

SUSTAINABILITY SUMMARY

2014 / 2015



PACIFIC ANDES

ABOUT THIS SUMMARY

This Sustainability Summary provides updates on the environmental, social, economic and governance performance of the Group's principal operations, namely all fishing and fish processing vessels owned or operated by the Group, subsidiaries in China, Peru and the United States (US), as well as joint ventures in Namibia. The sustainability information and non-financial metrics included in this Summary cover two financial years from 29 September 2013 to 28 September 2015.

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INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

The availability of seafood resources remains the lifeblood of our business. Pacific Andes' Sustainability Vision is to align our business growth with the sustainability of the fishery and aquaculture resources upon which we depend. As a leading industry player the Group is committed to providing a responsibly derived range of quality seafood products.

At the Board level, the Corporate Social Responsibility (CSR) Committee has oversight on sustainability matters and has been instrumental in ensuring non-financial risks are considered in business planning processes. The creation of a Fishing Matters Committee (FMC) in 2015 (see page 15) provided an additional channel for significant non-financial issues related to fishing matters, traceability and supply chain integrity to be escalated to senior management and dealt with.

At the operational level our group of subsidiaries has a strong network of personnel overseeing environmental management, employee training and wellbeing, health and safety, supply chain ethics, product quality and compliance. 2015 saw significant effort being placed on strengthening communications between departments, which is vital for good decision-making.



AN EMPHASIS ON MATERIALITY

The Group significantly enhanced its materiality approach in 2015 to determine what is considered material enough for us to report on. The principles of the Global Reporting Initiative (GRI) G4 guidance on materiality have been incorporated into the new assessment process but the process itself is unique to Pacific Andes. The step-by-step procedure is comprehensive yet simple, logical and relevant to the business.

INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

Summary of Steps We Take To Assess Materiality

Step 1: Setting boundaries

Internal sustainability personnel develop a list of relevant areas that may merit inclusion in sustainability reporting, which includes a review of all the indicators in the GRI G4 guidelines as well as our own stakeholder identified indicators (16 PAC indicators) published in the previous sustainability report (2012/13). For each indicator the boundary is set by identifying where exactly the associated impact occurs (i.e. relevance to major operations in China, Peru, US and Namibia). Decision is made based on applicability, relevance and sensitivity of the impact on each entity and its associated supply chain. This exercise defines the boundary by geographical locations, but not the materiality of each indicator.

Step 2: Likelihood analysis

All the identified topics from global stakeholder engagement exercises conducted in the past (i.e. 2011) are integrated into the list of relevant areas identified during the boundary setting exercise, either to a GRI indicator or a stakeholder identified indicator (PAC). All areas are then grouped into aspects and sub-aspects.

Step 3: Assessing level of impacts (management survey)

The new list of relevant areas is assessed by internal sustainability personnel utilising knowledge of the industry and the nature of global operations of the company. Each aspect and sub-aspect is ranked by the likelihood of it becoming an impact, which is a dimension used for risk management of the company. Aspects and sub-aspects that are considered “Rare” or “Unlikely” to occur are screened out from the list.

Step 4: Assessing stakeholder perceptions (stakeholder survey)

The remaining aspects in the screened list of relevant areas are rated by chosen stakeholders in the format of a standardised questionnaire, on a scale from 1 to 5. The rating is based on how important each aspect is to their perception of the company and the industry, which is an element to determine materiality by GRI definition.

Step 5: Plotting an ESG risk heat map

The rating from the global stakeholder engagement 2011 has been adjusted to fit the scale from 1 to 5, and is averaged with the rating from the global stakeholder engagement 2015. The resulting score becomes the Y coordinate along the vertical axis in the ESG risk heat map.

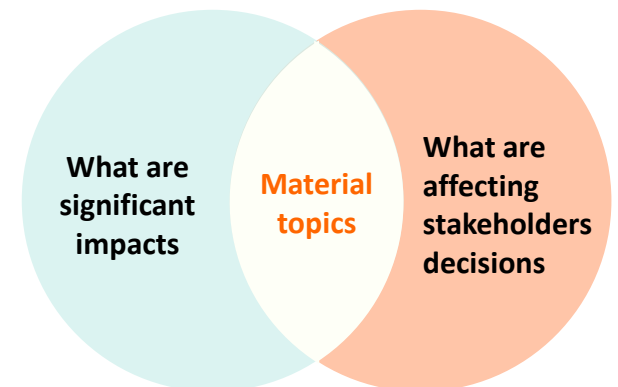
Step 6: Reporting global and local issues of relevance

The same list of relevant topics is first assessed by board of directors in a materiality workshop using

the same questionnaire format. The rating is based on the level of influence of the aspect on business success. The scaling is aligned to the corporate risk impact assessment (insignificant to extreme).

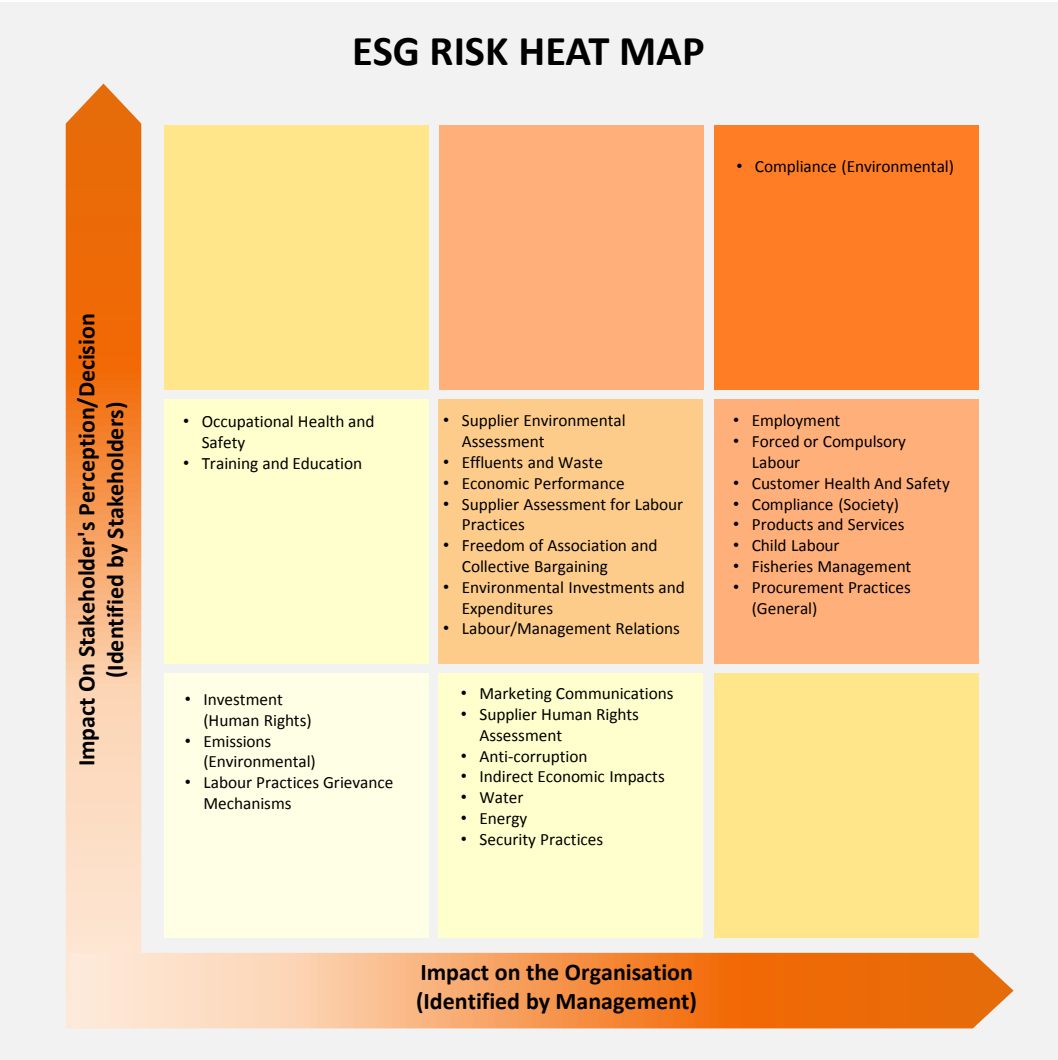
The score results by each aspect are plotted as the X coordinate along the horizontal axis of the ESG risk heat map, against the average score from the stakeholder assessment. The result is a risk heat map, that prioritises environmental, social and governance (ESG) issues relevant to the Group (see next page for the 2015 results), adapted from the risk priority matrix of the company to fit the GRI definition of materiality. This map has informed our reporting and will be used to guide the company’s direction in its future sustainability efforts.

Defining Materiality



INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

Incorporating elements of the company’s risk management framework into our materiality approach ensures that how we assess the materiality of sustainability topics remains relevant to the business.



INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

STAKEHOLDER ENGAGEMENT

Engaging with stakeholders about our performance is essential to ensure we drive continuous improvement and address concerns. Working closely with our stakeholders is a daily commitment in all locations we operate in from customers, competitors, suppliers, regulators, employees, trade associations, bankers, investors, the media, non-governmental organisations (NGOs) and communities. We make use of multiple channels to communicate with these stakeholder groups to foster mutual understanding.

