

# CORPORATE SUSTAINABILITY REPORT

PERIOD  
2016



Austral Group S.A.A.  
Austevoll Seafood Company

## TABLE OF CONTENTS

Austral and the Global Compact	3
The Company	4
Corporate Governance	7
Management & Workers	9
Management & Clients	16
Management & Suppliers	18
Management & Society	19
Environmental Management	23

## AUSTRAL AND THE GLOBAL COMPACT

Austral is a UN Global Compact Network participant since 2012. As such, we are committed to aligning our strategies and operations with the 10 universally accepted principles, and share the belief that, by implementing business practices based on such principles, we will help create a more stable, equitable and inclusive global market, and, therefore, build more prosperous societies.

Human Rights	Principle 1	Support and respect the protection of internationally proclaimed human rights.
	Principle 2	Make sure businesses are not complicit in human rights abuses.
Labour	Principle 3	Uphold the freedom of association and the effective recognition of the right to collective bargaining.
	Principle 4	Uphold the elimination of all forms of forced and compulsory labour.
	Principle 5	Uphold the effective abolition of child labour.
	Principle 6	Uphold the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Support a precautionary approach to environmental challenges.
	Principle 8	Undertake initiatives to promote greater environmental responsibility.
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10	Work against corruption in all its forms, including extortion and bribery.



Together with other 16 Peruvian companies, Austral has signed the Business Commitment for the Prevention and Eradication of Child Labour promoted by the Global Compact and the *Confederación Nacional de Instituciones Empresariales Privadas* (CONFIEP) [National Confederation of Private Business Associations]. By joining this initiative, we have become part of a global movement, replicated in Latin America and the Caribbean, and are on the frontline in the struggle against child labour, which affects 1.7 million children in Peru and 215 million worldwide.

## THE COMPANY

Austral Group is a leading fishing company engaged in the extraction, production and marketing of seafood and marine ingredients worldwide. We conduct our operations by following a Management Excellence Model focused on quality, continuous improvement, eco-efficiency, and innovation.



### Quality Policy

Austral Group S.A.A., a leader in the production of fishery products, conducts its operations by following a management model focused on continuous improvement, eco-efficiency and innovation.

Our organizational culture is based on sound ethical principles and respect for the individual, and promotes active participation of workers, constant training and teamwork, thus creating a group of people highly committed to the goals and values of the company.

We guarantee occupational safety and health in our operations by preventing injuries, illnesses, diseases and incidents by actively involving our workers.

We conduct our activities with social and environmental responsibility wherever we operate, and in doing so, we contribute to the creation of favourable conditions for the social and economic development of our surroundings, preventing pollution, preserving the ecosystem, and implementing climate change mitigation measures. We acknowledge our suppliers as key elements in our value chain.

We build relationships of trust with our customers by providing safe and high-quality products, thus meeting their expectations by providing an excellent service.

We fulfil our legal and contractual obligations and honour those which we voluntarily undertake, adhere to the good corporate governance principles, and we remain vigilant to prevent our operations from being used to perform any kind of illegal activity

*Version VI, July 2015 - Austral Group S.A.A, Quality Management Committee*

Austral is a member of the Norwegian Austevoll Seafood ASA group, publicly traded on the Oslo Stock Exchange, with operations in four of the most important fishing countries: Norway, United Kingdom, Chile and Peru. The corporate purpose of the group's main entities is the extraction, farming, processing and marketing of hydrobiological species.



## Mission

Meet client needs and expectations by providing them with high-quality products manufactured by a team committed to the sustainability of fishing resources through a socially and environmentally responsible, efficient operation, within a context of value creation and innovation.



## Vision

To be recognized as the leading fishing company in the production of high-quality foods.



## Our Values

Teamwork, Commitment, Integrity and Responsibility



## Our Success Factors

Being prepared, being efficient and being responsible leaders

## Memberships

We build strategic alliances and work hand in hand with numerous entities that enrich our management and allow us to have more encompassing actions in society's favour.



## Our Products and Markets

Our products are highly digestible, and contain essential minerals and vitamins. These high-quality products have high protein value and nutritional characteristics. Pursuant to Peruvian legislation, our products fall into two different categories: Direct Human Consumption (DHC) products, which includes canned, frozen and fresh fish; and Indirect Human Consumption (IHC) products, which includes fishmeal and fish oil.

