

# ANNUAL REPORT 2017



Austral Group S.A.A.  
Austevoll Seafood Company





This document aims to communicate to all our stakeholders, the responsible management of the company in the most relevant issues such as: Financial information, Good Corporate Governance and management with employees, suppliers, customers, community and environment.

This report responds and demonstrates our management in line with the Ten Principles of the Global Compact, the Sustainable Development Goals, the indicators of the Global Reporting Initiative (GRI) and the Report on Good Corporate Governance and Corporate Sustainability requested by the Lima Stock Exchange.



Austral Group S.A.A.  
Austevoll Seafood Company



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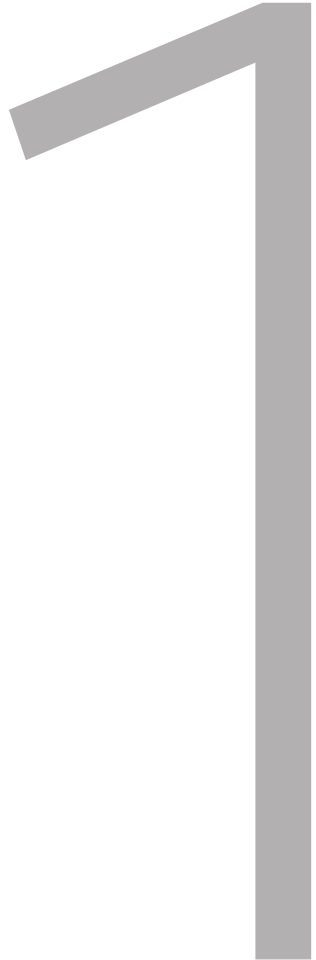
This document contains accurate and sufficient information regarding the course of Austral Group S.A.A.'s business during 2017, reaffirming our commitment to the Ten Principles of the Global Compact, aligned with the 17 Sustainable Development Goals. Without prejudice to the responsibility of the issuer, the signers are responsible for their content in accordance with the applicable legal provisions.




**Adriana Giudice**  
CEO



# HISTORICAL OUTLINE



The fishing experience achieved over the years has consolidated us as a leading company that carries out its operations with environmental and social responsibility, and has managed to be sustainable through continuous improvement and innovation.



Austral was incorporated by Notary-Recorded Deed on December 10th, 1996, supervised by the Public Notary of Lima, Manuel Reátegui Tomatis, J.D., constituted under the name of Pesquera Industrial Pacífico S. A., and subsequently modified to Austral Chancay S. A., a name under which it was registered in the Card 5633 Entry 1-A of the Registry of Companies of Huaral on August 19th, 1997.

By the Public Deed of 15th September 1998, the corporation adapted its bylaws to the New General Law of Companies and changed its denomination to AUSTRAL GROUP S.A. These changes were registered in the Card 60000565 of the Registry of Companies of Huaral on September 29th, 1998.

The Public Deed subscribed on December 18th, 1998 and registered in the Registry of Companies of Huaral on January 7th, 1999, perfected the merger, whereby Austral Group S.A. absorbed Pesquera Arco Iris S.A., established on 2nd October 1998, and Pesquera Austral S. A., established on August 9th, 1991. The merger became effective on December 1st, 1998.

Following the merger, the company's capital stock was set at S/. 434'411,250. In January 1999 the company listed its shares at the Lima Stock Exchange, leaving the total amount of capital represented by filings in CAVALI. The General Shareholders' Meeting held on December 23th, 1999, approved the adaptation of the Corporate Bylaws, adopting the form of Publicly Traded Corporation.

In regards to the evolution of its shareholders' equity, Austral's General Shareholders' Meeting held on August 11th, 2000, and agreed to reduce the company's capital stock from S/. 434'411,250 to S/. 143'355,712.50.

The capital reduction jointly with the total amendment of the Bylaws, which included the change in the corporate domicile from the province of Huaral to the province of Lima, was formalized in the Public Deed N° 3079 dated September 15th, 2000, and executed before Notary Manuel Reátegui Tomatis, Esq. Consequently, the corporation was registered in Electronic Item N° 11245506 of the Registry of Corporations in and for Lima.

Austral's General Shareholders' Meeting held on December 20th 2000, agreed to approve the credit capitalization and the resulting capital increase to the sum of S/. 223'423,457.40. Moreover, in exercise of the delegation resolved by the General Shareholders' Meeting by Board of Directors' session dated February 26th, the capital stock was increased to S/. 283'080,540.60 by means of credit capitalization.

The General Shareholders' Meeting held on March 19th 2004, it was resolved to reduce the company's capital stock from S/. 283'080,540.60 to S/. 17'156,396.40 by changing the nominal value of the shares from S/.0.33 to S/.0.02.

In the General Shareholders' Meeting dated October 27th, 2004, it was resolved to reduce the capital stock of the company by the total of S/. 4'289,099.10, resulting in a capital stock of S/. 12'867,297.30. In the same General Shareholder's Meeting, it was resolved to increase the capital stock a total of S/. 20'000,000.00, after which the capital stock summed up to S/. 32'867,297.30 as a consequence of the cash contribution undertaken by Dordogne Holdings, Inc., which was totally paid-up prior to December 31st, 2005.

In the General Shareholders' Meeting dated September 24th, 2007, it was resolved to increase the capital stock due to accumulated results by December 31st, 2006 by a total of S/.213'637,432.45 by means of increasing the face value from S/. 0.02 to S/. 0.15, rising the working capital to S/. 246'504,729.75.



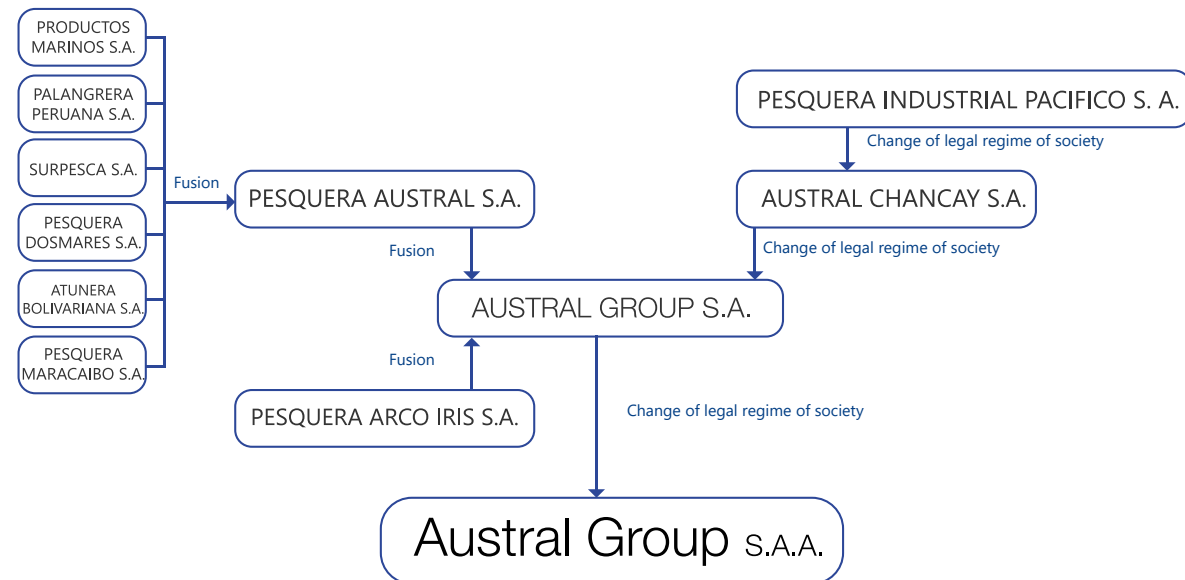
On March 12th 2008, the Board of Directors – using the powers appointed by the General Shareholders Meeting of September 24 2007- agreed to increase the capital stock by new cash contributions to the sum of S/.388'504,729.80 represented by 2,590'031,532 voting shares with a face value of S/. 0.15 each, of a single series, all with the same rights.

By August 4th, 2008 the General Shareholders Meeting approved Austral's simple reorganization with the company Conservera de Las Américas S.A., in which an equity block was segregated, one comprised by the assets and liabilities connected to the plant at Paita, separating the direct-human- consumption tuna business.

On March 30th, 2009, the General Shareholders Meeting approved a project of division by means of which Corporación del Mar S.A. segregated two equity blocks, these blocks were absorbed by Austral, and by pesquera Exalmar S.A. respectively. This division was aimed at the integration of part of the fishing business of Corporación del Mar S.A. with that of their respective shareholders, Austral and Pesquera Exalmar S.A.

By 15th of April 2011, the General Shareholder's meeting agreed to increase the nominal value of shares from S/.0.15 to S/.1.50. Also, for the purpose of rounding, it agreed on a capital increase by capitalization of results of S/.151.20, rising the amount of share capital to S/.388'504,881.00, represented by 259,003,254 shares. The agreement was registered in the Public Registry of Lima on October 29th, 2013.

On January 14th, 2014, Austral's board of directors approved to sell the entire stock of shares (100%) of Conservera de las Américas S.A. The transaction was carried out on 31st January 2014.





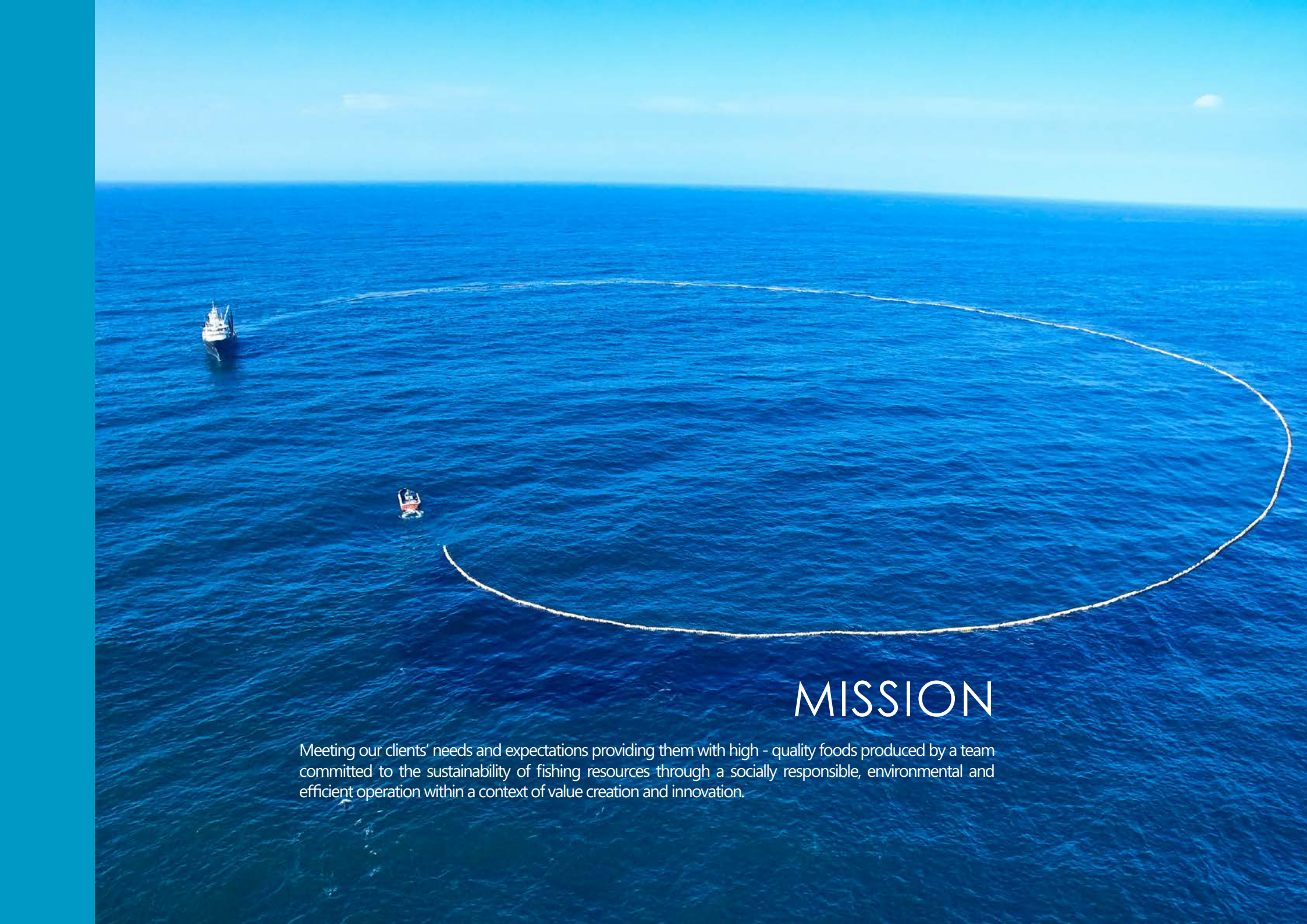
# OUR COMPANY



Austral Group is a leading fishing company dedicated to the capture, production and marketing of food and marine ingredients worldwide. We carry out our operations following a Management Excellence Model focused on quality, continuous improvement, eco-efficiency and innovation. We are a member of the Norwegian Austevoll Seafood ASA Group, one of the largest fishing groups in the world, publicly traded on the Oslo Stock Exchange, with operations in four of the most important fishing countries; Norway, United Kingdom, Peru, and Chile. We are dedicated to producing and trading frozen products, canned fish, fishmeal, and fish oil.<sup>2</sup>

<sup>2</sup> GRI indicators: G4-56 (Values, principles, standards and norms of company behavior.)