Yet integrating sustainability thinking into the business requires going beyond day-to-day business interactions and identifying the broader issues that are seen as priorities for the company to address. No company operates in a vacuum and our stakeholders help us to define how we approach responsible business planning. We completed a dedicated stakeholder engagement

exercise in 2015 with the Group's employees in four major locations and with two financial lenders. Through surveys and focus groups we asked our stakeholders to give a candid rating of a list of sustainability aspects identified in the GRI G4 guidance. The feedback helped determine the economic, environmental and social issues considered important to the seafood industry and Pacific Andes' performance in these areas. We have made these key issues a focus of this summary report, aiming to respond to stakeholders' expectations.

The Top Ten Material Topics Identified by Stakeholders were as Follows:

1. Environmental compliance
2. Social compliance
3. Employment
4. Supplier environmental assessment
5. Customer health and safety
6. Fisheries management
7. Effluents and waste
8. Forced or compulsory labour
9. Training and education
10. Occupational health and safety

Stakeholder' Feedback and Expectations:

- ➔ Pacific Andes influences others in the fish industry
- ➔ Information flow from top to bottom, bottom to top is important
- ➔ We want to see pro-active communications on relevant issues in the media
- ➔ The current focus on supply chain and labour should remain priorities

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INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

In May 2015, we also engaged six of our supplier shrimp farmers in Thailand to gain an understanding of how the Best Aquaculture Practices (BAP) standard has benefited their operations and areas for improvement. See page 31 for further details on the BAP program.

Our subsidiary in Peru, Copeinca, conducted panel discussions in Chicama, Piura and Lima to identify strengths and improvement opportunities for the fishmeal and fish oil production business. A total of 35 representatives from employees, suppliers, local communities, trade unions, NGOs, government and the media participated in the dialogues and the feedback will be incorporated into business planning.

We also proactively exchange sustainability knowledge with major academic institutions. In the past two years, we have received representatives from The Chinese University of Hong Kong, Georgetown University, Indian Institute of Management, Ahmedabad and

the Asian Association of Management Organisations at our headquarters in Hong Kong.



A group of Indian MBA students visited Pacific Andes Hong Kong office to gain knowledge and insights on business management and corporate sustainability.

GROUP NON-FINANCIAL DATA CAPTURE

Building on the culture of breaking silos and working openly, the past two years have seen the rapid development of an online environmental platform and social data capture system, which streamlines

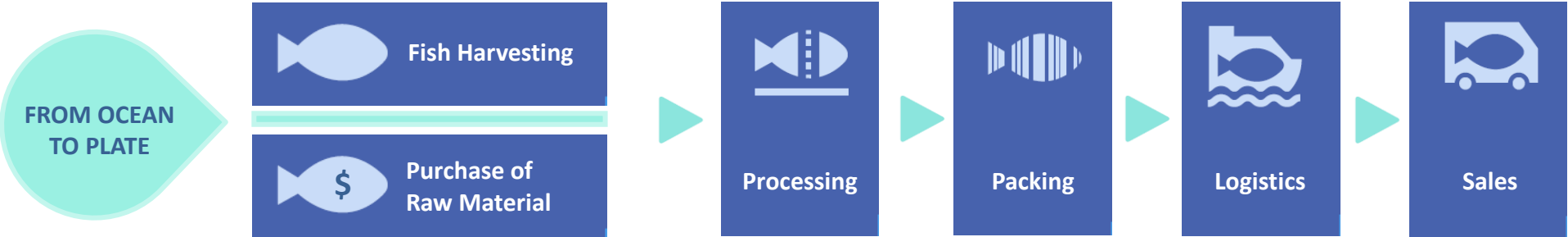
sustainability information flow between operations and Group sustainability function. In 2015, we upgraded our environmental platform and reporting procedures to achieve stronger internal control, following a third party review by Deloitte. The enhanced transparency and reliability of data allows more sophisticated reporting, analysis and goal-setting for sustainable development.

Pacific Andes and Subsidiary Companies' Memberships

- National Fishery Institute Executive Committee
- Peruvian National Fishery Society
- IFFO Responsible Supply Program
- Ethical Trading Initiative
- Global Aquaculture Alliance
- Groundfish Forum (council member)
- Mekong Club
- United Nations Global Compact
- Global Reporting Initiative
- Global Organisation of EPA and DHA Omega 3S
- Midwater Trawl Association of Namibia
- Council of Harvest Sector Chief Executive Officers
- Sedex

OUR MANAGEMENT APPROACH TO ENSURE RESPONSIBLE OPERATIONS

Significant resources are invested in ensuring that all our operations, directly or indirectly managed, comply with industry regulations, standards, codes of practice and other voluntary requirements to which we subscribe “from ocean to plate”. This includes fish harvesting, the purchase of raw materials, processing, packaging, logistics and sales of seafood products.



OUR MANAGEMENT APPROACH TO ENSURE RESPONSIBLE OPERATIONS



OUR MANAGEMENT APPROACH TO ENSURE RESPONSIBLE OPERATIONS

TRACEABILITY



(materiality topic: environmental compliance)

The fragmented and diverse nature of seafood gives complexity to traceability, as the supply chain involves a wide range of species, fishing areas, catching methods and players. While there is a lot of commonality from different stakeholders calling for improved traceability, no single actor or single sector will be able to solve the problem on their own. It requires better technology and tools, industry engagement and government enforcement.

We endorse, support, promote and participate in new developments and technologies in the field of traceability. We have the capability to ensure all our wild fish catch and purchases are traceable back to the catching vessel or group of vessels and catch area. For farmed fish we ensure traceability of product to farm site.

To ensure that all products are fully



Traceability systems record the batch number at every point of the production line at our Hongdao Processing Complex.

traceable from source and to minimise the risk of illegal, unreported or unregulated (IUU) seafood products entering our value chain, we:

- Require catch certificates and authorised documents for all the raw material supplied to the Group, which include the provision of vessel name and historical records, vessel license, where the fish was caught, the date the raw material was sold, the port of landing and health documentation
- Require documentation from suppliers of aquaculture products that ensure traceability back to the farm site and records that show traceable movements and origins back to parent stocks
- Invest significantly in Enterprise Resource Planning (ERP) and traceability

software and labelling systems within our factories and distribution channels

- Train personnel to manage traceability systems to maximise control over provenance and quality of all products throughout our value chain
- Work alongside customers and suppliers to ensure traceability compliance through contract agreements and audit procedures
- Source where viable, species of fish that have been certified to an internationally recognised sustainability standard based on the FAO Code of Conduct for Responsible Fisheries (1995), such as the Marine Stewardship Council (MSC) certification for wild caught products and Best Aquaculture Practices (BAP) certification for farmed products
- Ensure all land based fillet processing facilities we operate have achieved Marine Stewardship Council (MSC) Chain of Custody compliance in traceability, storage and record-keeping
- Ensure that the fish that we catch are traceable throughout the supply chain while still in our control

OUR MANAGEMENT APPROACH TO ENSURE RESPONSIBLE OPERATIONS

PRODUCT QUALITY AND SAFETY



(materiality topic: customer health and safety)

From purchasing raw materials to processing our products, quality always comes first. Our procurement and quality control teams have the full responsibility to ensure consistent quality across the board under controlled processes as food goes along the value chain.

All our products are high in nutritional value made with natural seafood and minimal or zero additives. We strictly follow labelling rules of relevant import countries and samples of our products undergo third party nutritional audits. In the US, several of our breaded products were reformulated to meet the whole grain requirement for the Child Nutrition Program. Information about ingredients and nutritionals, in addition to what is mandated on our packaging, is provided on our websites.

We have dedicated personnel to implement and monitor internationally recognized food quality and safety systems to ensure our products meet customer specifications. Same quality standards are applied to all our subcontracted and supplier factories. The Group demands that the products it sells meet uniform high safety and quality standards, by means of:

- Meeting internal quality and safety standards and external certification requirements at every stage of the seafood value chain through a network of experienced quality managers and auditing teams
- Ensuring relevant workers undergo Hazard Analysis and Critical Control Point (HACCP) training on a regular basis and build capacity for analyzing, monitoring and mitigating food safety risks
- Achieving certification to Global Food Safety Initiative benchmarked standards in all processing plants, such as British Retail Consortium (BRC) Food Safety Standard

requirements

- Testing of raw materials and products for microbial, sensory, physical and chemical indicators, as well as regular third party assessment of trace contaminants and heavy metals
- Extending quality and safety control procedures to ingredients, packaging and any other items that come into contact with fishery products
- Conducting quality inspection and audit visits to supplier factories, vessels, and farms to ensure no violation of specifications for good manufacturing practices
- Fully documenting quality due diligence process that records finished products by the hour to enable traceability to the exact time the batch of products was produced, enabling product recalls if necessary
- Adhering to the latest technology innovations to meet customer standards on labelling as well as barcoding for supply chain visibility

OUR MANAGEMENT APPROACH TO ENSURE RESPONSIBLE OPERATIONS

RESPONSIBLE FISHING



(materiality topic: environmental compliance; fisheries management)

The Group's strategy is to focus on catching pelagic species of fish that are regarded to be in abundant supply within robust fisheries management regimes, whilst maximising operational efficiency of its vessels.