Our fishmeal and fish oil products are IFFO RS certified, meaning that the food and nutritional value come from sustainable sea sources. Moreover, our products meet the highest standards of quality, satisfying the needs of the most demanding clients and markets worldwide, which use them in different industries such as aquiculture, animal husbandry and the pharmaceutical sector (in the case of Omega 3), among others.

Our products are sold in Peru and in more than 35 countries on all five continents.

## CORPORATE GOVERNANCE

### Ownership Structure

As of December 2016, 259,003,254 shares are listed on the Lima Stock Exchange. Majority shareholder, Dordogne Holdings Inc., is part of Austevoll Seafood ASA and owns 89.35% of the total capital stock. The remaining shares are held by 1,426 shareholders.

### Board of Directors

The Board is made up of five Directors; two are independent directors, four are male and one is a female. Neither the Chair nor any other Director of Austral holds an executive position in the company. Below is a brief biography of each member.



#### Arne Møgster

Arne Møgster has been on the Board of Directors since June 2006, and serves as chair since March 2010. He holds a Bachelor of Business and Administration degree and a Master's degree in International Shipping. He is currently CEO of Austevoll Seafood ASA.



#### Helge Singelstad

Helge Singelstad has been a member of Austral's Board of Directors since April 2008. He holds a degree in Engineering, earned an MBA from the NHH School of Business, and studied law at the UIB School of Law. He is currently the Chair of Leroy Seafood Group ASA and Austevoll Seafood ASA, and CEO of LACO AS.



#### Esteban Eduardo Urcelay Alert

Esteban Urcelay has been on Austral's Board of Directors since June 2006. He holds a degree in Commercial Engineering, as well as an MBA from the University of Chile. He is also on the Board of Directors of the Association of Industrial Fisheries based in Bio Bio, Chile.





### María Jesús Hume Hurtado

Austral Board member since August 2005, María Jesús Hume holds two undergraduate degrees, one in Civil Engineering and another in Economics. She also holds a graduate degree in Business, from *Universidad de Piura*, and a degree from the University of Michigan/IESE Program. She is on the BOD of several companies and non-profit organizations in Peru and abroad.



### Gianfranco Máximo Castagnola Zúniga

Austral Board member since April 2005, Gianfranco Castagnola holds a Bachelor's degree in Economics, as well as a Master's degree in Public Policy from Harvard University. He is the CEO of Apoyo Consultoría and Chair of the BOD of AC Capitales SAFI. Additionally, he is on the BOD of several companies and director of various non-profit institutions.

Members of the Board of Directors, who are elected by the Shareholders' Meeting, shall serve for a term of three years. To assist in carrying out its duties, the Board of Directors may appoint committees and such committees report directly to the Board. Board and committee members are required to be highly ethical and renowned professionals with strong academic backgrounds and experience. Furthermore, independent directors shall have no ties whatsoever to Management or Austral's controlling group. The selection criteria for independent directors include diversity, independence and expertise in economic, environmental and social matters.

The Board has appointed two committees: the Audit Committee, tasked with risk oversight and prevention across the entire company, and the Good Corporate Governance Committee, responsible, among other things, for authorizing any improvements related to the company's relationship with its investors. Both committees have decision-making powers on economic, environmental and social matters, pursuant to the duties they perform.

Major stakeholder concerns or recommendations are conveyed to the Board through Management and the committees themselves. Such matters are included as items on Board meeting agendas to be addressed, discussed and put to a vote, establishing, if necessary, the guidelines to implement such resolutions. Moreover, the Board of Directors is made aware of and enforces the resolutions adopted by the Shareholders' Meeting.

Company Management is made up of five managers, two of which are female (40%), including our General Manager.



## MANAGEMENT & WORKERS

At Austral, we recognize the importance of human talent in achieving our strategic goals and objectives. Therefore, we have developed strategies that ensure our workers' commitment to the Austral Culture, which is based on our values.

The following principles govern our employment relationships:

- The acknowledgement that workers are Austral's most valuable asset, as well as the basis for its development and efficiency.
- Mutual respect and friendly relations between managers and workers.
- Commitment to resolving differences, problems or disputes justly, fairly and swiftly.
- Observance of the labour laws in force and compliance with the Code of Ethics and Values, which emphasizes that the company does not tolerate any form of prejudice or discrimination.