# MISSION

Meeting our clients' needs and expectations providing them with high - quality foods produced by a team committed to the sustainability of fishing resources through a socially responsible, environmental and 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



# 2.1

## Corporate Identity

### OUR VALUES

- Teamwork
- Commitment
- Integrity
- Responsibility



### OUR SUCCESS FACTORS

- Being responsible leaders
- Being efficient
- Being prepared



## 2.2

# Quality Policy

Austral Group S.A.A. is a leading company in the extraction, processing and commercialization of fishery products. It carries out its operations following a sustainable management model focused on continuous improvement, eco-efficiency and innovation.

Our organization's culture is based on solid ethical principles, respect for people and diversity. We promote active participation of employees, along with their constant training and teamworking, generating a group of people highly committed to the company, its goals and values.

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

We recognize our suppliers as a key element in our value chain, aligning them with our objectives and promoting local development.

We carry out our activities with social and environmental responsibility in places where we operate, contributing to the creation of favorable conditions for our environment's socioeconomic development, preventing pollution, preserving the ecosystem through responsible fishing and implementing mitigation measures against climate change.

We build trusting relationships with our clients by providing them safe and high-quality products, covering their expectations with excellent service.

We promote exchange of knowledge and experience through strategic alliances with public and private entities to obtain mutual benefits and competitive advantages.

We comply with our legal, contractual obligations and those to which we voluntarily submit. Our conduct abides by the principles of good corporate governance and we are always alert to prevent our operations from being used to carry out any kind of dishonest practices or illicit activities.

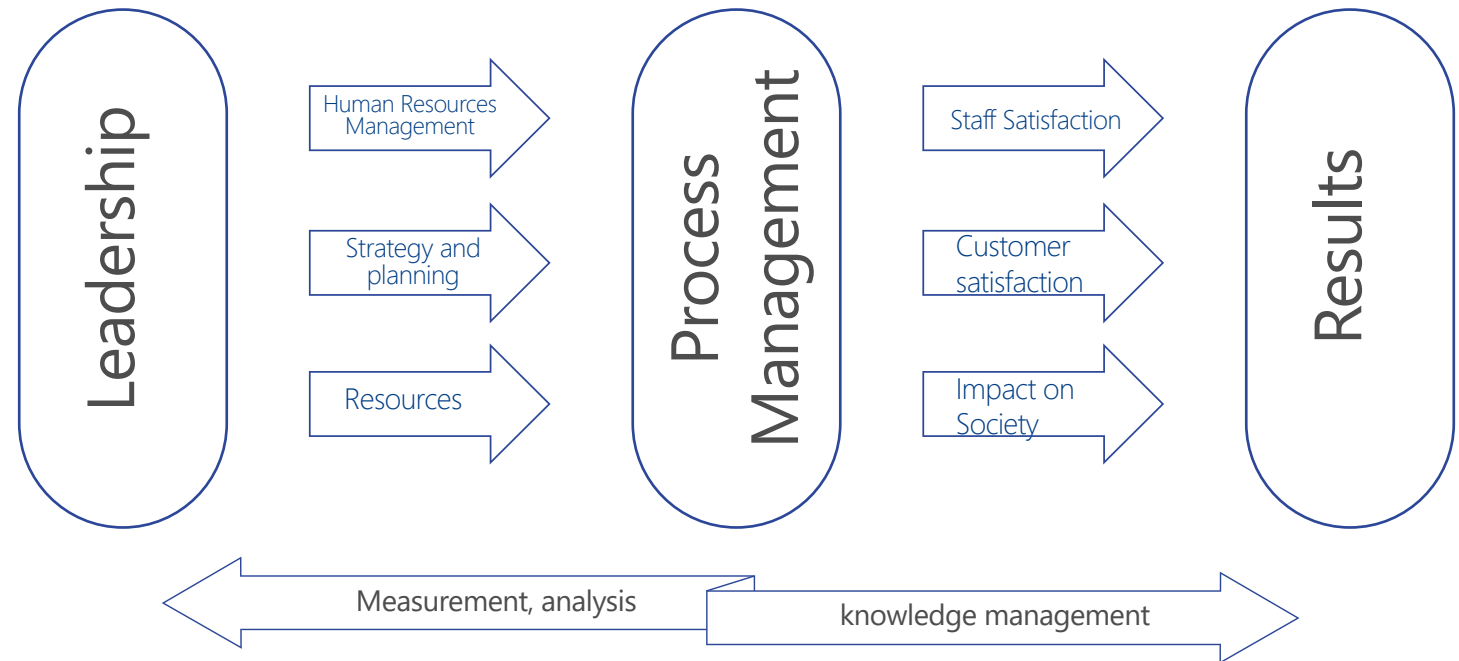
*December 2017  
VII Version*

MANAGEMENT COMMITTEE  
AUSTRAL GROUP S.A.A.

## 2.3

### Our Excellence Model

Our Model of Excellence in Quality Management is based on the model developed by the European Foundation for Quality Management (EFQM) and provides a powerful tool for process improvement and proper management of the organization allowing us to achieve the expected results and excellence in performance. Its successful implementation and the results obtained allowed us to obtain the National Quality Award in 2012, the highest recognition awarded in Peru to organizations that demonstrate outstanding performance in implementing the Model of Excellence in Management.












# 2.4

## Integrated Management System

We have an Integrated Quality Management System based on 7 international standards, which cover aspects such as quality, safety, security, and environmental commitment.

|   |   | CHI PLANTS | CHD PLANTS | FLEET | MAIN OFFICE |
|---|---|------------|------------|-------|-------------|
|    | <b>QUALITY MANAGEMENT SYSTEM - ISO 9001:2008</b><br>Requirements which we apply to control and continuously improve the main corporate processes in order to meet our clients' needs permanently.   | X          | X          |       |             |
|    | <b>OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT SYSTEM - OSHAS 18001:2007</b><br>It allows us to show the realization of a consolidated corporate occupational health and safety system in our business by the control of our risks and being consistent with our policies and objectives. | X          | X          |       |             |
|    | <b>ENVIRONMENTAL MANAGEMENT SYSTEM ISO 14001:2004</b><br>It allows us to show and improve our environmental performance controlling the impact of our activities, products, and services on the environment.  | X          | X          | X     |             |
|    | <b>FEED AND FODDER MATERIALS PLAN - FEMAS Rev. 09:2013</b><br>It helps us produce fishmeal and fish oil for animal consumption with the quality levels requested by our clients of the European community   | X          |            |       | X           |
|   | <b>SEAFOOD FROM SUSTAINABLE FISHING. Friend of the Sea</b><br>Requirements to control the capture and processing of endangered sea species and the use of fishing methods that do not have a negative impact on the Peruvian sea.   | X          | X          | X     |             |
|  | <b>INTERNATIONAL SECURE COMMERCE STANDARDS - BASC Version 04:2012</b><br>Requirements to control the security of the supply chain and prevent the use of company operations in illicit activities related to international trade.   | X          | X          |       | X           |
|  | <b>GLOBAL RESPONSIBLE SUPPLY STANDARD - IFFO RS</b><br>Responsible practice in the areas of animal feed safety and the obtaining and delivery of raw material to all interested parties.  | X          |            | X     |             |



## INNOVATION

### ¡Hazte una pez!

Suggestion program born in 2007 and seeks the participation of employees in the development and planning of new ideas, initiatives and / or alternatives for identifying and solving problems within the framework of continuous improvement. As a counterpart, the employee receives an economic incentive in exchange of the savings generated for the company.

#### Goals:

- To encourage collaborators to improve their work and participate in activities that improve the company's organization.
- Improve communication between the different levels and areas of the organization in order to encourage teamwork.
- Promote the simplification, change and improvement of operations and procedures.
- Create a space for participation through which the collaborators present new ideas, initiatives or innovative alternatives that allow continuous improvement in working methods and obtaining benefits for the organization.
- Encourage the development of skills and potential of employees.

| Year        | Suggestions presented | Winning suggestions |
|-------------|-----------------------|---------------------|
| 2007 - 2015 | 82                    | 36                  |
| 2016        | 22                    | 8                   |
| 2017        | 25                    | 8                   |

### Lean Six Sigma

In 2017, Austral signed an agreement with the University of Engineering and Technology - UTEC, with the objective of developing and implementing sustainable improvement projects in our organization under the Lean Six Sigma methodology. The implementation of this methodology was carried out in two stages: the first one was training the employees to use the tool (about 70 employees participated, mainly from the operational areas), and then, the second stage correspond to the identification and development of projects mainly linked to the process of capturing the raw material and the production of high quality fishmeal. Currently, we are in this second stage, working on different projects that will allow us to add value to our business with the support of students from that university.

We form strategic alliances and work hand in hand with various entities that enrich our management and allow us to have a greater scope in our actions in favor of society.

## 2.5

### Memberships





## 2.6

# Our Products

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 include 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.<sup>3</sup>

### FISHMEAL

We produce excellent quality fishmeal, highly digestible, and with important nutritional characteristics (high protein value, vitamins, and essential minerals). We are pioneers in the production of Prime and Super Prime Fishmeal.



### FISH OIL

Our fish oil is ideal for the nutraceutical and pharmaceutical industries since it has a high content of Omega 3, EPA, DHA, and fatty acid, ideal for the elaboration of very important, unique and enriched nutritional supplements for blood flow and good functioning of the brain and eyes. Its nutrients are highly beneficial to children and adults. Additionally, we produce excellent quality fish oil with high nutritional value, ideal for aquiculture and the pet food industry since it guarantees an optimum growth for the species that consume it.



### FROZEN

We guarantee the care of the cold chain from capture to delivery at destination. We serve markets inside and outside the country. The species we offer (horse mackerel, mackerel, anchoveta, squid, squid and parrot) are captured with their own boats and are also acquired from local artisanal fishing, which is part of our value chain.