We commit to understand and abide by all fisheries management regulations applicable to the exclusive economic zones and high seas that we operate in and take increasing measures to ensure no illegal, unregulated and unreported fishing (IUU). Our measures include:

- Maintaining updated data on rules and regulations applicable to fisheries in which we operate
- Captains being made fully aware of the latest national and regional fisheries management regulations regarding fishing conditions, rules and regulations for quota

levies, by-catch levies, protected species, documentation requirements, fisheries observers, gear restrictions, waste management, protection of the marine environment, and transshipment

- Vessel monitoring systems (VMS) on board all vessels which send real-time fishing information to local authorities and enables us to avoid fishing in shallow waters and fish breeding grounds
- Fishing gear that minimises impact on natural ecosystems and measures to prevent by-catch and discards
- No engagement in bottom trawling
- Daily reporting of catch and by-catch data to management and local authorities
- Every landing of by-catch being weighed, recorded and countersigned by the master of the vessel and the inspector on board the vessel
- Port Captains reporting directly to management in head offices to ensure oversight on operational compliance issues as well as prompt response to any

identified risks

- Crew members being made fully aware to avoid contact with seabirds, turtles, sharks and marine mammals, such as seals, and any protected species
- Crew training on environmental practices and pollution control, in compliance with national and international maritime pollution regulations with Captains, Port Captains and Engineers ensuring that we meet all requirements
- Conducting a sustainability review after commencing fishing activity in a new fishery, to evaluate risks, identify new regulations and make recommendations to management
- Providing a culture of integrity and respect for both directly employed and contract crew members.

OUR MANAGEMENT APPROACH TO ENSURE RESPONSIBLE OPERATIONS

SUSTAINABLE PRODUCTION



(materiality topic: environmental compliance; effluents and waste)

The Group ensures all environmental standards and regulations relevant to our industry are incorporated into internal management systems. We strive to identify efficiency improvements especially to reduce fish waste, packaging, energy and water consumption by:

- Conducting environmental assessments to set site-specific performance levels and measures, tailored to the hazards and risks for each project
- Implementing environmental management systems guided by the international standard ISO 14001
- Incorporating energy-efficient equipment and water saving features in all production facilities
- Systematically managing air pollutant emissions and wastewater discharge in our fishmeal and fish oil business through an Integrated Management System



Production lines in our ISO-14001-certified Hongdao Processing Complex, Qingdao

accessible to all employees

- Full utilisation of fish waste protein from all facilities through fishmeal production or recycling programs and the adoption of processing techniques that minimise fish waste
- Careful scheduling of fishing operations in each fishing ground, maximising vessel utilisation and efficiency
- Ensuring optimal engine use during idle times when resources are transferred from

vessels to reefers or during non-fishing time

Our Port Captains and Engineering personnel ensure regular class surveys and audits are conducted to verify that all our vessels are fit-for-purpose for fishing. Proof of such capabilities is documented on board each vessel, including classification and minimum safe manning certificates, oil and sewage pollution prevention certificates.

OUR MANAGEMENT APPROACH TO ENSURE RESPONSIBLE OPERATIONS

ETHICAL SOURCING



(materiality topic: social compliance; supplier environmental assessment)

We ensure raw materials that are procured by Pacific Andes are caught by legal vessels and within legal quota and we firmly advocate sustainable fishing practices and expect alignment of such views with our upstream as well as downstream business partners. We strive to play a part in eliminating human rights risks in the global fishing industry through supplier due diligence, sharing best practice and participating in industry networks. We have adopted the following measures to ensure supply chain oversight:

- Screening raw material suppliers against blacklist databases, which identify fishing vessels and companies engaged in IUU fishing – if a supplier is included on any of these blacklists we will not engage them
- Assessing raw material suppliers on their fishing methods, prohibiting the use

of destructive fishing methods such as dynamite and poison

- Where deemed necessary we will assess fisheries management practices based on publically available data and seek scientific advice from relevant organisations about the stock status of fisheries that make up a significant volume of our supply chain
- Ensuring, as far as practicable, that any bottom trawled fish that we purchase is sourced from certified sustainable fisheries
- Requesting raw material suppliers to provide proof of permissions for commercial fishing and catch within legal quota limits as well as a catch certificate, a health certificate and a certificate of origin
- Supplier agreements or codes of conduct which set out expectations relating to legal compliance and standards pertaining to conditions of employment and work, labour standards, remuneration, corruption and bribery, and environmental protection

- Expecting every supplier and sub-contracted processing plant to adhere to these standards and making every effort to investigate and ensure the legality of our supply chain
- Engaging in a dialogue with NGOs and governmental agencies to identify risk areas in relation to human rights and endeavouring to use our influence where appropriate to help eradicate malpractices from the wider industry
- Putting in place risk review procedures to ensure no slavery or human trafficking cases in our supply chain
- Implementing certification standards, including the International Fishmeal and Fish Oil Organisation Responsible Supply (IFFO RS) standard, Friend of the Sea and the Global Aquaculture Alliance Best Aquaculture Practices (BAP) farming standards, which ensure additional oversight, through third-party audits

OUR MANAGEMENT APPROACH TO ENSURE RESPONSIBLE OPERATIONS

OUR PEOPLE



(materiality topic: employment; forced or compulsory labour; training and education; occupational health and safety)

The Group commits to protect the basic rights and welfare of staff striving to attain a reasonable balance between work and personal life. Human Resources (HR) serve as a mediator between the company and employees, a professional resource for guidance, advice and confidentiality. Our regional teams ensure full compliance with the labour and human rights laws of respective jurisdictions. Employees are remunerated well above minimum wage at a competitive level in the job market.



Inspection programs are implemented in our Peru fishmeal plants to ensure working conditions are safe.

COMMUNITY INVESTMENT

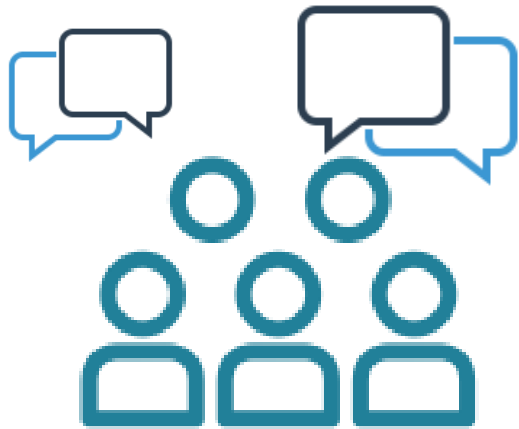


The Group is committed to contributing to communities in which it operates in a meaningful way. Where practicable, it will engage with stakeholders in those communities to ensure that the Group understands and takes into account their views. The Group believes that local issues are most appropriately addressed at the local level. The Group's commitment includes creating economic opportunities and fostering goodwill in the communities in which it operates through locally relevant initiatives.



NEW GOVERNANCE STRUCTURE ON FISHING MATTERS AND TRACEABILITY

In addition to our management approach, the Group's governance structure on fishing matters, traceability and supply chain integrity was significantly enhanced in 2015 to strengthen oversight across all operations.



In May 2015, the Fishing Matters Committee (FMC) was established following an issue in response to a crisis that the company faced. One of our vessels had entered the South Pacific open waters without prior authorisation of the flag state, despite steps being taken to attain such authorisation. When it was realised that there had been inadequate communications amongst departments and between the flag state, steps were

taken to rectify the situation. The unfortunate outcome was the vessel being listed for Illegal, Unreported and Unregulated (IUU) fishing by the South Pacific Regional Fisheries Management Organisation.

The FMC was established with the objective of maintaining the highest possible standard of compliance across the Group's fishing operations and supply chain. It aims to do this by breaking down silos between departments and building shared responsibility by bringing together internal expertise in fishing, legal, public affairs and sustainability matters, as well as external advisory in supply chain policy and auditing procedures. A better understanding of risks has been achieved through the institutionalisation of knowledge on fishing operations and supply chain management.

Alongside the creation of the FMC there was strong support and endorsement from management to strengthen dialogue across internal functions. Through enhanced information flows and a closer connection between management and

operations, the FMC structure enables issues of concern to be escalated quickly to management level, allowing for more efficient and effective decision making. The FMC reports to our Managing Director and the CSR Committee.

“The company has been responding to the IUU event very constructively. The FMC has made a significant difference in comparison to the closed structure of the company as was the case beforehand.”

Keith Sainsbury, independent advisor to Pacific Andes' CSR Committee and Fishing Matters Committee.

NEW GOVERNANCE STRUCTURE ON FISHING MATTERS AND TRACEABILITY

PACIFIC ANDES FISHING MATTERS COMMITTEE (FMC)

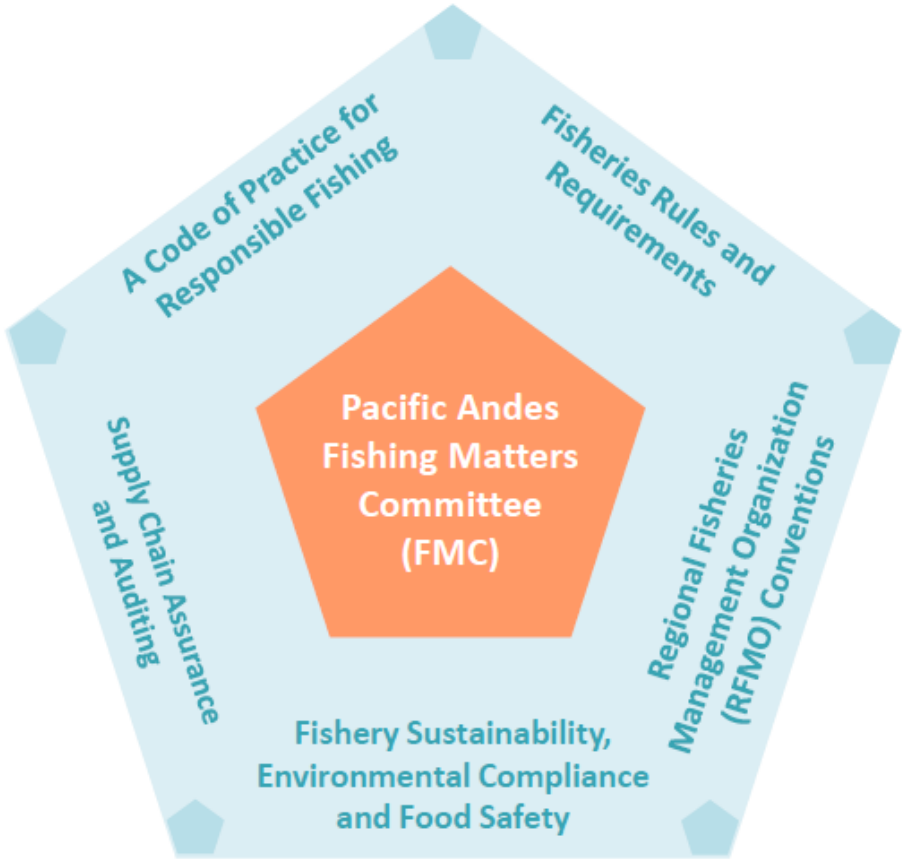
Established in May 2015 to provide advice on and evaluate issues in relation to compliance in fishing and supply chain matters.