As at 2016, we employ 1,209 workers, of which approximately 16% come from the Lima and Callao area, and the remaining 84% from provinces.

BREAKDOWN OF AUSTRAL WORKERS		YEAR 2016	
		Number	Percentage
ADMINISTRATIVE PERSONNEL	WOMEN	98	27.45%
	MEN	259	72.55%
TEMPORARY OPERATORS	WOMEN	45	27.27%
	MEN	120	72.73%
PERMANENT OPERATORS	WOMEN	8	3.39%
	MEN	228	96.61%
INTERNS	WOMEN	26	36.11%
	MEN	46	63.89%
CREW	WOMEN	0	0.00%
	MEN	379	100.00%
TOTAL	WOMEN	177	14.64%
	MEN	1,032	85.36%

### Workers by Type of Contract

DIRECT EMPLOYMENT	YEAR 2016	
	Number	Percentage
FIXED-TERM	177	14.64%
INDEFINITE	960	79.40%
TRAINEESHIP	44	3.64%
INTERNSHIP	28	2.32%
TOTAL	1,209	100.00%

## Attracting and Retaining Talent

We have developed a Talent Retention Program that is aligned with our Vision, Mission and strategic goals. It is based on the following four factors:

- **Leadership:** We believe Austral should have capable leaders at all levels so that they can properly manage talent, and who are keen on their workers' growth.
- **Selection and Development:** Selection procedures begin with an analysis of job profile, specific traits candidates must have, and the Austral culture, so that all three aspects work.
- **Compensation Plan:** Our salary compensation plan supports HR's strategy, which is to attract, retain and motivate human talent.
- **Work-Life Integration:** We offer a series of benefits that give our workers the flexibility they need to integrate their personal and professional lives.

We have developed for each of these factors a variety of programs that will enable us to keep our workers motivated and committed to our objectives.

## Worker Turnover Rate

The following table shows the number of new hires in 2016:

New Hires in 2016 (Executives, Employees and Manual Workers)			
Site	Gender	Age Range	New Hires
Lima and Callao	Women	Under 30	3
		Between 30 and 50	2
		Over 50	0
	Men	Under 30	9
		Between 30 and 50	3
		Over 50	0
Provinces (Coishco, Chancay, Pisco and Ilo)	Women	Under 30	3
		Between 30 and 50	3
		Over 50	0
	Men	Under 30	21
		Between 30 and 50	19
		Over 50	0
TOTAL			63

The following table shows the worker turnover rate in 2016:

Permanent Worker Turnover in 2016 (Executives, Employees and Manual Workers)			
Location	Gender	Age Range	Number of Terminations
Lima and Callao	Women	Under 30	2
		Between 30 and 50	6
		Over 50	1
	Men	Under 30	2
		Between 30 and 50	4
		Over 50	1
Provinces (Coishco, Chancay, Pisco and Ilo)	Women	Under 30	1
		Between 30 and 50	3
		Over 50	0
	Men	Under 30	14
		Between 30 and 50	13
		Over 50	3
TOTAL			50

## Training and Development



**First Aid Talk**



**Crew Safety Talk**



**Behavioral Skills Workshop**

The aim of our training programs is to ensure that workers are fully capable of effectively carrying out their duties, encouraging their all-round development that translates into their professional development and that of the company.

Every year, Austral develops training programs pursuant to the organization's quality, safety, environmental and social responsibility standards. Most of them seek to reinforce skills management and help workers to continue learning about occupational safety and health, leadership and management, and acquire new technical skills and abilities, among other topics.

We have signed several agreements with universities and institutes, which will allow our workers to access special discounts. In 2016, 1,020 workers received a total of 102,815 hours of training (89% men and 11% women), which translates into an average of 85 hours per worker. Investment in training during this period amounted to US\$ 514,266.

## **Right to Freedom of Association and Collective Bargaining**

Austral recognizes and respects the right to unionization and collective bargaining established by the Collective Employment Relations Act and its Regulations. The company proactively participates in collective bargaining negotiations and we are in constant communication with union leaders and members.

There are a few Austral workers who are members of two trade unions: *Sindicato Único de Pescadores de Nuevas Embarcaciones del Perú* (SUPNEP) [Single Trade Union of Fishermen of New Vessels of Peru], which brings together crew members of our company and of 4 other fishing companies; and *Sindicato Único de Trabajadores de la Empresa Pesquera Austral Group* (SUTEAG) [Single Trade Union of Austral Group Fishing Company Workers] organized at the Ilo Factory.