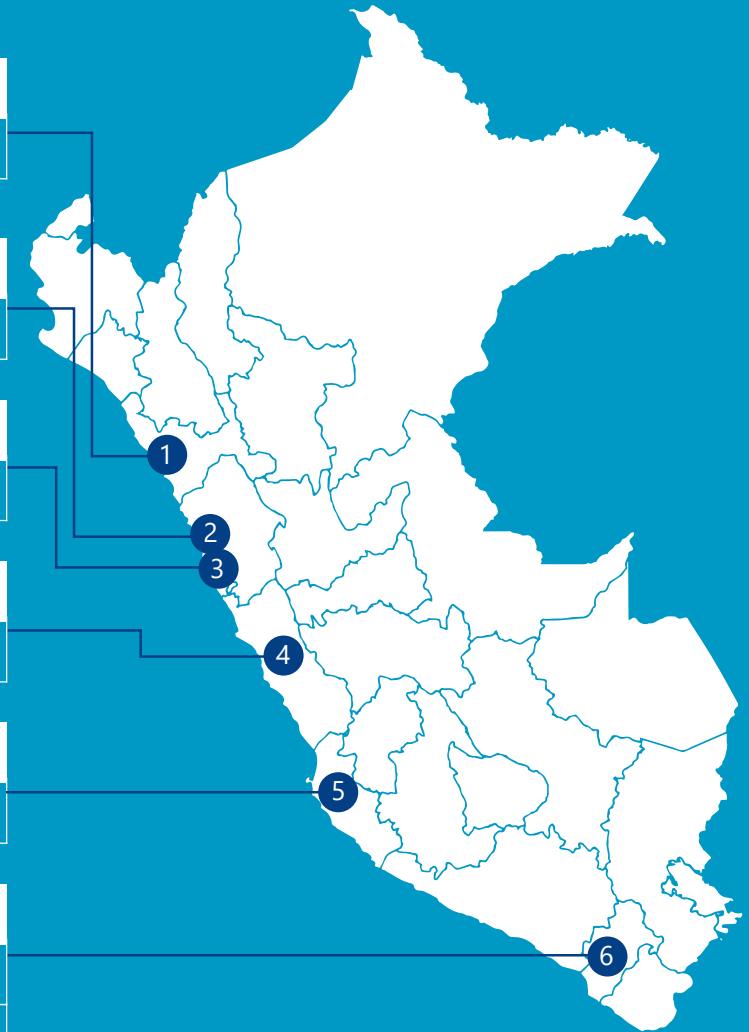


<sup>3</sup> GRI indicators: G4-4 (Main brands, products and / or services.)

At December 31st, 2017, Austral has six fishmeal and fish oil plants of which four are active, two canned plants and one frozen plant, strategically located along the coast. The capacities of our operating licenses are as follows:

## 2.7 Our Plants

|                       | Fishmeal             | Cannery                      | Frozen              |
|-----------------------|----------------------|------------------------------|---------------------|
| Chicama <sup>1/</sup> | 45 MT x Hour         | -                            | -                   |
| Coishco <sup>2/</sup> | 160 MT x Hour        | 15 029 Cases x shift         | 600 MT x day        |
| Huarmey <sup>1/</sup> | 113 MT x Hour        | -                            | -                   |
| Chancay               | 100 MT x Hour        | -                            | -                   |
| Pisco                 | 120 MT x Hour        | 9 600 Cases x shift          | -                   |
| Ilo                   | 100 MT x Hour        | -                            | -                   |
| <b>TOTAL CAPACITY</b> | <b>638 MT x Hour</b> | <b>24, 629 Cases x shift</b> | <b>600 MT x day</b> |

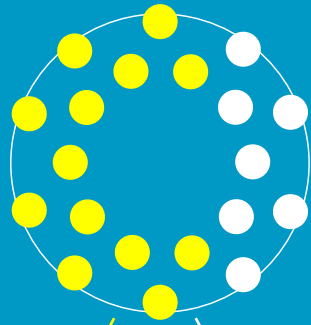


<sup>1/</sup> IHC plant with suspended operations.  
<sup>2/</sup> Cannery plant with suspended operations.



## 2.7

# Our Fleet



13  
VESSELS WITH REFRIGERATED  
WATER RECIRCULATION SYSTEM  
(RSW), THAT REACH A JOINT STORAGE  
CAPACITY OF 7,818.59 m<sup>3</sup>

20  
VESSELS IN TOTAL WITH  
10 949.15 m<sup>3</sup>  
JOINT STORAGE CAPACITY

DON OLE



REFRIGERATED WATER  
RECIRCULATION SYSTEM (RSW)

1 080 m<sup>3</sup>  
STORAGE CAPACITY

It has nine storages equipped with water refrigeration systems (RSW) and a high level of automation. It has redundancy for all equipment, great stability, and the helmet has been subjected to a metallization process thanks to which a thin layer of zinc has been adhered that guarantees its conservation for a long time. Another important feature is the fuel control implemented to the fourth generation engines, which means that it consumes 35% less fuel, complying with the European requirements for gas emissions.



We operate respecting the closed and minimum sizes established, thus complying with national and international sustainability standards.



We have the most cutting-edge and eco-efficient anchovy vessel worldwide

# INFORMATION FOR THE SHAREHOLDER



Every year we report the results of our management and the progress made in fulfilling the commitments with our stakeholders.



## 3.1

### General Information

Austral Group S.A.A. (hereinafter "Austral") is a public traded corporation with uncertain duration, established on December 10th, 1996 via a notary-recorded deed supervised by the Notary Public Manuel Reátegui Tomatis J.D., in the electronic item N° 11245506 of the Public Registry Office of Legal Entities of Lima.

It is part of Austevoll Seafood ASA enlisted in Oslo Bourse. The corporate purpose of the main entities which are comprised within this group is the extraction, farming, processing and commercialization of hydro-biological species. As a globally integrated pelagic fishery and seafood specialist, Austevoll Seafood ASA (AUSS) operates through subsidiaries and associated companies, fishing vessels with licensed quotas in three of the world's most important fishery countries: Norway, Chile and Peru. Committed to providing quality products to our customers, AUSS employs sophisticated fishing technology and responsible fishing strategies for the exploitation of hydrobiological resources without compromising the sustainability of such.

The capital stock of Austral by December 2017 is S/. 388'504,881.00, represented by 259,003,254 voting shares with a face value of S/. 1.50, which belong to an only series, all with the same privileges and registered in the Public Registry Office of the Stock Market and at the Lima Stock Market.

The only shareholder with an equity share over 5% (89.35%) in the share capital is Dordogne Holdings Inc, located in Panama and belonging to Austevoll Seafood ASA.

The majority shareholder,  
**Dordogne Holdings Inc.**  
belonging to  
**Austevoll Seafood ASA,**  
concentrates the  
**89.35%**  
of the total shareholding.

The other actions are in the power of  
**1 310 shareholders**

## 3.2

# Description of the sector

The sector activities are governed by the General Fishing Law, enacted by Decree Law N° 25977, and its Regulations, enacted by Supreme Decree N° 012-2001-PE, which establish the State's intervention in this activity in order to promote its sustainable development as a source of food, labour and income, guarantee a responsible utilization of hydrobiological resources, and optimize the economic benefits thereof, in harmony with the preservation of the environment and the conservation of biodiversity.

At present, the Ministry of Production is responsible for the administration and control of fishing activities nationwide as from its creation. Such Ministry establishes biological closed seasons at the time of reproduction of the anchoveta or when the annual extraction quota recommended by IMARPE (Peruvian Institute of the Sea) is covered.

Before 2009, extractive activities were carried out under fishing rights authorized by the Ministry of Production within established fishing seasons comprised in a global-quota scheme known as "Olympic Race". Such scheme consisted in trying to catch the largest amount of anchoveta available in the sea in the shortest possible time, then to quickly land it at plants and come out into the sea to fish again. This scheme caused an increase in the daily volumes of extraction and the reduction of fishing seasons (the fishing season of 2008, last year of the system, lasted 52 days).

From 2009 onwards the new regime of "Maximum Capture Limits per Vessel" (LMCE, from the initials in Spanish) started to be in

force for the catch of anchoveta and white anchoveta species directed at the indirect human consumption production. Through this system, approved by Legislative Decree N° 1084, a Maximum Share of Capture per Vessel (PMCE from the initials in Spanish) was appointed based on the historical fishing record and the hold capacity authorized in their fishing licenses. As a consequence of this new regime, the daily pressure on the resource has reduced, extending fishing days with a very positive impact on the quality of fishmeal produced.

By December 2017, 3'219,612 MT national landing of anchovy for Indirect Human Consumption was registered, 18% higher than the one registered the previous year (2'729,223 MT).

The first months of 2017 were marked by "Coastal Child" (Niño Costero) event. This event is characterized by warm conditions in the sea surface temperature, which favor an increase in the frequency of very strong rainfalls, especially in Peru's north coast.

Despite this event, the first fishing season in the North Central Zone began on April 22nd with a quota of 2'763,126 MT set by the Ministry of Production (PRODUCE). At the end of the season, the national fleet with fishing permits captured 85.85% of the offered quota, that is, 2'372.098 MT.

The second season began on November 23rd with a quota of 1'490,000 MT, however, it had to be suspended due to the abundance of juvenile specimens, resuming, just on the recommendation of IMARPE, from January 7th to January 26th, 2018. In this scenario,

only 46.14% of the aforementioned quota was caught, that is, 687,557 MT. It should be noted that, as indicated in Results of the Second Season Bulletin of PRODUCE, the accumulated percentage of anchovy specimens in smaller sizes by weight was 14.70%, below the 21% projected limit by IMARPE.

On the side of the quotas set for our Southern Zone coast, the Ministry of Production provided similar quotas for the two fishing seasons (515,000 MT each one), reaching 33% for the first season and only 2% for the second.

Regarding Direct Human Consumption, mackerel quota was established at 110,000 MT while jack mackerel amounted to 100,000 MT for 2017. A catch of 96,223 MT of mackerel equivalent to 87.48% of the established quota was registered. The main months of catches were February and March, that concentrated 74% of the total volume captured during the year. On the side of the jack mackerel, a catch of only 8,459 MT was made, representing 8.46% of the established quota.

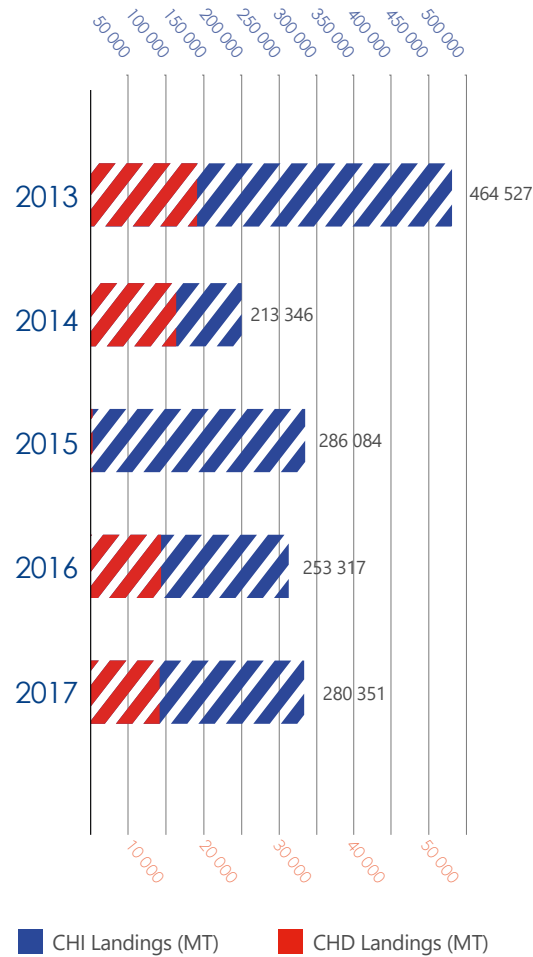


# 3.3

## Operating performance by Business Units

### TOTAL LANDINGS

The total landings recorded by Austral, from both its own fleet and third party was 280,351 MT during 2017, higher by 11% to what was achieved in 2016 (253,317 MT).