In 2015 meetings were split between FMC (fishing matters) and FMC (supply chain matters). A total of six meetings were held on fishing matters and 12 meetings on supply chain matters.

Governance Structure



Objectives



NEW GOVERNANCE STRUCTURE ON FISHING MATTERS AND TRACEABILITY

Key Issues Discussed in the FMC

FMC (Fishing Matters)

- Fishing seasons in Peru; quota allocations; discussions amongst government, industry and the scientific institute (IMARPE)
- Progress on dealing with IUU listing of vessel and developments with Peruvian government
- Deployment of vessels in Namibia; HACCP certification and crew training; other regulatory changes in Namibia
- Importance of hygiene amongst crew; career planning and qualifications, language and safety training
- Enhancement of safety management systems
- Maintenance of vessel registry with deployment plans
- Developing a Code of Practice for Responsible Fishing; rules and requirements documentation and changes in fishing regulations

FMC (Supply Chain Matters)

- Industry best practice on managing IUU in the seafood supply chain including engagement with retailers, guidance documents, supplier questionnaires and traceability systems
- Pacific Andes' current traceability and supplier due diligence process
- A supplier assurance policy and audit flow chart
- Assessment tools to assess sustainability and IUU risks
- Mapping the supply chain in terms of the number of suppliers and associated risk levels
- Incorporating labour issues, forced labour, and human trafficking into labour policy and supplier screening process

“This new governance model for fishing matters, traceability and supply chain integrity has been very useful in that it brings together key decision makers within operational teams with colleagues and experts that have an understanding of and are exposed to industry discussions on labour issues, human rights, sustainability, and IUU matters. Issues can emerge when there is a lack of communication so we needed something that functioned across departments, across divisions and across levels, thus breaking down silos.”

Jacqui Dixon, inaugural Chair of the FMC and Group CSR & Sustainability Manager

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015



TRACEABILITY

Cloud-based Solutions for Aquaculture Traceability

Our US subsidiary, National Fish and Seafood, is the primary unit of the Group involved in aquaculture sourcing from Southeast Asia. In 2015 significant achievements were made in implementing cost-effective traceability software technology along the shrimp supply chain to track information from pond to market, including feed, seed and other inputs, laboratory reports on water quality parameters and training records. Data is captured using mobile solutions suitable for smallholder farmers. Farm group managers are equipped with these mobile devices to survey the individual farmers and do pre-audits to ensure they are all in compliance with Best Aquaculture Practices (BAP) standards. A barcode is produced at pond level and through the e-traceability module is sent to the processing plant, which in turn incorporates the barcode into Trace

Register, an online traceability platform accessible to our staff in the US. For small scale producers in our supply chain there was no easy solution for them on traceability before we introduced this initiative.

Regulatory Developments on Traceability

In recent years, the relevant customs and inspection authorities in China introduced the following new requirements for the control and traceability of imported fish:

- The registration system for importers and exporters of imported food underwent an electronic upgrade in order to reconcile the seller and buyer information on the health certificate, certificate of origin, invoice and quantities of the transaction
- Only seafood products stated on the authorised list of species and country of origin can be imported into China
- As part of the Russian-Chinese agreement to combat illegal, unreported

and unregulated (IUU) fishing, Russian fishing companies have to present the original catch certificate confirming legal catch (IUU-CC), in order to sell to China. The quantity of catch stated on the IUU-CC must match the quantity intended for import to China.

In the US, the Presidential Task Force on Combating IUU Fishing and Seafood Fraud published its Action Plan for Implementing Task Force Recommendations in 2015. The plan identifies actions that will strengthen enforcement, create and expand partnerships with state and local governments, industry, and non-governmental organisations, and create a risk-based traceability program to track seafood from harvest to entry into U.S. commerce. The risk-based traceability program requires a set of species to be traced in the program's first phase. As a major seafood importer into China and the US, we support the above traceability initiatives and will continue to abide to all relevant regulations and monitor future developments.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

PRODUCT QUALITY AND SAFETY



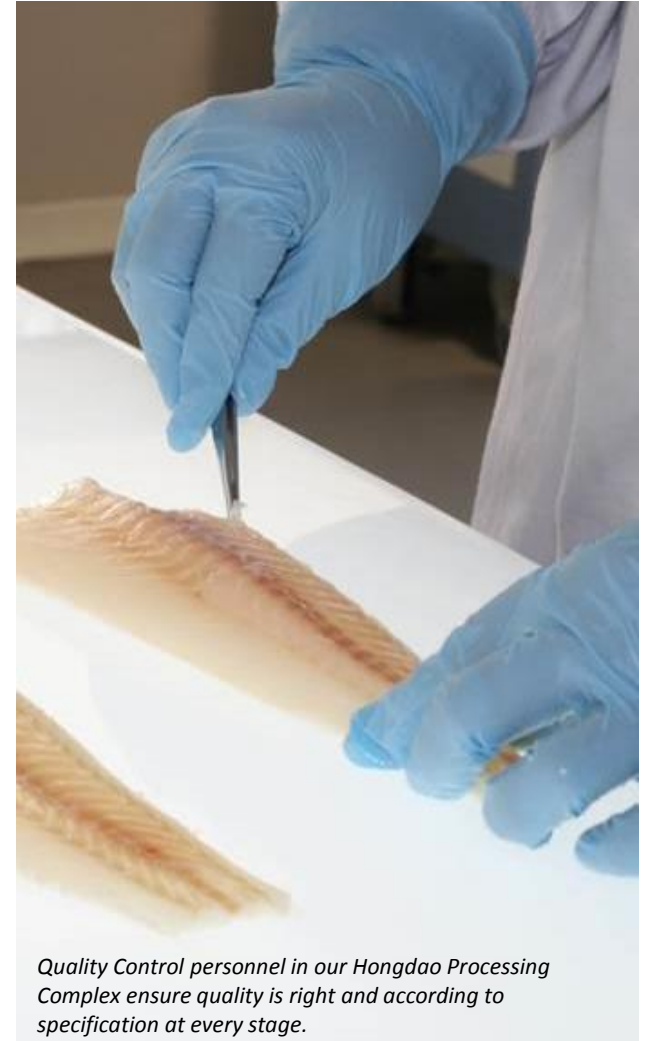
Supply Chain Efficiency

Since the establishment of a Supply Chain Department in 2013, weekly meetings are held to enhance collaboration and efficiency among departments including purchasing, shipping and production. The regular discussions cover a wide range of topics such as exchange of market information as well as review of internal operations including production and inventory planning, customer satisfaction and complaints, stock level monitoring, shipment timeliness, and labour turnover. With support of our internal IT systems, which integrate information from all stages of production, the closer communication between different functions has enabled us to achieve over 95% on-time delivery rate to customers and has brought our inventory to the lowest level in years. Our future initiatives will include shortening the lead time from

raw materials supply to production by prioritising the purchase of raw materials from available stocks in regions close to our processing location and requiring the fastest shipment for raw materials shipped from other regions.

China Food Safety Law 2015

The amended Food Safety Law came into effect on April 24, 2015 and is regarded as the most stringent food safety regulation in the history of China with tighter control on traceability and imported foods. Article 42 of the Law establishes the first legal precedent for mandatory implementation of traceability systems in China's food industry, to combat counterfeiting, adulteration, tampering, relabelling of expired goods and use of illegal ingredients. Article 94 of the Law requires that importers establish a verification system for overseas exporters and producers, ensuring compliance of foods, food additives, and food related products exported to China. We continue to abide by all new requirements.



Quality Control personnel in our Hongdao Processing Complex ensure quality is right and according to specification at every stage.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

PRODUCT QUALITY AND SAFETY



British Retail Consortium Certification

In 2015, our Hongdao processing complex passed the latest British Retail Consortium (BRC) standard Issue 7 and achieved an A grade in the audit. The focus of BRC Issue 7 is to ensure consistency of the audit process; to encourage sites to put systems in place to reduce their exposure to fraud; encourage greater transparency and traceability in the supply chain; and encourage adoption of the Standard as a means of improving food safety in small sites and facilities where processes are still in development. All our subcontracted factories in China also achieved BRC certification. For packaging suppliers, certification in ISO 9001 Quality Management is a prerequisite for passing our internal audit.