Austral has been a member of the *Asociación de Armadores de Nuevas Embarcaciones Pesqueras* (AANEP) [Association of Shipbuilders of New Fishing Vessels] since August 1991, whose Board of Directors is currently chaired by our General Manager, Adriana Giudice, attorney-at-law. On March 9, 2012, AANEP and SUPNEP executed a collective bargaining agreement, effective from March 12, 2002 to March 11, 2017.

On April 19, 2013, the company executed a collective bargaining agreement with SUTEAG, effective from April 16, 2013 to April 15, 2015. Subsequently, on November 10, 2015, the company executed a new collective bargaining agreement, effective from April 15, 2015 to April 14, 2017.

In the first instance, all trade union communication is carried out by the Ilo Factory's Head of Human Resources, the Fleet Manager and the Human Resources Manager. Moreover, the General Manager deals directly with the trade union to provide solutions to its requests. As at December 31, 2016, there are 27 unionized workers at the Ilo factory and 379 crew members, who, combined, account for 20.57% of Austral's total workforce.

# The Austral Shop



Since 2006, Austral has relied on the *Fondo de ayuda "Tiendita Austral,"* or the Austral Shop Aid Fund, which was created with the intent of helping workers and immediate family members fighting cancer. This fund is self-managed; our own workers help grow the fund by buying and selling the merchandise— bearing the Austral logo—, which will ultimately benefit more people.

In 2016, the Austral shop helped three workers, and since its inception it has helped over 50 workers, disbursing to date over S/. 29,000.



## Occupational Safety and Health Management

All Austral operations implement our Occupational Safety and Health Management System, which focuses on prevention by promoting a safety culture and improving workplace conditions.

Any and all activities carried out by company personnel and/or contractors must comply with our Safety Procedures. Workers shall perform preventive control measures before, during and after each task, including: General Induction, Specific Induction, 5-Minute Talk, Hazard Identification, Risk Assessment and Control (HIRAC) P-GRH-030 Procedure, P-GRH-034 Factory Safe Operations Procedure by developing Internal Work Permits; and P-GRH-031 Permit-to-Work Procedure for Contractors .

All workers are represented by the Occupational Safety and Health Committee, which, with the support of site leaders, oversees all planned actions and makes continuous efforts to prevent accidents and/or illnesses.

## Occupational Accident Rate: Types of Injuries

### ACCIDENT RATE AT AUSTRAL FACTORIES 2016

Type of Injury	No.	Percentage
Contusion	12	50.0%
Puncture wound	6	25.0%
Sprain	0	0.0%
Bruise	0	0.0%
Burn	5	20.8%
Bursitis	0	0.0%
Abrasions	0	0.0%
Swelling	1	4.2%
TOTAL	24	100.00%

**Factories and Administrative Headquarters  
Lost Time Injury Rate due to Occupational Accidents, 2016**

<b>Factories / Headquarters</b>	<b>Lost Time Injury Rate <sup>1</sup></b>
Pisco	0.16%
Coishco	0.19%
Chancay	0.31%
Ilo	0.07%
San Isidro and Callao	0.01%
<b>Total</b>	<b>0.15%</b>

Interpretation: 0.15% of the total hours worked by factory workers and office employees were lost due to medical leave caused by occupational accidents.

**Fleet Lost Time Injury Rate due  
to Occupational Accidents, 2016**

<b>Austral</b>	<b>Lost Time Injury Rate <sup>1</sup></b>
Fleet	1.16%

Interpretation: 1.16% of the total hours worked by the fleet crew were lost due to medical leave caused by occupational accidents.

**Mean Corporate Lost Time Injury Rate  
due to Occupational Accidents, 2016**

<b>Austral</b>	<b>Lost Time Injury Rate <sup>1</sup></b>
Factories and Fleet	0.61%

Interpretation: 0.61% of the total hours worked by all workers were lost due to medical leave caused by occupational accidents.

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<sup>1</sup> Lost time (in man-hours) refers to working hours and is counted as from the day following the accident according to Law No. 29783. The formula applied is as follows: Lost Time Injury Rate = (lost time due to accidents / man-hours worked) x 100.