### FISHMEAL AND FISH OIL



**3'219 612 MT**  
national landing for the production of fishmeal and fish oil



**272 007 MT**  
were unloaded at our plants, equivalent to 8.4% of the national landings.

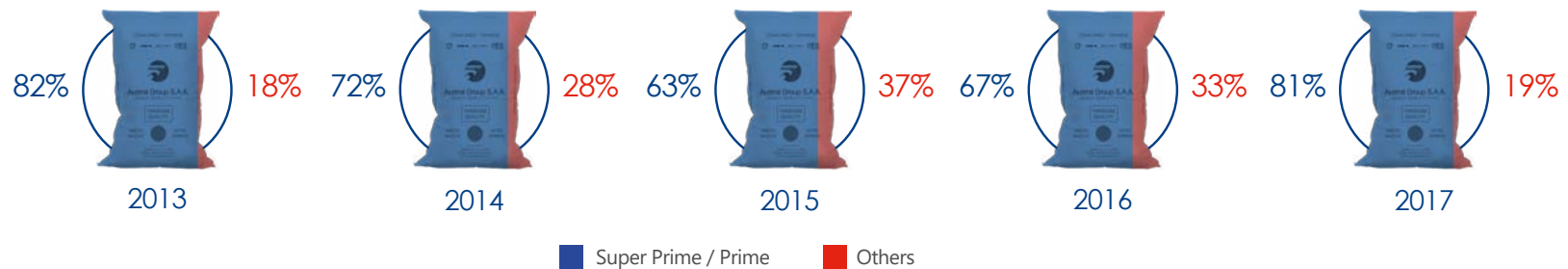


## FISHMEAL PRODUCTION

Austral's production of fishmeal reached 64,033 MT, representing an increase of about 12% compared to the previous year whose production reached 57,341 MT.

Shares of super prime and prime fishmeal in our sales were 81%, 14% higher than the previous year. This result was mainly due to a better distribution of the anchovy in our coast, which allowed a better allocation of the discharge in our plants and, consequently, less time of capture and greater freshness in the raw material.

Fish meal sold according to type of quality:



## FISH OIL PRODUCTION

Austral fish oil production reached 7,347 MT, 15% lower than the previous year. Although this year there was a greater volume of landings, the amount of oil produced was lower than the previous year due to the low percentage of fat in the raw material.

## TOTAL PRODUCTION



Fishmeal Production  
64 033 MT

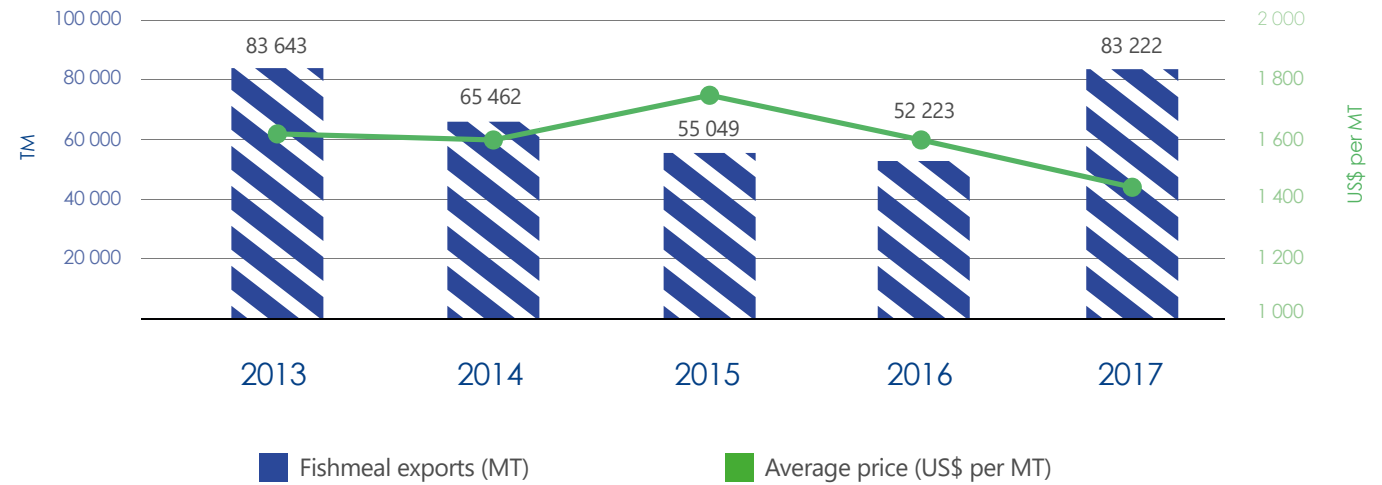


Fish oil Production  
7 347 MT

## FISHMEAL SALES

In 2017, exports of fishmeal nationwide were 1'008,266 MT and had an average price of US\$ 1,408.44 per MT.

Exports of Austral fishmeal in 2017 amounted to 83,222 MT, 59% higher than the recorded in 2016. The average price per ton of fishmeal exported by Austral was US\$ 1,430.07, 11% lower price than the registered the previous year (US\$ 1,598.42). The largest export destination for the fishmeal was Asia mainly China.



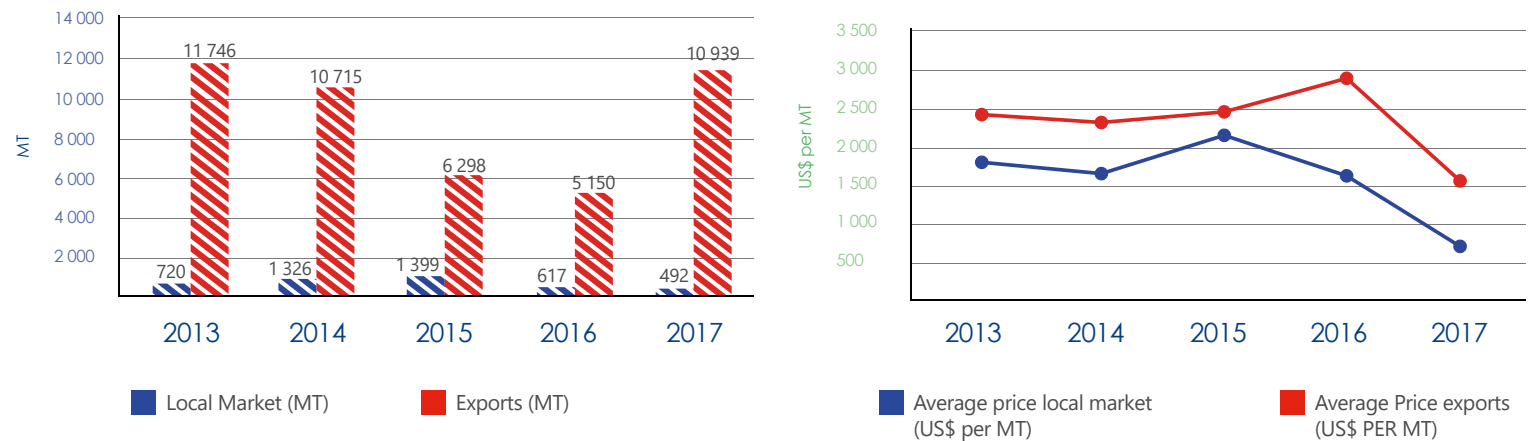




## FISH OIL SALES

In 2017, exports of crude fish oil totaled 132,486 MT and recorded an average national price of US\$ 1,489.25.

Sales of Austral fish oil amounted to 11,431 MT, higher by 98% to 2016 sales. Exports accounted 96% of total sales. The average selling price of Austral fish oil during 2017 was US\$ 1,502.12, lower in 46% to the average price obtained the previous year.



## FROZEN

During the year 2017, Austral registered sales for a volume of 8,210 MT, which is 5% higher than what was recorded in 2016. The main destination was the external market, which accounted 76% of sales, while the main species sold was Mackerel followed, to a lesser extent, by Giant Squid (Pota) and Loligo Squid (Calamar).

## FRESH FISH

During 2017, fresh fish sales were made for Direct Human Consumption by 2,109 MT corresponding to Mackerel specie, 32% lower than the previous year.

## ANALYSIS AND DISCUSSION OF MANAGEMENT ABOUT THE RESULTS OF OPERATIONS AND FINANCIAL ECONOMIC SITUATION<sup>4</sup>

### INDIRECT HUMAN CONSUMPTION

The gross profit of the fishmeal and fish oil business as of December 31st, 2017 decreased from S / . 96 million to S / . 83 million with respect to the same period of the previous year. This decrease in the results of the company is mainly due to the fall in the prices of fishmeal and fish oil, partially offset by a higher total catch compared to 2016. However, the delay in the beginning and the almost immediate suspension of the second season has as a consequence, the reflection of the results of the second season during the first quarter of 2018.

### DIRECT HUMAN CONSUMPTION

Regarding the Direct Human Consumption business, as of December 31st, 2017, the Direct Human Consumption business generated a gross loss of S/. 9.7 million. (S / 18.6 million loss for the same period of the previous year).

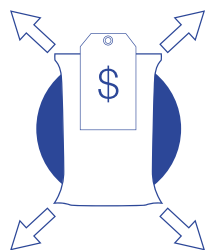
The net loss reported as of December 31st, 2017 by the company amounts to S / 21.1 million (net loss of S / 25.7 million for 2016).

### ADMINISTRATIVE EXPENSES

The composition of administrative expenses is shown below:

| Concept                        | 2017          | 2016          |
|--------------------------------|---------------|---------------|
| Personnel expenditures         | 29 361        | 30 019        |
| Third party services           | 23 208        | 21 913        |
| Fee                            | 3 417         | 3 503         |
| Rents, postals & phones        | 3 654         | 3 129         |
| Taxes                          | 2 327         | 2 363         |
| Depreciation                   | 1 095         | 1 762         |
| Amortization                   | 742           | 731           |
| Labour contingencies provision | 2 004         | 1 483         |
| Bad debt provision             | 263           | 1 048         |
| Others                         | 284           | 311           |
| <b>TOTAL</b>                   | <b>66 355</b> | <b>66 262</b> |

<sup>4</sup>GRI indicator: G4-EC1 (Direct economic value generated and distributed)



#### SELLING EXPENSES

65% ↑

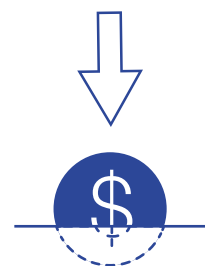
Selling expenses as of December 31st, 2017 increased by 65% compared to the same period last year, due to a higher volume of sales in IHC which generated higher expenses of clearance and commissions.



#### NET FINANCIAL EXPENSES

6% ↓

Net financial expenses compared to the same period of the previous year decreased 6%, mainly due to the reduction of interest on amortization of long-term leases and promissory notes.



#### INVESTMENT POLICY

Austral maintains the investment policy based on three pillars aligned to the main purpose of generating value for shareholders. For this purpose, previous evaluations are carried out to ensure the replacement of assets that have completed their life cycle and the acquisition of new equipment for optimization of the extractive and productive process in its different lines of business.

### FINANCIAL STATEMENTS

#### CHANGES IN THE RESPONSIBLE PERSONS FOR THE PREPARATION AND REVISION OF FINANCIAL INFORMATION.

There were no changes.