Safe Quality Food Certification

Our US subsidiary, National Fish and Seafood, achieved the Safe Quality Food (SQF) level 3 standard with a grade of 90% in both 2014 and 2015. SQF requires all facilities to have an unannounced audit every three years. In the past two years, there were no more than 10 minor non-conformances in SQF audits. Our subcontracted co-pack facility in Dallas is BAP certified and follows the same quality standards as our own processing plants. We have been in partnership with this facility for over 10 years.

HACCP Certification in Namibia

Our joint venture company Atlantic Pacific Fishing (APF) invested significant time and resources in upgrading its vessel *Leader* to achieve Hazard Analysis and Critical Control Point (HACCP) certification. Alterations took place over a six month period and involved the installation of stainless steel surfaces in the fish processing line; the construction of

segregation holds for food packaging containers; upgrades to the galley, the crew laundry room and all ablution facilities; and intensive training for all crew on HACCP requirements including hygiene practices and fish handling. Our products under the Pelican brand are regarded top quality in the African market and enjoy preference as a result of strict quality controls. Although the implementation of HACCP requires significant capital outlay, it gives stakeholders the peace of mind that quality is controlled preventing major risks and ensuring the wellbeing of our crew.



APF vessel Leader in Cape Town Port undergoing upgrades to achieve HACCP certification.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015



RESPONSIBLE FISHING



“The right to fish carries with it the obligation to do so in a responsible manner so as to ensure effective conservation and management of the living aquatic resources.”

Article 6.1 – General Principles, FAO Code of Conduct for Responsible Fisheries

A Precautionary Approach to Fisheries Management

In order to reduce total catch to a biologically and economically sustainable level, governments or Regional Fisheries Management Organisations (RFMOs) set Total Allowable Catches (TACs) based on scientific analysis of total biomass. TACs are then translated to individual transferable quotas (ITQs) allocated to individual fishermen, which they can trade freely with other fishermen. Fishermen who operate relatively uneconomically are likely to sell some of their quotas, while more economically efficient companies can purchase additional ITQs. This is often coupled with mandatory requirements for on-board observers, electronic Vessel Monitoring Systems, reporting of catch, by-catch and proportion of juveniles to further safeguard the sustainability of fish stocks. Both Peruvian anchovy and Namibian horse mackerel fisheries, our two target fisheries, have adopted such a model and are regarded as amongst the

most sustainably managed fisheries in the world.

The Peruvian Government has taken steps to better manage El Niño events through tighter harvest control rules and protective measures. When the average fish size is big enough, the industry is able to obtain a larger fraction of the stocks via the allocated quotas. In years of low reproduction and juvenile fish dominating the population, a lower catch allowance is given. This ensures an adequate absolute amount of fish remains in the ocean. In 2015, our vessels supported scientific cruises conducted by the Peruvian government to assist scientific data collection to set the TAC.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015



RESPONSIBLE FISHING

Institutionalising Knowledge with Stronger Governance Framework

Group sustainability function played an important role in the newly established Fishing Matters Committee (FMC). Monthly meetings across departments and country operations were held to discuss key issues arising from our fishing operations. To further institutionalise knowledge on regulatory risks in fishing, the FMC developed an overview of fisheries rules and requirements for every fishery we operate in, providing a succinct source of references on topics such as licensing and fishing authorisation, national fisheries rules, as well as labour and environmental obligations. Port Captains and country level management ensure all fisheries rules are strictly followed, whilst the FMC reference documents and meetings will provide an

additional layer of governance. See page 15 for details on the FMC.

Codifying Responsible Practices in Fishing

In 2015, we began the process of developing a Group-wide Code of Practice for responsible fishing covering fishing practices, quality and safety, marine security, environmental management, occupational health & safety and crew welfare. The Code references a compilation of best practices from the Food and Agriculture Organisation (FAO) Conventions on Fishing, the International Maritime Organisation (IMO) and International Labour Organisation (ILO) Conventions, as well as industry guidelines and relevant country regulations. Once completed and adopted, all our fishing vessels will be internally audited against the standard.

Fish Catch

Catch quota	Unit	FY2014	FY2015
Anchovy - Peru EEZ	tonnes	911,534	489,527
Horse mackerel - Namibia EEZ	tonnes	38,142	33,014
Quota utilisation			
Anchovy - Peru EEZ	%	75%	99%
Horse mackerel - Namibia EEZ	%	96%	88%



All our crew members in Peru are trained on environmental practices and pollution control.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

SUSTAINABLE PRODUCTION



Environmental Management Certification (ISO 14001)

Our flagship processing complex in China and four fishmeal plants in Peru have adopted environmental management systems based on the international standard ISO 14001. As part of the certified system, we focus on the prevention and mitigation of environmental impacts. Elements of the ISO 14001 standard include an environmental policy; an environmental management system (EMS); identifying the most significant environmental aspects; adopting and respecting legal and other requirements; setting environmental objectives and targets; creating programs and evaluating the environmental management system.



Chinese Recognition

Our state-of-the-art Hongdao Processing Complex in Qingdao, with the capacity to process 60,000 tonnes of fish fillets per year, has been ranked in the top 10 enterprises in the Qingdao city environmental performance assessment for three consecutive years. This exemplifies our continuous drive for excellence in environmental management.

Cost Controlling and Spotlight on Energy

In 2015, a thorough review was completed on the cost structure of the Group. Energy was identified as the third highest spending in our variable costs. Despite continuous measures to reduce energy consumption over the years, additional opportunities at our flagship processing complex in Hongdao have been identified and we are in the process of developing a strategic plan on energy management.

Government

Another cost-saving opportunity was found in our warehouse management. Through the elimination of third party facilities and better planning in our own cold storage plants the initiative saved USD2.5 million, improved the overall quality of products and increased the yield rate by 1.5- 2.0%, achieving more efficient use of raw materials. Our continuous effort in streamlining production workflow for efficient processing of raw materials also achieved reduction in costs and energy consumption.

In our fishmeal and fish oil production in Peru, 60% of cauldrons were replaced by a new technology which reduces fuel consumption. In three of our fishmeal plants, natural gas is now used instead of industrial oil, offering a cleaner source of energy. Compared to 2013, the equivalent carbon dioxide emissions per ton of fishmeal produced was 93% less in 2014.

Production	Unit	FY2014	FY2015
Total production	tonnes	268,352	211,978
Fish meal produced	tonnes	190,451	150,888
Fish oil produced	tonnes	30,473	18,183
Onshore production	tonnes	14,032	13,564
Frozen-at-sea product	tonnes	33,396	29,343

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

SUSTAINABLE PRODUCTION



Solar Energy

In China, our Hongdao processing complex has successfully implemented a solar power system with pleasing results. Covering 18,000 square metres, the solar panels installed on site generate 14,000-15,000 kWh per day, which amounts to approximately 10% of the plant's daily electricity consumption. The clean energy solution has also brought cost savings in electricity of 5% per kWh.

In Peru, we have completed the installation of solar panels on two of our vessels – “Dalmacia” and “Jadran II”, supplying energy to satellite locators and local radio on board the vessels. As part of the continuous effort to reduce fuel consumption of fishing activities, the initiative was started in 2013 with an investment of US\$3,500 per vessel. The shift to solar energy saves 2,113 gallons of diesel per year which was used to power the satellite systems and avoided 21,406

kg of carbon dioxide from being emitted annually.



Installation of solar panel on board our vessel Jadran II.

Vessel Fuel Efficiency

Captains strictly follow the company policy on how to best operate main engines on vessels to reduce fuel consumption during fishing and at port. In Namibia, our fishing vessel Leader implemented a Ship Energy Efficiency Management Plan (SEEMP) in compliance with regulation 22 under the provisions of the International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI. We will also move towards fuel with lower sulphur content in preparation for the 0.5% global sulphur cap expected to be implemented by the International Maritime Organisation (IMO) in the coming decades.

Logistics and Shipment Efficiency

For the past five years we have worked with shipping service providers that have implemented measures to better utilize space, reduce costs and lower their carbon footprints. Moving into a new era of strategic alliances, vessel sharing agreements (VSA) are reached between shipping lines within a shipping consortium who agree to operate a service along a specified route using a specified number of vessels. By sharing vessel space, shipping lines can continue to provide a high level of service through more efficient operations, while at the same time reducing carbon emissions in their trade lanes. In 2015, Maersk, a major shipping carrier for our China and US operations, entered the world's largest vessel sharing agreement with Mediterranean Shipping Company (MSC), which will run for 10 years and cover all our East-to-West trades by sharing the 193 vessels of the two companies.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

SUSTAINABLE PRODUCTION



Waste Water Effluents

In China, our on-site waste water treatment plant is inspected by relevant authorities once a week and the quality of treated water is disclosed on a government website open to public. Near our waste water discharge point, there is a sign indicating the name of the company and a phone number to report grievances to the authorities. In the US, we achieved more efficient treatment of grey water. A new oil separator was installed to remove unwanted cooking oil from the waste water before sending it back to the municipal system. The current water applicators will also be replaced with high pressure low usage water nozzles, which will decrease water consumption by 25-50% during production periods. This will in turn reduce the demand for hot water, bringing down our water intake as well as waste water discharge and natural gas consumption.

In Peru, we have employed new treatment systems that make use of direct dehydration technology. It allows the recovery of suspended solids, clarification of liquids and extraction of oils from waste water by means of physical and chemical processes including rotary sieving, Dissolved Air Flotation (DAF) and centrifugation. This technology is implemented in all fishmeal plants in Copeinca, one of our Peruvian subsidiaries, reducing consumption of chemicals and energy in waste water treatment.