## MANAGEMENT & CLIENTS

As stated in our Quality Policy, Austral is strongly committed to ensuring customer satisfaction. To that end, we strive to ensure smooth and continuous communication with our clients through various methods and channels, which allows us to be fully aware of their needs and expectations.

We have hired an external consultancy company to measure the customer satisfaction level of both our national and international clients on a regular basis. The most recent evaluation, which was carried out in June 2015, yielded the following results:

Business Unit	Satisfaction Rate from January 2014 to May
Fishmeal	91.30%
Fish oil	90.00%
Domestic canned food	71.40%
Canned...	80.00%
Fresh fish	100.00
Frozen fish	100.00

The following evaluation will take place in June 2017 and will refer to the June 2015 to June 2017 biannual period.

Our management approach to product labelling complies with the regulations established by the *Organismo Nacional de Sanidad Pesquera* (SANIPES) [National Fishing Sanitation Body], the Codex Alimentarius, the national statutory regulations, the Peruvian technical and metrological standards (NTP and NMP), and the labelling requirements in force in such countries to which we export our products.

Our products are subject to the following evaluation procedures:

- Canned and Frozen Verification: The *Organismo Nacional de Sanidad Pesquera* (SANIPES) and an internationally renowned supervisory entity are responsible for verifying the product's origin, species, regulatory compliance, among others.
- Fishmeal and Oil Verification: A supervisory company is responsible for the verification and conformity of these products according to the business sale parameters. It inspects labels, license and authorization numbers, production dates, among others, to be subsequently reviewed and approved by SANIPES.

Austral manages the impacts of its DHC products on the health and safety of customers

and consumers through the implementation and application of a Hazard Analysis and Critical Control Points (HACCP) System. HACCP's purpose is to identify possible food safety hazards and establish preventive control measures to ensure that they do not pose a health or safety risk to our clients and consumers. Each product line follows its own HACCP plan.

## MANAGEMENT & SUPPLIERS

Our suppliers are our strategic allies and an essential part of our management. We seek to build loyal relationships based on trust with the purpose of creating shared value, since they are with us throughout the entire process, from fishing to marketing.

We enter into business relationships with suppliers or contractors whose values are aligned with our own, and manage our procurement practices—and related impact—in accordance with the guidelines set forth in our Mission, Vision and Quality Policy, seeking to develop orderly and efficient processes.

Our suppliers are classified into contractors, intermediaries, manufacturers, concessionaires, shipbuilders and administrative services providers. In 2016, we added 328 new suppliers: 291 providing goods and services, and 37 providing raw materials.

Local suppliers are selected as follows:

- Search through the Supplier Master
- Internet search
- Specialized local trade fairs
- Data provided by the Ministry of Production for the purchasing of raw materials
- Data from SUNAT's records
- Report to Sentinel
- Commercial references
- Visit to facilities

### **Purchasing Materials:**

Austral purchases materials from 638 suppliers, 95.14% of which are local suppliers and 4.86% are foreign.

In 2016, payments to suppliers amounted to US\$38,290,36.76.

### **Hiring Services:**

In 2016, Austral hired 698 suppliers who provided a total of 38,018 services, 14.51% of which correspond to local suppliers and 85.49% to foreign suppliers. In 2016, payments to service suppliers totalled US\$22,536,440.37.

## MANAGEMENT & SOCIETY

Austral has developed social responsibility programs for every site our production factories are located: Coishco, Chancay, Pisco and Ilo.

Our Social Responsibility Plan is prepared annually and is based on a baseline that includes a socioeconomic diagnosis and mapping of stakeholders, focusing on social, environmental and economic aspects, while identifying the organizations and social groups present in the area. Then, we identify the most important local needs and problems, and define the social responsibility programs, accordingly. Such programs are based on four lines of action: Education and Employment, Nutrition and Health, Environment and Social Development.

Every year, we use key performance indicators and defined outcomes to measure our Social Responsibility Plan. At year-end, a report containing all the actions taken and the results obtained is submitted to the General Manager.

In 2016, we invested US\$100,666 in sustainable projects and programs, campaigns and donations that contribute to the development of the areas where we operate, benefiting more than 56,000 people.

