fish-processing plants, primarily along the coast of Norway.

The Group is actively involved in all parts of the value chain in order to ensure supply of safe products to the consumer. Based on experience gained over many years, we have developed a quality system comprising routines and procedures to ensure supply of safe products.

As a part of the Group's quality assurance routines, we carry out control and monitoring of our manufacturers and partners. This involves specifying requirements for their quality systems and routines,

and carrying out analyses and monitoring operations. Our quality team carries out from 250 to 300 quality audits every year. Moreover, the products are controlled by Lerøy Seafood Group at different stages throughout the entire production process; from roe, boat and purchasing station to the finished and boxed product and, in certain cases, up to delivery to the customer. For many years, the Group has followed a definitive strategy for quality assurance. Our strategy is that larger facilities and all facilities producing RTE, Ready to eat, products must obtain a GFSI food safety standard.

In the last year the Group has invested in a live microbiological reporting system. The system receives microbiological result directly from the laboratory. This system is beneficial in that we receive the results of microbiological test more quickly, and can implement more efficient actions if nonconformances should occur.



# TRACEABILITY

The Group has full traceability for feed and all products for both farmed salmon, trout and wild catches.

For farmed salmon and trout, information on brood stock, eggs, juvenile fish, growing, harvest and processing is available for customers online through the traceability programme, Fishtrack. In Fishtrack, all information on feed, licenses, treatment and quality of the fish is available and linked to the customers invoice number.

For whitefish and wild catches, information on fishing sub area, fishing gear, catch date, landing date, production date and processing facility is available.

The Group has now launched a salmon traceability system on the customers Blockchain solution. Products with a full traceability QR code are now available for consumers in shops. The Group is now working on a similar solution for whitefish products.





# PREPAREDNESS AND RECALL OF PRODUCTS

The Group conducts preparedness tests every year to make sure that the procedures work properly.

## The preparedness group for the Group consists of:

- CEO
- EVP Whitefish
- EVP Farming
- EVP VAP, Sales and Distribution
- Technical Director
- Head of Quality and Sustainability
- Head of Public affairs
- Group Director HR
- Head of procurement
- Head of IT Systems

The core of the preparedness group comprises of the CEO and Head of Quality and Sustainability. The other members are invited to meetings depending on the items to be discussed – Farming, VAP/ Sales, Fisheries or processing. The preparedness group has primary responsibility, both internally and externally, for communications and handling of any relevant challenges/crises. Preparedness plans are also drawn up locally. All facilities have a local preparedness group if a recall should be necessary. The preparedness group consists of persons representing all parts of the operations.

## The typical procedure for product recall consists of the following phases:

1. Written explanation of nonconformance
2. Classification:
  - Class I: Need for information
  - Class II: Other faults/nonconformances in the product
  - Class III: Products representing a health risk
3. Notify manufacturer and management/ preparedness team
4. Tracking product, verify nonconformance
5. Notify customers and authorities
6. Written explanation of what is to be withdrawn
7. Inventory/Destruction
8. Corrective action to prevent recurrence

Every year the Group performs preparedness tests to verify that the traceability and recall system works correctly and efficiently. It is essential to train employees and improve preparedness procedures to be able to ensure an efficient recall regarding food safety if a real case should occur.

A preparedness test is a fictive case related to food safety, which includes: Processing facility, harvest facility, farming including juvenile stations, feed supplier, sub suppliers and customers. All actors must supply correct documented information. After a recall test, a summary is compiled by the preparedness group and improvement points are identified and implemented.