Waste water treatment systems using direct dehydration technology are employed in all fishmeal plants in Copeinca, one of our Peruvian subsidiaries

Greenhouse gas (GHG) emissions

	Unit	FY2014	FY2015
Scope 1	tonnes of CO2 equivalent	227,450	174,722
Scope 2	tonnes of CO2 equivalent	31,669	28,611
Greenhouse gas (GHG) emissions in total	tonnes of CO2 equivalent	259,120	203,333
Greenhouse gas (GHG) emissions intensity	tonnes of CO2 equivalent / tonnes of products	0.97	0.96

Energy

Electricity	kWh in '000s	43,856	40,777
Solar Energy	kWh in '000s	3	2,064
Intermediate fuel oil (IFO)	kWh in '000s	339,769	121,314
Marine gas oil (MGO)	kWh in '000s	61,233	35,727
Industrial bunker fuel No.6	kWh in '000s	37,102	26,360
Diesel - Production	kWh in '000s	216,619	179,449
Diesel - Transportation	kWh in '000s	1,991	884
Petrol - Production	kWh in '000s	123,684	117,762
Petrol - Transportation	kWh in '000s	1,350	786
Natural gas	kWh in '000s	37,377	126,724
Liquefied petroleum gas (LPG)	kWh in '000s	0.0007	0.0003
Coal water slurry	kWh in '000s	1,466	0.00
Steam (purchased)	tonnes	25,430	18,938
Energy intensity	kWh in '000s/tonnes of products	3.22	3.08

Water and waste water

Water consumption	cubic metres	1,524,960	1,085,772
Water intensity	cubic metres/tonnes of products	5.68	5.12
Waste water discharged	cubic metres	2,385,524	2,379,798
Waste water recycled	cubic metres	94,171	99,155

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

SUSTAINABLE PRODUCTION



Managing Waste out at Sea

On our fishing vessels, all oily water and garbage, including fishing nets, have to be treated according to the Garbage Management Plan and Shipboard Oil Pollution Emergency Plan (SOPEP) with documentation retained on board. A system is in place for authorized discharge of treated waste water with monitoring of volumes and dates. Our vessels are equipped with up-to-date sewage treatment alarm systems which prevent undertreated waste water from being discharged into the sea. The Garbage Management Plans and garbage record books are monitored by the flag state during annual surveys.

Reduce, Reuse, Recycle

There is an ongoing effort to recycle packaging waste across the Group. In our US operations, 201 tonnes of corrugated cardboard was recycled in 2015. An

initiative is underway of removing non-recyclable styro trays made of EPS (expanded polystyrene foam) for stuffed clam items and replacing it with a 100% recyclable plastic trays using HDPE (high density polyethylene sheeting). This change in packaging will eliminate approximately 26,400 styro trays from the consumer waste stream per production shift and will reduce cardboard content in the master packaging by 10-20%. This project is scheduled to be launched in 2016.

The design of master packaging for our bag items was also changed to reduce the height of packaging to allow for more items to be packed. Freight volume was optimised by 10% due to the new design. We also raised our supplier standards on environmental aspects including the use of bio-degradable materials and recycling of waste packaging. We enhanced the relevant contractual guidelines and 90% of our packaging suppliers now abide to the updated terms on environmental responsibility.

Materials Consumption

	Unit	FY2014	FY2015
Plastics	tonnes	834	969
Paper and cardboard	tonnes	2,651	2,996
Antioxidants	tonnes	120	138
Sodium triphosphate (STPP)	tonnes	52	2
Detergents	tonnes	206	103
Caustic soda	tonnes	288	396
Refrigerants	tonnes	0.84	12.43
Machinery grease	tonnes	10.5	11.9
Lubricants	litres	309,643	394,301

Waste

Non-hazardous waste recycled	tonnes	9,902	6,321
Non-hazardous waste to landfill	tonnes	789	1,282
Non-hazardous waste intensity	tonnes/ tonnes of products	0.04	0.04
Hazardous waste to qualified treatment service	tonnes	645	174
Hazardous waste intensity	tonnes/ tonnes of products	0.002	0.001
MARPOL* waste	cubic metres	212	272

Environmental investments & expenditures

Waste disposal, emissions treatment and remediation costs	HK\$millions	16.34	21.98
Prevention and environmental management investments	HK\$millions	1.75	2.01

Conversion ratio

1 kWh = 0.0036 GJ

1 tonne = 1000 kgs

*MARPOL is the international Convention for the Prevention of Pollution from Ships. MARPOL waste includes the following categories: plastics, food wastes, domestic wastes, cooking oil, incinerator ashes, operational wastes, cargo residues, animal carcasses and fishing gear.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015



ETHICAL SOURCING



Expert Guidance on Supply Chain Integrity

With the establishment of the Group's Fishing Matters Committee (FMC) in May 2015, well-known international fisheries expert, Dr. Keith Sainsbury, was appointed to advise the FMC on supply chain matters. Dr. Sainsbury is a Professor at the Institute of Marine and Antarctic Studies, University of Tasmania and was a long-term Board member of the Marine Stewardship Council, bringing a wealth of knowledge and experience in fisheries management, traceability and IUU prevention. During the period covered by this summary, the FMC conducted a review of the Group's supply chain policies and the appropriate audit standards to be adopted. A trial test of the audit framework was completed with a group of suppliers at the end of 2015. The planned next phase will review appropriate

independent audit bodies to conduct the audits on an ongoing basis. The ongoing supply chain audit process will cover both fish purchased from suppliers and fish harvested by fishing vessels owned by the Pacific Andes Group. The Group reaffirms its commitment to an IUU-free supply chain.

Raw Material Screening on Sustainability and IUU

One of the outcomes of the FMC's supply chain review process was the development of an internal screening tool to screen all fish species entering our value chain. The Responsible Sourcing Ranking System (RSRS) developed by Pacific Andes assesses seafood sustainability at species, fishery and vessel level. The following independent assessment tools form the basis of the RSRS:

- IUCN Red List of Threatened Species
- Monterey Bay Aquarium Seafood Watch

- Seafish Risk Assessment for Sourcing Seafood (RASS)

- FishSource
- Greenpeace IUU Blacklists

The RSRS assesses harvest strategy, stock status, by-catch management, gearing method impacts on habitat, species vulnerability, fish mortality / exploitation rate and the importance of the species in the wider ecosystem. IUU risk at the fisheries level and the effectiveness of monitoring, control and surveillance are also included in the review. A pilot test was completed in 2015 on major wild caught species purchased by the Group. When fully developed, the RSRS will provide our procurement teams with a science-based tool to assess risk in the supply chain.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

ETHICAL SOURCING



Certified Sustainable Product Range

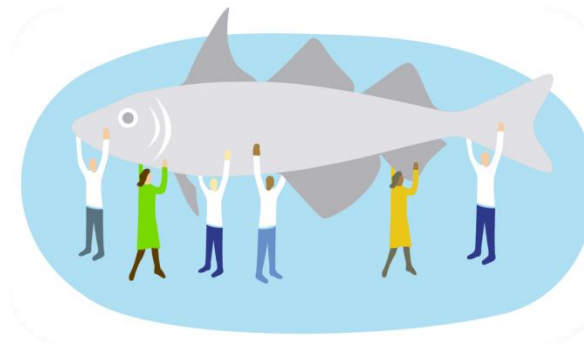
In our ongoing effort to supply and promote sustainable species and products, we increased the percentage of certified products in our global supply chains. In our Hong Kong and China operations, the sourcing of Marine Stewardship Council (MSC) certified seafood went up from 57.06% to 77.34% out of the total volume of raw materials sourced. For aquaculture products, 100% of farmed shrimp, tilapia and pangasius that we procure are Best Aquaculture Practices (BAP) certified.

Managing Labour Issues Down the Supply Chain

100% of our suppliers are expected to comply with contractual agreements, which include clauses to protect worker

rights. Our suppliers also undergo third party audits when requested by customers. Over 60% of our subcontracted factories and 30% of our supplier factories in China comply with the Ethical Trading Initiative (ETI). ETI is an alliance of companies, trade unions and voluntary organisations working in partnership to improve the lives of workers across the globe. The ETI Base Code includes the following criteria, which abiding companies are audited against on a regular basis:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected



- Working conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practiced
- Regular employment is provided
- No harsh or inhumane treatment is allowed

In the US we have preference for minority companies and companies owned by women. These companies make up 10% of suppliers for our US operation, mainly providing local raw materials to our US production facilities. In Peru, we contribute to promote the development of local suppliers through purchasing from companies in the provinces where our processing plants are located. Induction and training programs are delivered to suppliers aiming at improving their management, products and services.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

ETHICAL SOURCING



Spotlight on Forced Labour in the Seafood Sector

With the dramatic rise in labour issues being featured in the media and high profile cases of forced labour and human trafficking in the seafood sector, we expanded the scope of the FMC to include labour practices in its review process. Our raw material supplier agreements already had clauses on labour and human rights.