### Investment in Communities in 2016

Community-based programs, projects and campaigns	US\$78,783
Local activities and sponsorships (community relations)	US\$7,476
Donations	US\$9,407
AproChancay (program and campaigns benefiting the Chancay community)	US\$5,000
<b>TOTAL INVESTMENT</b>	<b>US\$100,666</b>

## Community-based Programs, Projects and Campaigns by Line of Action

### Education and Employment

Program, Project or Campaign	Description	Site	Impact
The <i>Creciendo Juntos</i> [Growing Together] Program	This program focuses on the sustainable development of the artisanal fishermen living in the communities in the areas surrounding our factory.	Coishco	In 2016, after conducting a Market Research, preparing a Business Plan, and registering the "Coishcomar" MSE, the Austral Group proposed the creation of a training program in favour of the Association of Artisanal Fishermen (ASUPAC), which would help its members design a strategic plan to implement an ecotourism project in the district of Coishco. This project will be presented to the relevant agencies for funding.
The <i>Pesca tu Beca Senati</i> [Fishing for Your Senati Scholarship] Program	This program gives youth the opportunity to develop and acquire the technical skills and knowledge needed to achieve their goals.	Coishco, Chancay, Pisco and Ilo	In 2016, we sponsored 7 students (3 from the Pisco factory, 2 from the Chancay factory and 2 from the Coishco factory).
The <i>Muévete</i> [Let's Move] Project	This program seeks to help prevent youth from leading lives of crime by encouraging them to practice alternative, healthy recreational activities.	Coishco	In 2016, we carried on with the <i>Muévete: Rescatando los Valores de Coishco</i> [Let's Move: Restoring Our Values] Program, in partnership with the Municipality of Coishco. The agreement, which covers football, <i>Marinera</i> , dance, theatre, volleyball and boxing, includes schedules and money to pay for teachers. Over 440 talented children and youth participated, training very hard to compete in sporting championships and popular expression contests, and giving commendable performances. We have taken <i>Muévete</i> on the road to several districts in the provinces of Santa, Moro, Samanco and Nuevo Chimbote, as well as to Lima and Cajamarca.

## Nutrition and Health

Program, Project or Campaign	Description	Site	Impact
The <i>A Comer Bien</i> [Let's Eat Healthy] Nutrition Program	Nutrition program carried out in partnership with NGO World Vision, promoting balanced diets that include eating fish three times a week. The goal is to improve nutrition and fight anaemia and malnutrition.	Chancay	The <i>A Comer Bien</i> program completed its second phase benefiting over 300 boys and girls under the age of five, and managing to reduce anaemia levels by 25.3%. Moreover, 217 families have been able to consolidate their knowledge about hygiene and food handling in the home setting, as well as adopt the appropriate good hygienic and food-handling practices, in addition to boosting their intake of iron. Furthermore, 20 villagers were trained as community agents and were able to assist in the project's efforts. It is worth mentioning that <i>A Comer Bien</i> has succeeded in strengthening the inter-institutional partnerships between Austral, World Vision, the local hospital and the Municipality of Chancay.

## Environment

Program, Project or Campaign	Description	Site	Impact
Austral Green Environmental Campaigns	These campaigns aim to improve and make us aware of the part we play as a business and as members of the community in caring for the environment, through trainings and concrete actions performed by our workers, authorities and members of the communities living in the areas surrounding our factories.	Coishco, Chancay, Pisco and Ilo	Austral participated in several activities organized in local towns, including: <ul style="list-style-type: none"> <li>- Cleaning beaches at all locations where we operate.</li> <li>- Participating in Environment Day parades and fairs.</li> <li>- Electronic device recycling campaigns at the Ilo factory.</li> <li>- Awareness campaigns for the reduction of plastics.</li> </ul>

## Social Development

<b>Program, Project Campaign</b>	<b>Description</b>	<b>Site</b>	<b>Impact</b>
Corporate Volunteering	Corporate volunteering seeks to contribute to local development; Austral makes financial investments and our workers participate willingly and caringly.	Chancay, Pisco and Ilo	No volunteering activities were performed at our factories in 2016. However, we did celebrate Christmas at our Headquarters with the children from Colegio Remar, the educational institution to which we donate recycled and end-of-life materials year-round.
Community Relations	Planned activities to help us fit in with the community and partake in the activities they organize as the good neighbours that we are.	Coishco, Chancay, Pisco and Ilo	We have organized free health campaigns for which we invited EsSalud physicians to take part. We have also joined in the peace walk organized by the National Police Force in the province of Santa, and have donated windows to help improve the town's obstetrics centre. During the festivities for the anniversary of Coishco's political creation, the Austral Group received a special recognition for the social work we have carried out in the district.