## INFORMATION RELATED TO CORPORATION'S SECURITIES LISTED IN THE STOCK MARKET PUBLIC REGISTRY

According to the information provided by the Lima Stock Exchange, the monthly maximum and minimum quotations at the openings and closings for Austral's shares in 2017 were as follows:

### Variable Income

| ISIN Code    | Mnemonic | Year - Month | QUOTATIONS 2017 |            |            |            | Average price S/ |
|--------------|----------|--------------|-----------------|------------|------------|------------|------------------|
|              |          |              | Opening S/      | Closing S/ | Maximun S/ | Minimal S/ |                  |
| PEP216501002 | AUSTRAC1 | 2017-01      | 1.45            | 1.40       | 1.45       | 1.40       | 1.44             |
| PEP216501002 | AUSTRAC1 | 2017-02      | 1.40            | 1.44       | 1.44       | 1.40       | 1.41             |
| PEP216501002 | AUSTRAC1 | 2017-03      | -               | -          | -          | -          | 1.30             |
| PEP216501002 | AUSTRAC1 | 2017-04      | 1.44            | 1.44       | 1.44       | 1.44       | 1.44             |
| PEP216501002 | AUSTRAC1 | 2017-05      | 1.44            | 1.35       | 1.50       | 1.35       | 1.44             |
| PEP216501002 | AUSTRAC1 | 2017-06      | 1.43            | 1.60       | 1.60       | 1.40       | 1.51             |
| PEP216501002 | AUSTRAC1 | 2017-07      | 1.49            | 1.49       | 1.49       | 1.49       | 1.51             |
| PEP216501002 | AUSTRAC1 | 2017-08      | 1.49            | 1.58       | 1.58       | 1.49       | 1.52             |
| PEP216501002 | AUSTRAC1 | 2017-09      | 1.58            | 1.65       | 1.65       | 1.58       | 1.62             |
| PEP216501002 | AUSTRAC1 | 2017-10      | 1.60            | 1.65       | 1.65       | 1.58       | 1.62             |
| PEP216501002 | AUSTRAC1 | 2017-11      | 1.65            | 1.65       | 1.65       | 1.65       | 1.58             |
| PEP216501002 | AUSTRAC1 | 2017-12      | 1.57            | 1.50       | 1.57       | 1.40       | 1.51             |

## LEGAL PROCEEDINGS

The corporation considers that none of its on-going legal proceedings may significantly affect the company with regard to its asset level, or have a significant impact on the results of the operation and financial position.

# GOOD CORPORATE GOVERNANCE

With the actions described below, we contribute to the following Sustainable Development Goals



We guarantee a transparent management, aligned to the interests of our shareholders that contributes to the development of our country. We ensure business continuity against the volatility of the environment.



During 2017, Austral Corporate Governance Committee proposed to the Board the approval of the Regulations of the General Shareholders' Meeting, which was approved at its meeting held on June 13th. The purpose of this Regulation is to regulate the organization and functioning of the General Shareholders' Meeting, especially regarding the call, information, concurrence and development thereof, in accordance with the provisions of the General Corporation Law, the Statute of the Society and the Policies of Good Corporate Governance of the Company. Additionally, in line with what is established in pillar IV: Risk and Compliance, during the year 2017 Austral carried out, with the advice of Ernst & Young (EY), a comprehensive assessment of strategic, financial, operational and compliance risks, with the purpose of incorporating the controls that mitigate the identified risks. As a result of this evaluation, a map of qualified risks has been prepared according to their impact, probability and criticality.

Likewise, in an effort to increase levels of transparency within the framework of Law No. 30424, we began during 2017 the design of a Crime Prevention Model, in order to avoid the occurrence of corrupt practices and the commission of any other crime that poses a criminal risk to the company and / or its representatives. This Model is based on the NTP-ISO 37001-Anti-bribery among other protocols. We hope to complete the implementation of this program, during 2018, also reinforcing the internal procedures and policies of the company.

Finally, it is important to highlight that the Lima Stock Exchange recognized Mrs. Diana Reiley in 2017, for her outstanding performance as Austral's stock exchange representative, a distinction that commits us even more to the timely fulfillment of our obligations as a issuing company.

## CORPORATE PURPOSE AND ISIC

Austral's main goal is industrial fishing activity, including the extraction of hydrobiological resources, their processing and subsequent commercialization for both Direct and Indirect Human Consumption (ISIC No. 1020 Rev.4).

## SHAREHOLDING STRUCTURE

As of 31st December 2017, Austral's shareholding structure was as follows:

| Common shares |                    |                    |                |
|---------------|--------------------|--------------------|----------------|
| Ownership     | N° Of Shareholders | N° of Shares       | Equity Share % |
| Less than 1%  | 1 308              | 14'610,243         | 5.64%          |
| 1% - 5%       | 2                  | 12'973,863         | 5.01%          |
| 5% - 10%      | 0                  | 0                  | 0.00%          |
| Over 10%      | 1                  | 231 419 148        | 89.35%         |
| <b>TOTAL</b>  | <b>1 311</b>       | <b>259 003 254</b> | <b>100%</b>    |



## Board of Directors

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.<sup>5</sup>

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.<sup>6</sup>

## Board Committees

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.<sup>7</sup>

## Management Staff

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

<sup>5</sup> GRI Indicator: G4-40: Procedure for the appointment and selection of Board members and their committees.

<sup>6</sup>GRI indicators: G4-38 (Composition of the Board of Directors) and G4-39 (Indicate whether the Chairman of the Board of Directors of the company also holds an executive position).

<sup>7</sup>GRI Indicator: G4-45: Role of the Board in the identification and management of economic, social and environmental impacts, risks and opportunities.

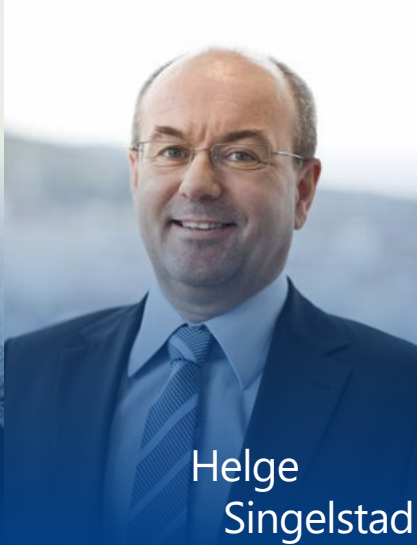


Arne  
Møgster

Chairman of the Board  
of Directors

Arne Møgster holds studies on Administration and Businesses and is an MSc in Maritime Negotiation.

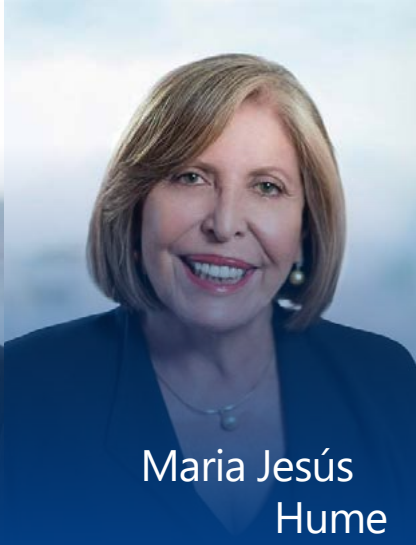
He has worked at the branches of Austevoll Pacific LACO AS since 1997, acquiring wide experience in fishing, ship-building and foreign trade. Arne is CEO of Austevoll Seafood ASA and member of the board of directors since June 2006.



Helge  
Singelstad

Regular Director

He is trained in engineering at Bergen Ingeniørhøskole, holds an MBA degree from NHH business school and holds a first-year degree of UIB Law School. Experienced in different types of businesses: oil companies, vessel equipment and marine foodstuffs sector. Helge is the Chairman of Lerøy Seafood Group ASA and Austevoll Seafood ASA, and CEO of Austevoll Pacific LACO AS and member of the board of directors since April 2008.



Maria Jesús  
Hume

Regular Director

With Civil Engineering and Economics studies at Pontificia Universidad Catolica del Perú and postgraduate studies at the University of Piura and at IESE/ University of Michigan.

Maria is a member of the board of several companies and nonprofit foundations in Peru and abroad. She is the President of the Board of AFP Integra and MBA-Lazard, and Director of Falabella Bank, SIDERPERU and Pro Mujer International (New York). Maria is Vice President of the Lima Art Museum and member of the Board of Trustees of the Peruvian Cancer Foundation and also a board member of FIDUPERU, Leasing and Renting Perú, companies from Bancolombia Group. She is a member of the board of directors since August 2005.



Esteban  
Urcelay

Regular Director

Commercial Engineer, Mr Urcelay holds a MBA degree from Universidad de Chile with wide experience in the national fishing industry. He is a member of the Board of Directors of the Asociación de Industriales Pesqueros de la Región del Bío Bío (Association of Fishing Entrepreneurs of the Bio Bio Region) in Chile and a member of the Board of Directors of Austral since June 2006.

Mr Urcelay has worked as: General Manager of Republic Leasing (Republic Bank subsidiary), Manager at Nacional Financiera (BHC subsidiary) and Banco de Chile and Director of Zofri Iquique (Duty-free zone Iquique).

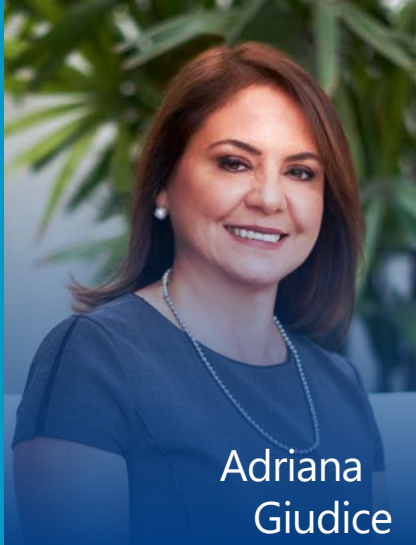


Gianfranco  
Castagnola

Regular Director

He is the Executive Chairman of APOYO Consultoría and chairman of the boards of Directors of AC capitals SAFI. Simultaneously, he is Director of IKSA (Lima cargo City), Scotiabank Peru, Austral Group S.A.A., Redesur, Saga Falabella, Lima Airport Partners, Milpo and Atacocha. He has been Director of Banco Central de Reserva del Peru and Fondo Consolidado de Reservas; President of the Italian Chamber of Commerce and director of many non-profit Institutions. Mr Castagnola is an economist graduated from Universidad del Pacífico, with a Master's degree from Harvard University. He is a member of the board of directors since April 2005.

# Our Directors



Adriana  
Giudice

CEO

Ms. Giudice is a lawyer, graduated from Pontificia Universidad Católica del Perú with studies in the Top Management Program of Universidad de Piura. She was member of the Committee of Unfair Competition Repression and Vice Chairman of the Committee of Consumer Protection of INDECOPI.

Ms. Giudice currently serves as General Manager of Austral, second vice president of the National Fishing Society, Director of FONCOPEs, Director of Peru 2021, Director of the Peruvian Nordic Chamber and President of OWIT Perú. She held the position of Chief of the Advisors Cabinet to the Office of the Ministry of Fisheries between October 1999 and November 2000 and also served as an advisor to the Office of the Ministry of Industry, Tourism, Integration and International Negotiations between January and September 1999 and December 2000 and May 2001. Ms. Giudice was also director of OSIPTEL between March 1999 and December 2000 and partner at Muñiz, Forsyth Ramirez, Pérez-Taiman & Luna-Victoria Law Firm until August 1998.

She has been general manager of Austral since October 2005.



Cynthia  
Jiménez

Human Resources Manager

An administrator graduated from Universidad del Pacífico, she holds a specialization in Human Resources. Cynthia has wide experience in the development of all Human resources subsystems in IT, energy and industrial sectors in multinational companies. She is the Human Resources Manager since January 2008, being responsible of the development, training, salaries, welfare, safety and health at work, assets' security and general services.



Juan de Dios  
Arce

Fleet Manager

Graduated from the Escuela Naval del Perú (Peruvian Navy School) and with a Master's degree in Strategic Management of Businesses at Universidad del Pacífico. Juan de Dios has worked 29 years in the Peruvian Navy in different areas, working as Commander in Chief of the Rescue and Diving Service, Commercial Navy Director's Office, Callao Port Authority, Office of the Commander of the Navy Base of Callao and others. Likewise, he has worked in companies connected to the inspection, maintenance and repair work of life-rafts and survival-in-the-sea equipment, such as Servimar, Aqualub, Aquapacific Service. He has been working in Austral Group since 2001 and has held several positions, such as Chief of Paita Fleet, Fleet Superintendent, Superintendent of Fleet Operations, and since February 2007 he holds the position of Fleet Manager.



Didier  
Saplana

Operations Central  
Manager

Didier graduated from the University of Bordeaux in France, Magister in Economy and International Finance, with a wide experience in international trade. It also has a MBA in INCAE-Adolfo Ibáñez. He has worked for Transamine France, being in charge of the shipments and transactions of copper and metallic copper concentrates between South America, the USA, Europe and Asia.