Thailand was the first country where we screened suppliers specifically on forced labour risk. In 2015, our US subsidiary, NFS, underwent a pilot to test out the Labour Safe Screen, a confidential B2B service to screen seafood supply chains for risk of human trafficking. The entire supply chain for Thai shrimp exports to the US was included in the review and covered all aspects of feed



Workers in a shrimp processing plant, one of our suppliers in Southeast Asia

and shrimp production, including wild capture fisheries for fishmeal, fishmeal processing, feed processing, hatchery inputs, shrimp farms, primary processing, any secondary processing and export. The screen ranked our Thai supply chain as low to moderate risk, with a high demonstration of knowledge from the suppliers of production, inputs and origins, as well as oversight for all facilities and transfers of raw material and product.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

ETHICAL SOURCING



Certified products

	Unit	FY2014	FY2015
IFFO certified fishmeal and fish oil produced	% by tonnes	99.3%	99%
FOS certified fishmeal and fish oil produced	% by tonnes	99.3%	99%
MSC certified wild catch sourced	% by tonnes	54.1%	65.4%
BAP certified farmed products sourced	% by tonnes	93.4%	92.8%

Sourcing

	Origin	Unit	FY2014	FY2015
Raw materials				
Anchovy	Area (87) Pacific, Southeast	% by tonnes	68.7%	77.7%
Pollock	Area (61) Pacific, Northwest	% by tonnes	24.8%	20.1%
Herring	Area (61) Pacific, Northwest	% by tonnes	4%	0.8%
Pink Salmon	Area (61) Pacific, Northwest/Area (67) Pacific, Northeast	% by tonnes	1%	0.1%
Other**	Various origins**	% by tonnes	1.5%	1.3%
Processed products				
Shrimp	Argentina/Bangladesh/Brazil/Brunei/Darussalam/China/Ecuador/Guatemala/Guyana/Honduras/India/Indonesia/Mexico/Myanmar/Pakistan/Panama/Peru/Philippines/Suriname/Taiwan/Thailand/United Arab Emirates/United States/Viet Nam	% by tonnes	63.5%	56%
Pollock	Argentina/China/Russian Federation/United States/Viet Nam	% by tonnes	7.2%	12.8%
Tilapia	China/Indonesia/Mexico/United States/Viet Nam	% by tonnes	7.7%	11.4%
Swai	Canada/Viet Nam	% by tonnes	3.3%	3.3%
Other***	Various origins***	% by tonnes	18.1%	16.5%

**Other raw materials refer to Argentine Red Shrimp/ Arrowtooth Flounder/ Black Cod/ Chum Salmon/ Cod/ Coho Salmon/ Halibut/ Mussels/ Rock Sole/ Salmon/ Sea Bass/ Squid. Various origins refer to Area (21) Atlantic, Northwest/Area (27) Atlantic, Northeast/ Area (41) Atlantic, Southwest/ Area (51) Indian Ocean, Western/ Area (61) Pacific, Northwest/ Area (67) Pacific, Northeast/ Area (81) Pacific, Southwest.

***Other processed products refer to Arrowtooth Flounder/ Catfish/ Chum Salmon/ Clams/ Cod/ Crab/ Croaker/ Flounder/ Grouper/ Haddock/ Hake/ Lobster/ Mahi Mahi/ Mixed Seafood (consists of mussels, shrimp, salmon and pollock, along with rice and other ingredients)/ Mussels/ Orange Roughy/ Perch/ Pink Salmon/ Saith/ Salmon/ Scallops/ Sea Bass/ Snapper/ Sole/ Squid/ Swordfish/ Tuna/ Turbot/ Whiting/ Yellowfin Sole. Various origins refer to Argentina/ Brazil/ Canada/ Chile/ China/ Dominican Republic/ Ecuador/ France/ Iceland/ India/ Indonesia/ Mexico/ New Zealand/ Nicaragua/ Norway/ Peru/ Philippines/ Russian Federation/ Taiwan/ Thailand/ United States/ Viet Nam.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

ETHICAL SOURCING



Thai Shrimp Sustainable Supply Chain Task Force

In 2015, our US subsidiary, NFS, joined the Thai Shrimp Sustainable Supply Chain Task Force (Task Force), formed to address illegal, unreported and unregulated fisheries and labour abuse in Thai shrimp supply chains. Comprised of key industry stakeholders drawn from seafood processing, importers, and retail businesses, the Task Force is working to develop robust, actionable solutions focused on three objectives:

- Implement Track & Trace systems with international verification
- Drive Thai Port Codes of Conduct with international recognition
- Drive Fishery Improvement Projects in the Gulf of Thailand and Andaman Sea



Championing Sustainable Aquaculture with Small Farmers

Over the past eight years, our US subsidiary NFS has supported its suppliers in achieving Best Aquaculture Practices (BAP) certification with an emphasis in Southeast Asia. BAP is a science-based standard that assures safe and healthy food production through environmentally and socially responsible means. NFS has invested significant resources in building capacity amongst its suppliers on sustainable production methods and strengthening supplier relationships. It has also helped to sustain small and medium farmers by working with the standard setter, the Global Aquaculture Alliance (GAA), to

adapt the BAP certification standard to be more applicable to smaller scale operations. While disease management and access to clean post larvae remain a challenge, the farmers recognise the benefits of gaining BAP certification in terms of improved documentation, record-keeping, inputs control and yield as well as better access to international markets and higher prices. Our BAP supply chain is now made up of some 1500 farms, 8 hatcheries and 3 feed mills, providing us with over 15,000 metric tonnes of raw materials. Our small farm program is underway in Vietnam, Thailand and India and NFS is the only company engaging with small farmers in India in such a way.

Despite the many benefits, gaining certification requires a certain amount of resources and time for the farmers. The extra

work of maintaining systems in place, record-keeping and proper documentation is all very new for small farmers. During the period under review, we have conducted 19 training seminars to educate 313 suppliers on best management practices to achieve BAP certification and training started for another 1150 farmers. We also provide support in HACCP and customer audits and provide the farmers with traceability mobile technology to track input materials down the supply chain. NFS' personnel time and financial investments in our small farm program are at no financial cost to the farmers. We believe that the cutting-edge work we are doing with our suppliers now will become the benchmark for seafood producers in coming years, raising the bar for the entire industry and benefitting tens of thousands of small-scale producers.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

ETHICAL SOURCING



NFS Sustainable Aquaculture Milestones



A supplier shrimp farmer in Trang, Thailand in our small farm program

2008

Began to encourage shrimp suppliers in Southeast Asia to obtain BAP certification

2012

Collaborated with Global Aquaculture Alliance (GAA) to establish, fund and pilot an Integrated Module (IMO) program, in which medium sized farms of 25 ha each can be grouped together to be BAP certified and save on audit costs

2014

Launched the small farm program, which provides small farms of 1-10 ha each with technical and financial assistance and guidance on feed, seed, production planning and farm management in accordance to the BAP standard

Meet One of our Farmers

6 years ago Kun Bee became a farmer and started to manage a shrimp farm after her husband introduced her to shrimp farming. In Thailand around 10% of farmers are female. Shrimp disease has been a major challenge for her, especially white spot and Early Mortality Syndrome (EMS). But the BAP program has allowed her to apply strict standards, to organize the farm better and get better pricing. This has contributed to supporting her livelihood and meeting her personal aspirations, including building up a home and sending her kids to school. Kun Bee manages a shrimp farm in Trang, Thailand and is a supplier to NFS.



AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

ETHICAL SOURCING



Identifying Strategic Projects and Raising Retailer Awareness

The Group sustainability function was included in the corporate cross-departmental SWOT analysis process in 2015 and out of the ten strategic projects identified, two were focused on the promotion of sustainable seafood and traceability. Leveraging on our capacity to supply sustainably certified seafood to Asian markets coupled with the lack of awareness and understanding of these certifications amongst Hong Kong retailers, Pacific Andes hosted a sustainable seafood event in Hong Kong. It brought together seafood suppliers, customers, academics and NGOs and was instrumental in raising awareness about the importance of supply chain integrity and how seafood certification standards such as the Marine Stewardship Council (MSC) and Best Aquaculture Practices (BAP) can ensure traceable and sustainable seafood sources.



Our speakers and host of the Sustainable Seafood Seminar, from left to right: Benny ChuChuen, Keith Sainsbury, Jessie Ng, Maria Schäfer, James Baros, Kelvin Ng, Jacqui Dixon.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

OUR PEOPLE

“ Being an employer that has a good reputation in the community as not only a good place to work but a place where employees are valued is essential. Employees will be loyal to an employer that is fair, ethical and supportive. ”

Bailey Kaplan, Human Resources Manager, National Fish and Seafood

Fair and Equal Workplaces

The Group has a long-standing commitment to equal opportunity and intolerance to any forms of discrimination. The basis for recruitment, hiring, placement, training, compensation and advancement in all operations is performance, skills, experience and

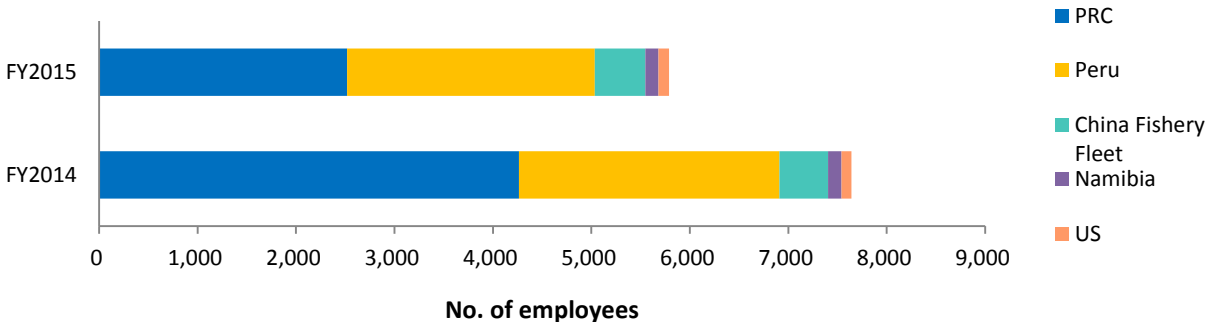
academic qualifications. Our wages have been benchmarked to be at least 25% higher than countries’ legal requirements. In Namibia, the Affirmative Action (Employment) Act requires employers to prepare a three year affirmative action plan and submit it to the Employment Equity Commission. Affirmative action refers to measures designed to ensure that persons in designated groups, such as previously disadvantaged workers, women and persons with disabilities enjoy equal employment opportunities at all levels of employment and are equitably represented in the workforce. In July 2015,

our Namibian joint venture company, Atlantic Pacific Fishing (APF), submitted its second Affirmative Action Plan. We are pleased they have reached the government’s targets as a result.