## ENVIRONMENTAL MANAGEMENT

We are committed to preserving the environment; therefore, we are constantly investing in technology to help minimize the impact of our effluents, emissions and waste, conducting our operations with eco-efficiency, and aligned with the Commitments to Sustainable and Responsible Fishing.

*"Fishing companies, members of the National Fisheries Association, whose duly-authorized representatives have signed this document, hereby represent with complete certainty that the fishing business' Code of Conduct is based on Responsible Fishing, the strict compliance with the fishing regulations in force, and the mutual respect for the rights and obligations of all agents taking part in the industry." The National Fisheries Association*

### **10 Commitments to Sustainable and Responsible Fishing**

1. Preserve all species found in the ocean, rivers and lakes, preventing their possible depletion or extinction.
2. Do not fish or eat endangered species (dolphins, turtles and sea lions), and respect temporary seasonal closures.
3. Observe the ban on fishing in reserved areas.
4. Avoid polluting the ocean, rivers and lakes, as well as informal processing of fishery resources out in the open.
5. Contribute to the monitoring and control of responsible fishing by supporting inspectors and their work.
6. Use only the gear and equipment authorized for the extraction of the fishing resource.
7. Comply with the requirements and conditions provided for in the permits, licenses and authorizations obtained.
8. Maintain the satellite tracking system (SISESAT) on the fishing vessel installed, active and without interruptions.
9. Ensure scales are in proper working condition to avoid tampering.
10. Comply with fishery resource conservation conditions throughout the entire production process.

## Power Consumption

We use management indicators to collect timely information on critical characteristics regarding energy consumption processes, thus enabling us to make improvements or taking corrective and preventive actions. Austral uses non-renewable energy sources primarily to generate electricity and steam, and on fishing vessels.

### Consumption of Electrical Energy Generated and Purchased in 2016

SITE	POWER CONSUMPTION	POWER CONSUMPTION
	(In kilowatt-hour)	(In kilowatt-hour)
COISHCO FACTORY	8,039.22	378.05
PISCO FACTORY	2,283.14	6.15
CHANCAY FACTORY	1,978.66	0.00
ILO FACTORY	805.09	120.14
TOTAL POWER CONSUMPTION	13,610.45	

## Water Consumption

At Austral, we perform water balance analyses at each of our factories in order to estimate the baseline and subsequently develop performance indicators that will allow us to measure the efficiency of the proper use of water.

Most of the water we consume is seawater. Large quantities are used to transport, preserve, and store the raw material both on the vessels and at our factories, which are also cleaned with seawater. In order to use this resource, all our factories have had to obtain a non-desalinated seawater permit granted by the competent authority.

Depending on where the factory is located, well water is primarily used to generate steam for the cooling tower, steam kettles, the ice plant and service areas, such as the cafeteria and toilet facilities. The water utility network is chiefly used to service the administrative areas. Groundwater catchment is managed in compliance with Law No. 29338, the Water Resources Act and its Regulations, and our monthly consumption is reported to the National Water Authority. The water supplied by the water utility network comes from treatment plants, but it is originally from the Santa and Chancay rivers, in the north-centre area, and the Locumba, Vizcachas, Chilota, Carumas and Huaracane rivers, to the south.

## 2016 Water Consumption

Site	Seawater	Well Water	Water Utility Network
	In Cubic Meters	In Cubic Meters	In Cubic Meters
<b>Coishco</b>	246,312	58,791	22,730
<b>Pisco</b>	38,623	55,215	1,319
<b>Chancay</b>	84,701	61,167	1,361
<b>Ilo</b>	39,630	-	41,496
<b>TOTAL</b>	<b>409,266</b>	<b>175,173</b>	<b>66,906</b>

## Efficiency and Conservation Initiatives

One such initiative is migrating to clean energies, installing boilers that run on natural gas at our factory in Pisco and compressed natural gas at our factory in Chancay.

Our fishery facilities include biological treatment plants that treat greywaters (WTP), which can then be reused to water the existing green areas in our facilities.