**In 2019, seven preparedness tests were executed. No serious nonconformances were found.**

**The Group did not have any recalls of Lerøy products in 2019.**



# ENSURE FOOD QUALITY

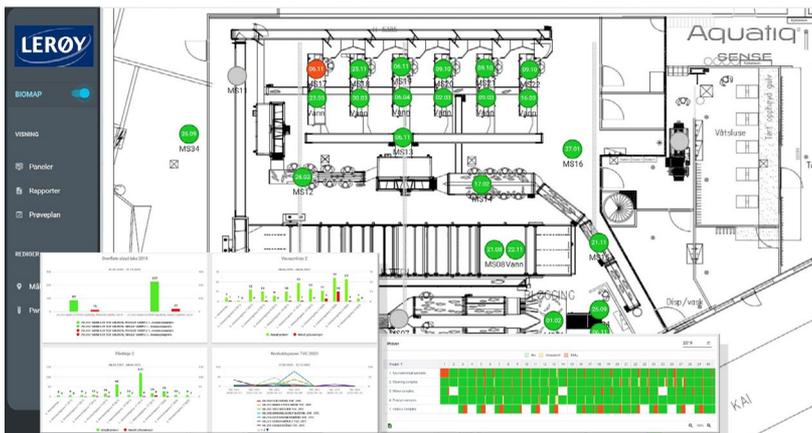
## Quality control

The Group has invested in a new food safety surveillance programme. The programme imports microbiological results from product samples, cleaning samples and environmental samples directly from the laboratory as soon as the results are ready.

The processing facility receives the results immediately and the results are then visualized in the system

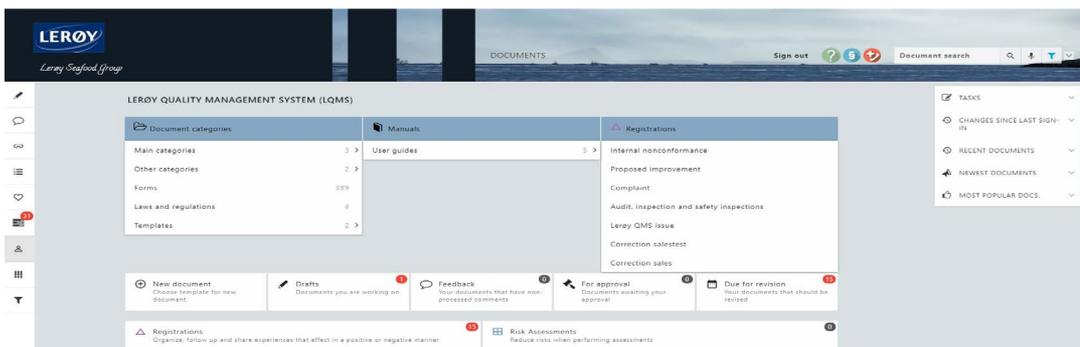
automatically. For environmental samples, the results are imported and visualised in a chart, making it easy to analyse trends and see where and when detections occur and take action.

To date, 15 processing facilities have implemented the system, and an additional five facilities will be added in 2020.



## Group quality system:

All the companies within the Group use the same quality system: Lerøy Quality Management system(Lerøy QMS). The system enable us to share procedures and instruction across companies, register controls and audits, send improvements and non conformities across companies and make common risk analysis of operations.