Office staff of our Namibia Joint Venture, Atlantic Pacific Fishing (APF)

Regional Distribution of Employees



AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

OUR PEOPLE



Our internal and external audit procedures ensure compliance against internationally recognised labour standards, including the Sedex Members Ethical Trade Audit (SMETA) Best Practice Guidance and SMETA Measurement Criteria, as well as the Business Social Compliance Initiative (BSCI) in relevant operations and other customer requirements. Sedex refers to an online information and exchange for businesses committed to continually improving the ethical performance of their supply chains. SMETA incorporates the Ethical Trading Initiative (ETI) Base Code.

In Peru, 32% of all land-based staff are members of Copeinca's National Labor Union. In our fishing operations in Namibia, 100% of crew are members of trade unions, namely the Namibia Seamen and Allied Workers Union (NASAWU) and the Namibia Fishing Industries and Fishermen Workers Union (NFI & FWU). In 2015, a memorandum of understanding (MoU) to improve seamen's wages and working conditions was signed by the



Labour Ministry of Namibia with several trade associations including NASAWU and NFI & FWU following an industry-wide strike. Under the signed MoU seamen must be paid overtime rates, including Sundays and public holidays, as well as fish commission. Atlantic Pacific Fishing (APF) is one of the very few Namibian fishing companies that paid overtime and shift allowance to crew before the MoU was established.

Crew Wellbeing

We ensure all crew have a valid seaman book and have received survival training before working on board. In addition to competitive salary levels, our crew members receive extra bonuses for fish unloading and completion bonuses in cash. For vessels that operate in the high seas, since most fishing locations are far from our crew home country, we cover all costs of their insurance fee, working visa and flights. A certain allowance is given in cash every month for sundries and phone cards. Any deductions to crew salaries are made with proper documentation with acknowledgement by the crew.



Emergency drill held on board in Namibia

AN UPDATE ON SUSTAINABILITY

PROGRESS IN 2014 / 2015

OUR PEOPLE

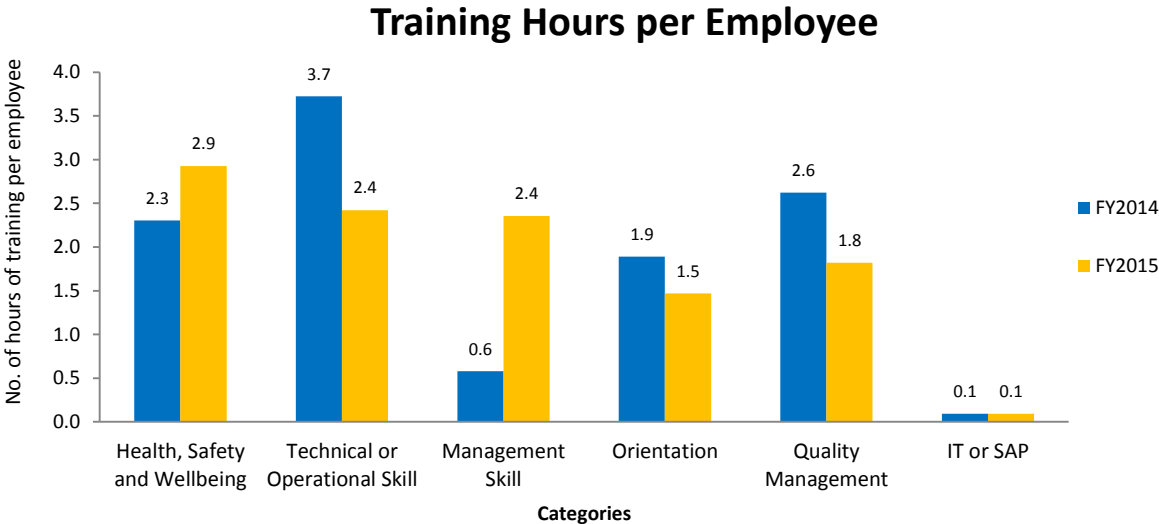
Strategic Development Human Capital Development

The Group strives to provide a learning environment through comprehensive training programs that promote learning, safety, productivity and personal career development. Upskilling crew and workers in relevant operations enhances employees’ practical skills in meeting operational needs, whilst building capacity for higher industry standards. In 2014 / 15, 1250 training sessions, which total nearly 71,250 man-hours, were conducted globally. There was a 37% increase in training hours per employee from 4.6 hours in 2014 to 6.3 hours in 2015. We provided executive coaching to managers, superintendents and heads of departments in Peru to develop soft skills in leaders. We also introduced sales reinforcement training on a weekly basis and management and leadership training on a monthly basis in the US.

In Namibia, the APF office is now fully staffed with Namibians and through intensive training, we made good progress towards the Namibianisation of our crew.

The percentage of Namibian crew increased from 36% to 64%. During 2014 we placed 20 crew in training to become first line junior officers, supervisors, engine room greasers and seamen on

deck. During 2015 we replaced the last general grade foreign crew and competent Namibian crew have been promoted to the position of second Bosun, third Officer, and third Engineer. Achieving 100% Namibian crew on board will be a longer term goal as it takes years for a captain or chief engineer to complete formal studies.



AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

OUR PEOPLE

Occupational Health and Safety

The Group is committed to providing a safe and healthy workplace and dedicated to maintaining a productive environment. We offer medical examinations for workers that are involved in occupational activities considered to be high risk for occupational diseases in all our processing operations in China and Peru, as well as for crew operating in the high seas. A health and safety policy, safety audits and training are in place in all processing and fishing operations.



Fishmeal plant in Chicama, Peru ensuring all workers and crew are provided with protective equipment.



Members of our Hong Kong office participating in an art-jamming event in 2015 organised by the Staff Wellness Committee

Promoting Staff Wellness and Team Building

In our Hongdao processing complex in China, free meals are provided to staff and the canteen service has been outsourced to achieve better quality meals with a survey conducted every quarter. Based on feedback we work with the catering service company to diversify and enhance meal options for our employees. In the US, a Cross Fit trainer is available at the onsite fitness facility three

times a week. Kick-boxing and personal training classes are also made available and a vending machine with nutritious options for snacks and meals has been installed. In the Hong Kong office, a Team Building and Staff Wellness Committee was established in 2015 to promote staff performance and cross departmental cooperation. Two team building events were held in the year.

AN UPDATE ON SUSTAINABILITY PROGRESS IN 2014 / 2015

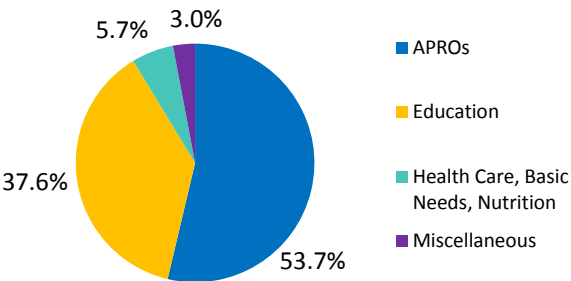


COMMUNITY INVESTMENT

Investing in our Communities

Pacific Andes supports the development of local communities in the regions in which we operate and believes that local issues are most appropriately addressed at the local level. The Group’s commitment includes creating economic opportunities and fostering goodwill through locally relevant initiatives. Education remains the focus of our Group-wide Community Investment Framework. In 2014 / 15 a total of 48 community investment programs amounting to US\$1,375,180 were implemented, in which 400 employees and 61,426 beneficiaries participated globally.

Community Investment in FY2014/15



Creating Economic Opportunities

In Peru, we worked closely with the Fishmeal and Fish Oil Producers’ Associations (APROs), which are comprised of major companies in the sector, to develop social, economic and environmental programs in local communities. Our Peru subsidiary Copeinca currently chairs the Chimbote, Chicama and Sechura APROs. Given that nutrition is a vital part of learning, one of our projects, Adopt a School Kitchen, in alliance with the Ministry of Development and Social Inclusion, implements school kitchens. To date, we have developed kitchens in four educational institutions in the towns of Planchada and Pescadores.

In 2015, Copeinca supported a seaweed farming project in the town of Bayóvar to promote economic opportunities among artisanal fishermen. The project was developed in strategic alliance with the South Seas Aquaculture Company

(ACUISUR), which provided technical training, and the Aquaculture Fishermen Association of Sechura (Afrepac), which brings together 17 social organisations of artisanal fishermen. The seaweed harvested can be used for human consumption and industrial purposes such as thickeners, gelling agents, and additives. The initiative will benefit some 250 artisanal fishermen in the area and also contribute to the reduction of greenhouse gases since seaweed absorbs carbon dioxide and releases oxygen into the atmosphere.



Seaweed farming project in the town of Bayóvar supported by Copeinca, our subsidiary in Peru

Contact Us

We value your feedback and comments about our Sustainability Report and overall sustainability journey. Questions or comments can be addressed directly to sustainability@pacificandes.com.

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