Currently, he is Director of the National Fishing Society. He worked as Commercial Manager up to 24th of April 2013, when Austral new organizational chart was approved. From this moment, Didier Saplana holds the Operations Central Manager having in his charge production, maintenance, quality assurance, commercialization, documentation, projects, environmental management and new business development of the company.



Andrew  
Dark

Aministration and  
Finance Manager

Graduated in Materials Science from the University of Oxford, England and the Institute of Certified Public Accountants of England and Wales, and a Global MBA dual degree CENTRUM - PUCP and Tulane University. With extensive experience in all areas of finance (audit, corporate finance, management accounting, financial accounting, business acquisitions and divestitures, treasury, strategic planning, systems, logistics and human resources) in multinationals such as Arthur Andersen, British American Tobacco, Unilever and Trafigura, and in several countries including England, Venezuela, Argentina, Honduras, El Salvador and Panama. Previously as a general manager in Consorcio Minero SA - CORMIN and Director in Trafigura for Latin America.

He serves as Administrative and Finance Manager since December 2012 and is responsible for finance, accounting, systems areas, purchases and stores.

# Our Managers



## 4.2

# Ethics and Values

Austral values are defined by the Management and are developed in the Ethics and Values Manual, a document that communicates the different behaviors and attitudes that the members of the company must maintain in the fulfillment of our functions and with all our stakeholders. Our collaborators have this manual from the first day of their work and they subscribe a document in which they express their agreement and adherence to it. We also disseminate this document to our stakeholders through the website and emails.

We are committed to creating a work environment based on the prevention of fraud and anti-corruption, promoting a transparent and honest culture in all our activities. For this reason, we have an Anti-Fraud and Anti-Corruption Policy, which contains the Anti-Retaliation and Whistleblower Protection Policy, the Conflict of Interest Directive and the Response to Fraud Protocol as annexes, all framed in our Good Policies. Corporate Governance, our ethical principles and the guidelines of Austevoll Seafood ASA; our parent company.

Our Anti-Fraud and Anti-Corruption Policy applies to our directors, consultants, contractors, suppliers, collaborators and other stakeholders. 100% of our employees are informed about anti-corruption policies and directives. The induction course of our new collaborators includes issues of anti-corruption, ethics policies and our Values.<sup>8</sup>

We count with [valores@austral.com.pe](mailto:valores@austral.com.pe), our own mailbox where collaborators can write, anonymously if they want, to denounce any type of suspicious attitude that goes against the Values of our Organization. Only the Head of Internal Audit and the General Manager of the organization have access and are responsible for reviewing any complaint that arrives in this way. They are managed and investigated, either with the help of the local Internal Audit team or an independent audit.<sup>9</sup>

<sup>8</sup>GRI Indicator: G4-SO4: Communication and training policies and procedures on the fight against anti-corruption.

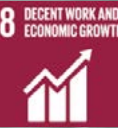
<sup>9</sup>GRI Indicator: G4-57 (Internal and external mechanisms of advice on ethical and legal behavior and matters related to the integrity of the company.) And G4-58 (Internal and external mechanisms to report concerns or matters of illegal or unethical behavior.)

# OUR ENVIRONMENTAL MANAGEMENT

With the actions described below, we contribute to the following Sustainable Development Goals



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.



# 5.1

## Energy consumption

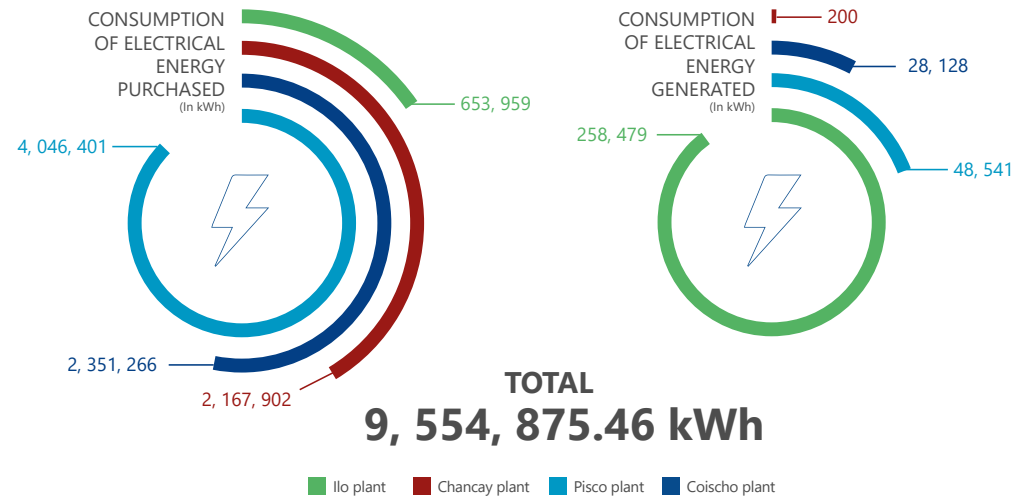
We use management indicators to collect timely information on critical characteristics regarding energy consumption processes, thus enabling us to make improvements or taking corrective and preventive actions. Austral uses non-renewable energy sources primarily to generate electricity and steam, and on fishing vessels.<sup>10</sup>

### FUEL CONSUMPTION IN 2017

| Site         | Residual Oil 500 | Bunker Oil 6   | DIESEL B5                | Natural Gas                            |
|--------------|------------------|----------------|--------------------------|--|
|              | (In Gallons)     | (In Gallons)   | (In Gallons)             | (In Millions of British Thermal Units) |
| COISHCO      | 1,099,853        | -              | 1245,328.7 <sup>11</sup> | -                                      |
| PISCO        | -                | -              | 23661.1                  | 10951                                  |
| CHANCAY      | 276,755          | -              | 11,010.8                 | 28886                                  |
| ILO          | -                | 223,176        | 18,829.0                 | -                                      |
| <b>TOTAL</b> | <b>1,376,608</b> | <b>223,176</b> | <b>1,298,829.6</b>       | <b>39,837</b>                          |

### Consumption of Electrical Energy Generated and Purchased in 2017<sup>12</sup>

SOURCE: MONTHLY REPORT TO MINISTRY OF ENERGY, G12 FORMAT



<sup>10</sup>GRI Indicator: G4-EN3 (Energy consumption within the company).

<sup>11</sup>In the Coischo plant the Diesel B5 oil includes the consumption of the own boats

<sup>12</sup>The information of the purchased energy comes from the monthly billings of our suppliers, the active energy is added in the non-peak hour (NPH) and in the rush hour (HP), which gives us the total active energy. Regarding the generated energy, the information was taken from the information register of Self-Producers of Electric Energy for its Own Use, which is managed in each plant. GRI indicator: G4-EN3 (Energy consumption within the company).

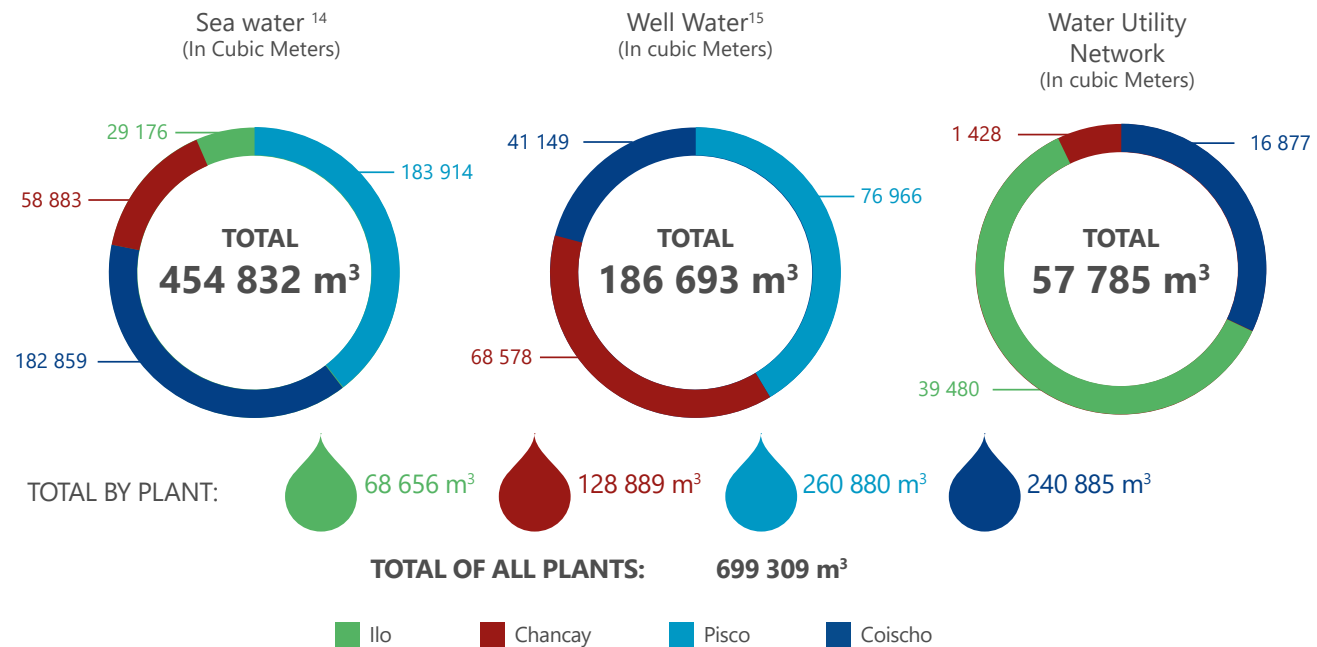
# 5.2

## 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.<sup>13</sup>



SOURCE: PLUME FLOWMETERS AND REPORT OF THE CONSOLIDATED EFFLUENT PUMPING WATER

<sup>13</sup>GRI indicator: G4-EN9 (Water sources that have been significantly affected by water collection).  
<sup>14</sup>The volume of seawater was estimated taking into account the total raw material discharged by each plant and the average water / fish factor by type of pump used. The volume of well water is determined from the readings of the flow meters installed in each plant. The public network water volume is taken from the billings of the service provider. GRI indicator: G4-EN8 (Total water withdrawal by source).  
<sup>15</sup>The cubic meters purchased from third-party wells are included.

# 5.3

## 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.<sup>16</sup>

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.

| Site    | Total Suspended Solids<br>(In Parts per Million) | Oils and Fat<br>(In Parts per Million) | pH   |
|---------|--|--|------|
| COISHCO | 191  | 39                                     | 5.86 |
| CHANCAY | 98   | 53                                     | 5.83 |
| PISCO   | 156  | 6                                      | 5.91 |
| ILO     | 225  | 0.45                                   | 5.48 |

Results of Effluent Monitoring in the Year 2017

<sup>16</sup>GRI Indicators: G4-EN12 (Description of the most significant impacts on biodiversity of protected and unprotected areas, derived from the company's activities, products and services) and G4-EN22 (Total water discharge, according to nature and destination).