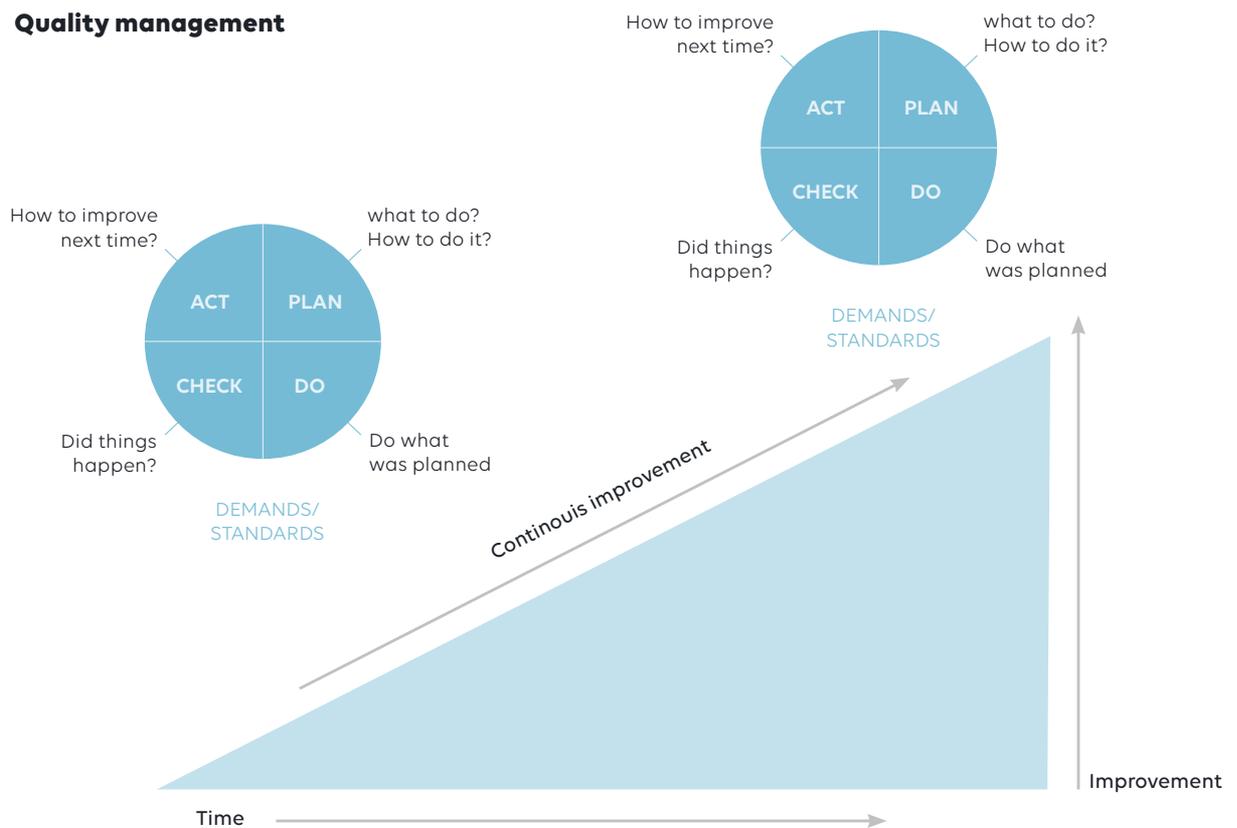
## Audits and certification

The Group has worked for many years to ensure high quality and has developed control systems based on different standards.

Lerøy Seafood Group is continuously seeking to identify improvements which may reduce our environmental impact and sustain our food safety culture. As a part of the effort to verify the hard work to improve the environmental and social impact of seafood production, Lerøy has gained certification according to international environmental and social standards. Lerøy operates several production sites/licences to assure innovation regarding sustainability and food safety.

- ✓ Food safety
- ✓ High quality
- ✓ Identify improvements
- ✓ Reduce our environmental impact
- ✓ Sustain our food safety culture
- ✓ Gain certification

### Quality management





## 6. Improve Our Health

As a part of the Group's programme for continuous improvement and preventive action, the Group conducted in total 828 documented audits and inspection events in 2019. Of these, 224 were audits and inspections performed by a third party (certification bodies, authorities,) while 604 were conducted by internal auditors (safety inspection, internal audits, supplier audits).

Internal audits, supplier audits and certification audits are an important area for continuous improvement and training. The Group's strategy is to increase the levels of internal audits in the years to come, and also to make use of new technology to do so.



Licences	Description	Incentive	Status	Goal/Aim	Audit scheme
ASC Salmon.	The ASC was founded in 2010 by the WWF (World Wildlife Fund) and IDH (the Sustainable Trade Initiative). ASC certification covers responsibly farmed seafood in relation to biodiversity, feed, pollution, diseases and social practices. Established values and criteria require best practice to achieve certification. All information regarding each certified ASC site is available at <a href="http://www.asc-aqua.org">www.asc-aqua.org</a> .	Verification of responsible aquaculture with reduction or elimination of key impacts from salmon farming with yearly onsite audits by independent certification bodies. Establish regular meetings/dialogue with the communities.	In Central Norway and Aurora, 71% of the biomass is certified.	100% certified farms in Central Norway and Aurora region by 2022	yearly
GlobalG.A.P.	GlobalG.A.P. certification covers food safety, traceability, environment, HSE and animal welfare. Global Good Aquaculture Practice is an internationally recognised risk-based standard for farm production.	Verification of good aquaculture practice with yearly onsite audits by independent certification bodies.	100% of Atlantic salmon/rainbow trout sites from broodstock to harvest are certified.	Sustain 100% certification for all sites.	yearly