Moreover, at the Coishco factory, refrigerated seawater is also reused in the unloading of raw material for direct human consumption. Approximately 200m<sup>3</sup> of refrigerated seawater are used to unload an average of 1,000 tons of fish, thus reducing the use of seawater.

## Effluent Management

Pumping water is the main effluent generated as a result of using seawater to unload raw materials to our factories. These effluents contain solids and fats which will have to be recovered before final disposal. Solids are recovered and later added to the production process by using a trommel (rotary) screen, with a screen mesh aperture of 0.3 mm and 0.5 mm. Fats are recovered in Induced Air Flotation (IAF) and Dissolved Air Flotation (DAF) cells and then go through a DAF Clarifier process. Treated effluents are then discharged through a submarine outfall system 1,000 or more meters away; in Pisco, for example, effluents are discharged 13 km offshore.

Our effluent management system not only allows us to comply with the maximum permissible limits provided for in Supreme Decree No. 010-2008-PRODUCE, but also enables us to increase productivity thanks to a greater recovery of solids and fats which are ultimately used in the production process.

Our Pisco factory includes an Industrial Wastewater Treatment Plant (IWTP), which enables us to ensure a comprehensive treatment of all the wastewater generated as a result of our activities. The Chancay factory will also have one of these treatment plants as soon as 2017.

## **Monitoring of Atmospheric Emissions**

Austral conducts an annual environmental monitoring of combustion and process gas emissions, air quality and environmental noise. The service is performed by accredited laboratories which guarantee the accuracy of the results in the event of an environmental audit, and that they correspond to the operating conditions at the time they are measured.

The combustion gas emission results are compared with the maximum permissible limits established by the World Bank for stationary diesel engines and boilers. Monitoring is carried out once a year during IHC fishing seasons.

With regard to the process gas emissions, monitoring is carried out twice a year during DHC fishing seasons, and the results are compared with the maximum permissible limits established by Supreme Decree No. 011-2009-MINAM. Moreover, air quality results are compared with the standards established by Supreme Decree No. 003-2008-MINAM. Monitoring is conducted three times a year, 2 during the IHC fishing season, and 1 during a seasonal closure. Finally, noise quality is monitored once a year and the results are compared with the Environmental Quality Standards for Noise, pursuant to Supreme Decree No 085-2003-PCM.

## **Waste Management**

At Austral, all solid waste generated is managed pursuant to Law No. 27314, the Solid Waste Act. To such end, the Solid Waste Manual includes a Corporate Procedure which details all wastes generated as a result of the activities carried out at our facilities, as well as those produced by our fishing vessels, barge and wharf.

A total of 80.93% of the non-hazardous waste generated at our factories is reused for internal use, donated or, to a greater extent, marketed. Only 12.58% of the hazardous waste generated can be marketed, including batteries and oils used.

Such non-hazardous and hazardous solid waste that cannot be reused is disposed of by authorized third-party service providers (EPS-RS, acronym in Spanish) in sanitary landfills and, secure landfills, respectively.

SOLID WASTE GENERATION (MT)																		
WASTE	COISHCO				CHANCAY				PISCO				ILO				TOTAL ANNUAL (MT)	
	NON-HAZARDOUS WASTE	REUSABLE NON-HAZARDOUS WASTE	HAZARDOUS WASTE	REUSABLE HAZARDOUS WASTE	NON-HAZARDOUS WASTE	REUSABLE NON-HAZARDOUS WASTE	HAZARDOUS WASTE	REUSABLE HAZARDOUS WASTE	NON-HAZARDOUS WASTE	REUSABLE NON-HAZARDOUS WASTE	HAZARDOUS WASTE	REUSABLE HAZARDOUS WASTE	NON-HAZARDOUS WASTE	REUSABLE NON-HAZARDOUS WASTE	HAZARDOUS WASTE	REUSABLE HAZARDOUS WASTE	NON-HAZARDOUS WASTE	HAZARDOUS WASTE
QUANTITY MT	527,612	395,461	313,454	34,847	233,994	214,531	29,048	5.48	185,538	150,624	76,344	10,982	120,599	103,520	26,311	4,708	1,067.743	445,157
REUSABLE %	74.95%		11.12%		91.68%		18.87%		81.18%		14.38%		85.84%		17.89%		80.93%	12.58%
TOTAL WASTE (MT)	841.066				263.042				261.882				146.91				1512.900	