# 5.4

## 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.

| Site                                    | Particulate material<br>mg/m <sup>3</sup> | Hydrogen sulfide<br>mg/m <sup>3</sup> |
|---|---|---------------------------------------|
| COISHCO                                 | 13.11                                     | <0.07                                 |
| CHANCAY                                 | 13.92                                     | <0.07                                 |
| PISCO                                   | 6.28                                      | <0.07                                 |
| ILO                                     | 30.17                                     | <0.07                                 |
| MPLs <sup>17</sup><br>mg/m <sup>3</sup> | 150                                       | 5                                     |

<sup>17</sup>MPL of particulated material and hydrogen sulfide according to SUPREME DECREE N° 011-2009-MINAM

# 5.5

## 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 85.02% of the non-hazardous waste generated at our factories is reused for internal use, donated or, to a greater extent, marketed. Only 10.48% 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.<sup>18</sup>

| SOLID WASTE GENERATION (MT) |              |                     |           |                  |              |                     |           |                  |              |                     |           |                  |              |                     |           |                  |                   |           |
|-----------------------------|--------------|---------------------|-----------|------------------|--------------|---------------------|-----------|------------------|--------------|---------------------|-----------|------------------|--------------|---------------------|-----------|------------------|-------------------|-----------|
| Waste                       | COISHCO      |                     |           |                  | CHANCAY      |                     |           |                  | PISCO        |                     |           |                  | ILO          |                     |           |                  | TOTAL ANNUAL (MT) |           |
|                             | No Dangerous | No Dangerous Reused | Dangerous | Dangerous Reused | No Dangerous | No Dangerous Reused | Dangerous | Dangerous Reused | No Dangerous | No Dangerous Reused | Dangerous | Dangerous Reused | No Dangerous | No Dangerous Reused | Dangerous | Dangerous Reused | No Dangerous      | Dangerous |
| QUANTITY MT                 | 1073.27      | 911.62              | 179.75    | 35.08            | 107.02       | 98.38               | 47.83     | 6.11             | 173.50       | 139.47              | 280.51    | 10.49            | 86.36        | 74.93               | 12.51     | 2.87             | 1440.15           | 520.59    |
| % REUSED                    | 84.94%       |                     | 19.52%    |                  | 91.93%       |                     | 12.77%    |                  | 80.39%       |                     | 3.74%     |                  | 86.76%       |                     | 22.95%    |                  | 85.02%            | 10.48%    |
| TOTAL WASTE MT              | 1253.01      |                     |           |                  | 154.85       |                     |           |                  | 454.01       |                     |           |                  | 98.87        |                     |           |                  | <b>1960.74</b>    |           |

All our production plants have been registered in the Register of Good Practices of

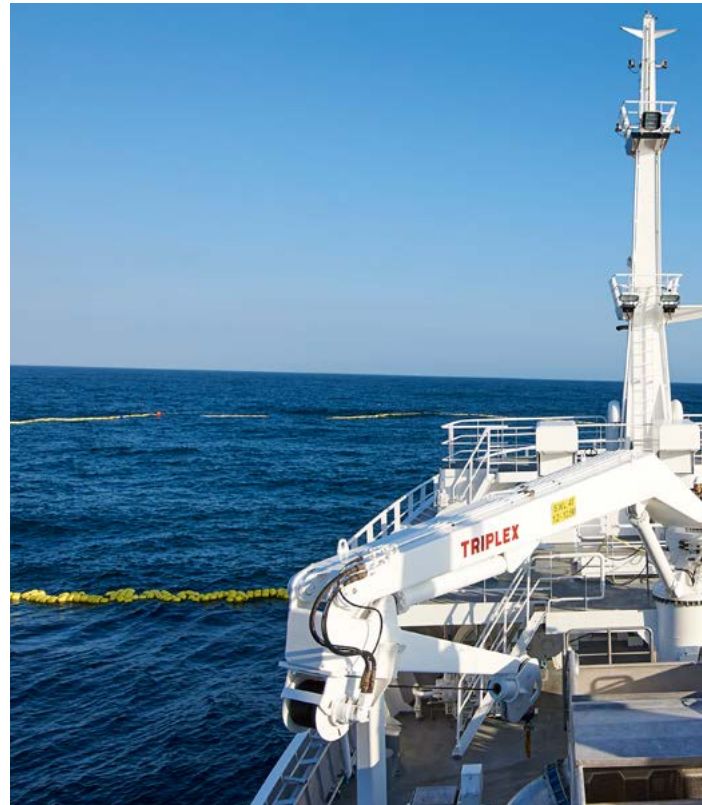


<sup>18</sup>GRI indicator: G4-EN23 (Total weight of waste managed, by type and treatment method).



### RENEWAL AND REPOWERING OF THE FISHING FLEET

The investment of the construction of the most eco-efficient ship in the country (E / P Don Ole) was US \$ 30 million. The investment continues in sonars, radars and improvement of the RSW system of our other vessels, which exceeds US \$ 13 million approx. in the last 4 years.<sup>19</sup>



### INSTALLATION OF NATURAL GAS FOR THE COMBUSTION OF OUR BOILERS.

It started in both the Pisco and Chancay Plants with an investment of approx. US \$ 3.2 million.



## 5.6

### Initiatives in favor of the Environment

<sup>19</sup>GRI indicator: G4-EN31 (Breakdown of environmental expenditures and investments).



# REDUCE

## PEQUEÑAS COSAS GRANDES CAMBIOS

Campaign to promote the proper use of resources in our employees' daily lives. Through competitions and other awareness-raising activities, we promote recycling, reuse and reduction of energy, water, paper, plastic, glass, etc; both at work and in their homes; contributing in this way to the care of the environment and a reduction of the impact that waste generates in climate change.

5.7

Environmental  
education  
with our  
collaborators

Reto  
Verde  
II EDICIÓN



RESULTS



69% of the  
participants

managed to reduce their  
consumption  
in more than 15%



64% of the  
participants

managed to reduce their  
consumption  
in more than 20%



# REUSE

## COLLECTION OF PLASTIC CAPS FOR THE "ANGELITOS DE CRISTAL" PROGRAM

Through the collection of plastic caps we help the National Institute of Child Health, who, through their health care program "Angelitos de Cristal", helps to give a better quality of life to children of low economic resources suffering from Epidermolysis Bullosa, also known as crystal children, because of the extreme fragility of their skin. The collection is done in all plants and boats through eco-friendly boxes made of recycled plastic bottles.



The eco-friendly boxes have a design that seeks the participation of our collaborators.



## RESULTS

More than

# 120 kg

were collected and donated to the National Children's Institute in the year 2017

# RECYCLE

## PLASTIC / PAPER RECYCLING IN ALLIANCE WITH REMAR

As part of our eco-efficient culture, all our plants, administrative offices and vessels have differentiated storage bins for recycling plastic, glass and paper. All materials collected in our plants and vessels are commercialized and / or correctly arranged according to Peruvian regulations. In the case of recycled materials from our administrative offices; These are donated to the REMAR Association, which sells and reuses these materials in their homes, shelters and schools, in favor of vulnerable populations (the elderly, orphans and disabled people).



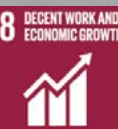
The eco-friendly tachos have a design that seeks the participation of our collaborators





# OUR MANAGEMENT WITH COLLABORATORS

With the actions described below, we contribute to the following Sustainable Development Goals



The great Austral family is made up of collaborators committed to the objectives of the organization, aligned with our values and responsible fishing. They are the strength and heart of our company.





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:

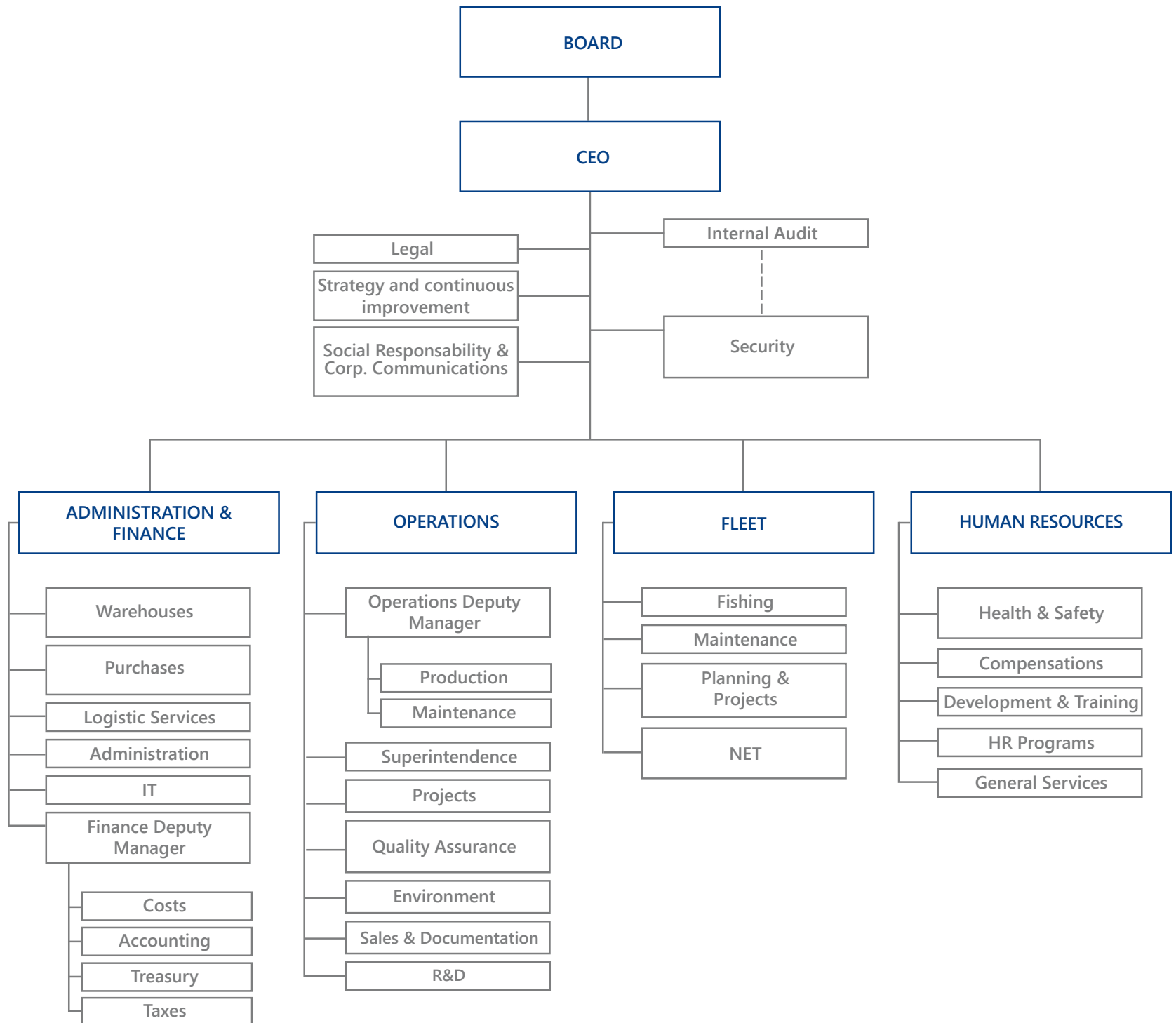
1. The acknowledgement that workers are Austral's most valuable asset, as well as the basis for its development and efficiency.
2. Mutual respect and friendly relations between managers and workers.
3. Commitment to resolving differences, problems or disputes justly, fairly and swiftly.
4. Observance 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.