Licences	Description	Incentive	Status	Goal/Aim	Audit scheme
MSC	<p>The MSC recognises well-managed and sustainable fisheries through a certification programme. The MSC lays down principles and criteria for sustainable fisheries, which are used in a third party and voluntary certification programme. These principles are:</p> <ul style="list-style-type: none"> <li>· The maintenance and re-establishment of healthy populations of targeted species</li> <li>· The maintenance of the integrity of ecosystems</li> <li>· The development and maintenance of effective fisheries management systems, taking into account all relevant biological, technological, economic, social, environmental and commercial aspects.</li> </ul>	Support sustainable fisheries	MSC certification for 91% of the catches and 100% of the processing facilities	Increase to 93% certified catches by 2022, sustain 100% certification of the processing facilities	yearly
Debio	Governmental approval of organic production of Atlantic salmon and macroalgae.	Verification of responsible organic aquaculture with yearly onsite audits by official certification bodies.	One on-growing salmon site, "Gjengane", has been approved. All sites for production of macroalgae are certified.	One additional farm location certified in 2020	yearly



## 6. Improve Our Health



Licences	Description	Incentive	Status	Goal/Aim	Audit scheme
BRC	GFSI standard: This standard specifies the food safety, quality and operational criteria required within a food manufacturing organisation.	Verification of good manufacturing practices to ensure safe food products.	9 facilities certified	Every VAP, Industry and Sushi factory must have a GFSI certification. Target: 1 additional facility certified by 2022	yearly
IFS	The IFS Food Standard is a GFSI (Global Food Safety Initiative) recognised standard for auditing food manufacturers. The focus is on food safety and the quality of processes and products. It covers food processing companies and companies that pack loose food products.	Verification of good manufacturing practices to ensure safe food products.	8 facilities certified	Every VAP, Industry and Sushi factory must have a GFSI certification. Target: 2 additional facilities certified by 2020	yearly
FSSC 22000	The FSSC 22000 Scheme sets out the requirements for Certification Bodies, Accreditation Bodies and Training Organisations to develop and implement its operations for auditing and certification of food safety management systems of organisations within the entire food supply chain. The FSSC 22000 Scheme consists of three components: ISO 22000, sector-specific PRPs and additional requirements.	Verification of good manufacturing practices to ensure safe food products.	3 facilities certified	Every VAP, Industry and Sushi factory must have a GFSI certification. Target: 1 additional facility certified by 2020 and 1 more by 2022	yearly
Global G.A.P CoC	Chain of Custody Certification GlobalG.A.P covers food safety, traceability, environment, HSE and animal welfare. Global Good Aquaculture Practice is an internationally recognised risk-based standard for farm production.	Verify correct traceability system according to standard.	11 facilities certified	Keep certification and evaluate extension	yearly
ASC CoC	Chain of custody ASC covers responsibly farmed seafood regarding traceability	Verify correct traceability system and compliance with the standard.	15 facilities certified	Sustain certification and evaluate extension	yearly
MSC CoC	Chain of custody MSC covers well-managed species regarding traceability	Verify correct traceability system and compliance with the standard.	23 facilities certified	Sustain certification and evaluate extension	yearly



Licences	Description	Incentive	Status	Goal/Aim	Audit scheme
Debio	Governmental approval of organic harvest and production of Atlantic salmon and macroalgae.	Verify commitment and compliance with the standard	3 facilities certified	Sustain certification and certify additional 3 facilities in 2020	yearly
ISO22000	The aim of the ISO 22000 is to harmonise the requirements for food safety management on a global level. The standard contributes to ensuring food safety throughout the whole food chain, from farm to table. ISO 22000:2018 applies to the ISO High Level Structure (HLS), common for all ISO standards.	Verify food safety management	1 facility certified	Sustain certification	yearly
ISO 9001	ISO 9001 provides a model for a quality management system which focuses on the effectiveness of the processes in a business to achieve desired results. Extensive system documentation.	Verification of good manufacturing practices to ensure safe food products.	1 facility certified	Sustain certification	yearly
ISO14001	ISO 14001 is the most recognised international standard for environmental management systems.	Verify good environmental management system	1 facility certified	Sustain certification	yearly
Kosher / Orthodox union	Kosher refers to a set of intricate biblical laws that detail the types of food that a Jewish person may eat and the ways in which it may be prepared. To be certified Kosher, all ingredients in every product—and the process of preparing the product—must be certified for orthodox kosher-compliance too.	Prove compliance to standard	6 facilities certified	Sustain certification and evaluate extension	yearly



ASC, MSC, and GlobalG.A.P products sold from Norway in 2019, tons, (not necessarily labeled)

	2017	2018	2019
ACS	8 304	12 468	15 709
MSC	55 833	59 116	59 942
GlobalG.A..P	19 615	26 296	27 047

# PRODUCT DEVELOPMENT

The Group’s product development department cooperates with production and sales to improve the quality of the products through the entire value chain.

The product development department is located at the Group’s headquarters in Bergen. The “One Lerøy product development team” works through the entire value chain, from the raw materials to finished products in stores.

Every year, a variety of products are developed in different product groups adapted to different segments. The department cooperates with production and sales to achieve the requested products. The Group’s products are frequently nominated for prizes in various media/ innovation areas, and have won several awards. The Group has sustained its positive trend within product development in 2019, with the launch of a number of innovative products and new product types, mainly within freshly packaged fish.

The Group also continues to develop its “fish-cut” concept in many parts of Europe. These processing units follow a target-driven and efficient strategy, focusing on freshness, a high level of service and proximity to end customer.

## Recyclable packaging



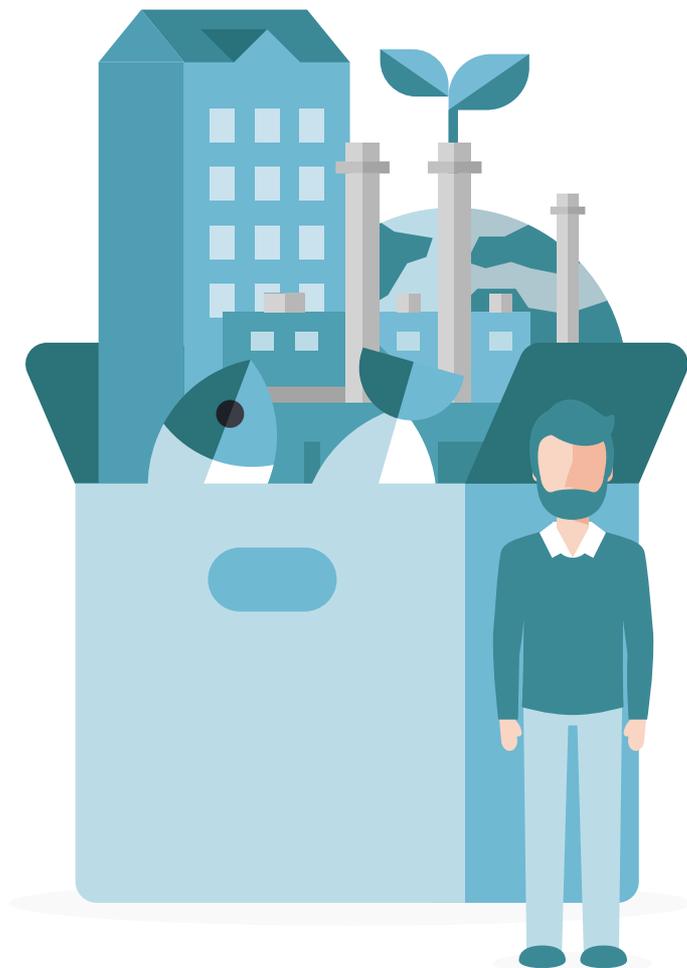


# PACKAGING

The Group focuses on packaging and is constantly searching for good, sustainable packaging solutions. We want to use packaging solutions that are optimal in terms of the customer, food safety and the environment. We seek solutions that provide a good consumer experience and minimum waste. Correct size in relation to content is also important.

We work continuously to use as little packaging as possible without compromising on food safety.

The Group is looking into the possibility to use packaging made of organic materials from the sea. The hope is to wrap the seafood in organic material from the sea which is bio degradable.





# SUSTAINABILITY REPORT 2019

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