Our talent management has been recognized by several organizations:



# 6.1

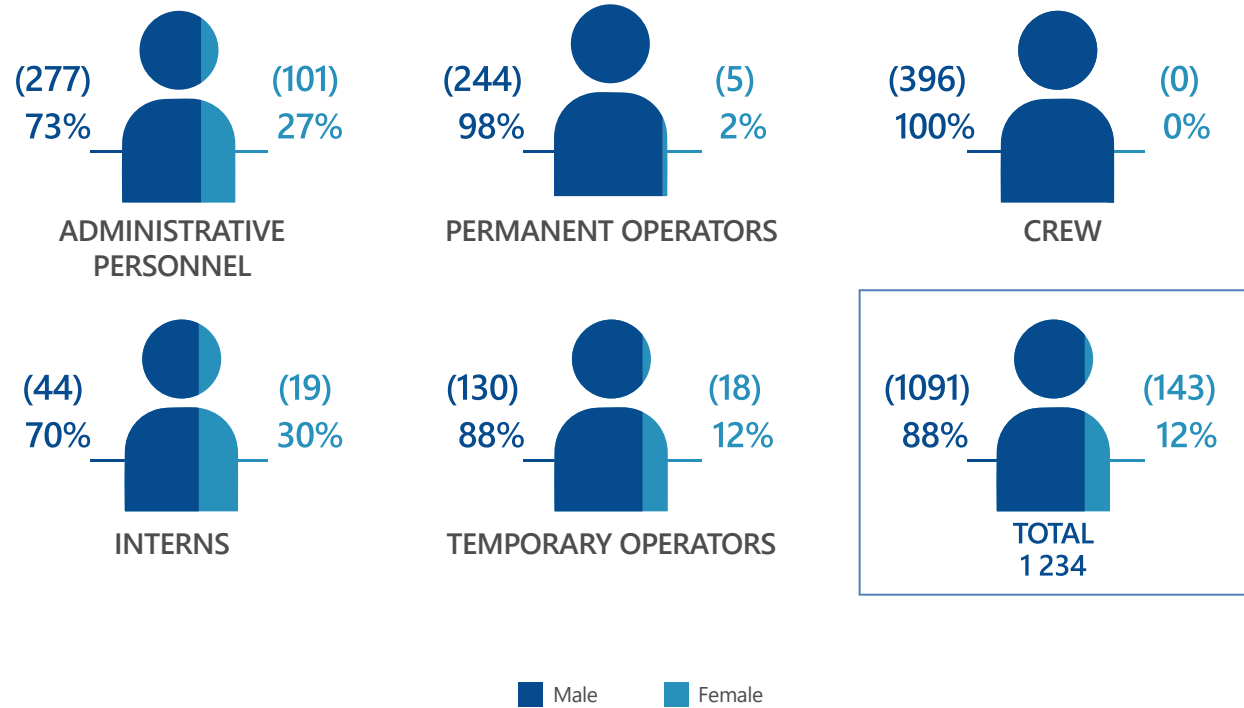
## Austral Organizational Chart







As of 2017 we have 1,234 collaborators, of which 17% approx. come from Lima and Callao and 83% from provinces<sup>20</sup>



<sup>20</sup>GRI indicator: G4-10 (Breakdown of the group of collaborators by type of employment, by contract, by region and by gender.)

## 6.2

# Attracting and Retaining Talent

In Austral we base our personnel management on a “Management by Competencies”, in this way we have Processes identified, Descriptions of Positions valued with bands and wage levels according to the complexity, responsibility, training and experience required.

We have a Retention Policy aligned with the Mission and strategic goals, aimed at retaining our talented employees, keeping them committed and motivated. The selection of qualified collaborators is essential, as well as offering the employee attractive compensation, benefit programs and professional development in accordance with their expectations and objectives.

- 1 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.
- 2 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.
- 3 Compensation Plan: Our salary compensation plan supports HR's strategy, which is to attract, retain and motivate human talent.
- 4 Work-Life Integration: We offer a series of benefits that give our workers the flexibility they need to integrate their personal and professional lives.

Regarding the turnover rate in 2017 we had 47 dismissals (8 women and 8 men in Lima and Callao, and 6 women and 25 men in the provinces) and 69 new contracts (7 women and 9 men in Lima and Callao, and 8 women and 45 men in the provinces).<sup>21</sup>



<sup>21</sup>GRI Indicator: G4-LA1 (Number and rate of hiring and average rotation of employees, broken down by age group, sex and region).



## AUSTRAL BENEFITS

All our employees have access to the social benefits provided by the legal regulations and other additional benefits approved by the General Management:



### EPS

(EPS) Health Providers: Austral is concerned about the welfare and health of its employees and their families, that is why they can join and affiliate their spouse and children to the EPS of Pacifico Seguros, which has agreements with the best clinics in the country. Austral assumes 55% for employees and 70% for workers.



### Oncological Insurance

Austral protects its collaborators with a 100% covered oncological insurance, and also gives them the option of affiliating their nuclear family, assuming a minimum percentage of the monthly contribution.



### Corporate Bonus

Austral grants a variable remuneration that is given according to the results of the sales and net profit of the company, which could reach up to 2 remunerations; it is paid in the month of March



### Bonus

Christmas is a date full of love and family reunion, in which we give panettone and turkey vouchers to all our collaborators, to help them in the preparation of the Christmas dinner.



### Support Bonus

To reward the effort and commitment of the collaborator, Austral provides a bonus to all operative workers who voluntarily support other plants to which they are not assigned.



### Feeding

In production time, Austral assumes 100% of the food of all employees (employees and workers) who are working in the plant. In non-production season or closed season, 100% food is covered only for the operating personnel.



### Administrative Loan

In the month of February Austral lends without any charge of interest up to a full salary; in order to help its collaborators with the costs of school or university enrollment. The discount is made in 2 installments (July and December) or up to 10 installments (from March to December). The loan will be granted prior evaluation of the compensation headquarters.



### Mobility

To reduce the expenses employees incur in moving to their workplace, all our plant employees have the option of moving from their home to the plant and vice versa in the means of transport assigned by the company.





#### Integration events

Austral is committed to the integration, camaraderie and good working environment of all its employees, which is why it has a schedule of activities such as "KICK OFF", "FULL DAY", "CUP AUSTRAL", "FIESTA DEL PESCADOR", "END OF YEAR PARTY", among others.



#### Travel insurance

We always watch over the health and safety of our collaborators, that is why every employee who leaves his headquarters by work commission to another company headquarters has travel insurance.



#### Collaborators Recognition

Austral recognizes the commitment, effort and work of its most outstanding collaborators; therefore, the recognition programs gives these workers great prizes among which we can find: bonuses, vouchers, tickets, coupons among others.



#### Training loan

Austral is committed to the professional growth of its employees and helps them in pre and post-graduate studies. All of this under the regime of the Austral Training Policy.



#### School pack

With the purpose of helping reduce school expenses of our collaborators, Austral grants all its collaborators with children of school age (from 3 to 16 years old) a pack with school supplies. This pack is distributed in our activity "De Vuelta al Cole", which has the purpose of making more fun the return to school activities in our small



#### Christmas children

Austral supports the union and family life, so in December we invite collaborators and their children under 16 years to spend a fun day full of surprises. This day culminates with the delivery of a gift to children by Austral.



#### Trainings internal /external

We look for the growth of all our collaborators, that is why we have a training program, where courses and / or talks given by top-level professionals can be found, aimed at all company collaborators.

# 6.3

## Integration activities

### KICK OFF

Event that takes place before the first fishing season of each year. It aims to inform employees of the results obtained in the previous year and reward the work of the most outstanding collaborators (Outstanding Achievement, Better Teamwork).

### FULL DAY

Event that promotes integrity and teamwork through camaraderie activities.

### AUSTRAL CUP and walk "Healthy Steps"

Austral encourages the physical activity of our collaborators and contribute to the care of their health.

### OLIMPIAUSTRAL

Event that aims to facilitate interpersonal relationships among employees, improve their physical and mental health and increase the development of body skills, as well as the identification of people with leadership conditions.

### TOAST

Activity that promotes the union between employees and the integration between areas.

### GREETINGS AND PRESENTS ON SPECIAL DATES

In Austral we celebrate with our collaborators the important dates such as Labor Day, Mother's Day, Father's Day, Fisherman's Day and birthdays.



## 6.4

### Training and Development

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 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 access special discounts. Likewise as a contributing company to SENATI, we also offer sponsorships in Technical Careers, which are provided to our collaborators and children of collaborators. With this, we seek to achieve the professionalization and growth of our employees, their family and community.

During 2017, a total of 53,241 hours of training were given to a total of 520 trained employees, of whom 83% are men and 17% are women, making an average of US\$ 165 per trained employee. The investment in training during the period amounted to US\$ 382,935.

520

Trained collaborators

83% men

17% women



US\$ 382,935

Investment in training during 2017



## 6.5

### Performance evaluation and recognition



#### ¡TU ERES!

Human Resources Program that aims to motivate and recognize those employees who are leaders committed to the company's objectives, whom employ exemplary practice of our values, are a good reference of our organizational culture and foster a positive environment.

In 2017, 23 employees were awarded and since its creation, in 2013, the program has recognized more than 80 employees.



#### PESCA TU BECA

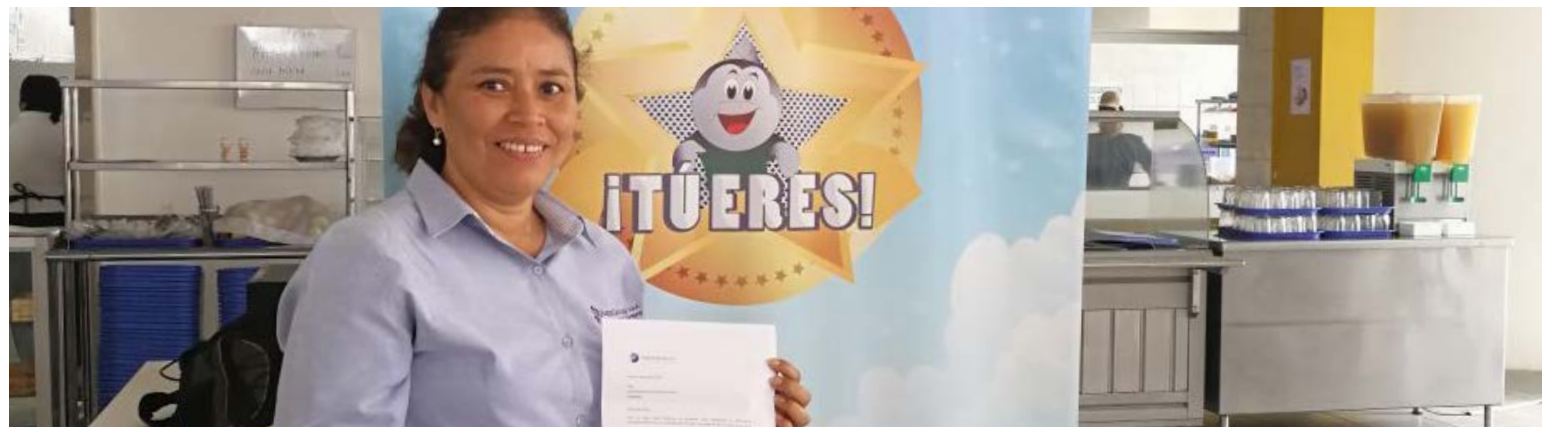
The program aims to provide talented young people with the opportunity to develop and expand technical skills, acquiring the necessary knowledge to achieve their professional goals.



#### LOGRO SOBRESALIENTE

Every year employees with a high level of performance are recognized, for being a role model attitude, commitment and exemplary behavior.

In 2017, 13 collaborators were awarded and since its creation, in 2006, the program has recognized more than 230 employees.





### MEJOR TRABAJO EN EQUIPO

Each year, teams that successfully complete designated projects that have a great benefit in the company are recognized.

In 2017, 70 employees were awarded and since its creation, in 2006, the program has recognized more than 320 employees.



### DESAYUNA CON TU JEFE

The Program began in September 2016 with the objective of finding opportunities for improvement in each area, improving integration upward and horizontal communication, exchanging proposals and receiving feedback from the heads regarding processes in the area.



### EVALUACIÓN DE LÍDERES

Human Resources Program that aims to identify Strengths and Opportunities for improvement in each of the leaders to help them in their professional and personal development by reinforcing those competencies to strengthen that result from the Evaluation.

The activities carried out with the leaders are: behavioral skills workshops include: focus group, Feed back, coaching, etc. In 2017, 83 leaders were evaluated who obtained a general average of 82.73% in the evaluation.



## 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 three 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; Sindicato Único de Trabajadores de la Empresa Pesquera Austral Group (SUTEAG) [Single Trade Union of Austral Group Fishing Company Workers] organized at the Ilo plant and Sindicato de Trabajadores de Pesquera Austral Group (SITRAPEAGROCSAA) [Trade Union of Austral Group Fishing Company Workers] organized at the Coishco plant.

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. On April 20, 2017, AANEP and SUPNEP executed a collective bargaining agreement, effective from March 12, 2017 to March 11, 2022.<sup>22</sup>

Additionally, we have signed a collective agreement with the SUTEAG:

1. On April 19, 2013, whose effective period began on April 16, 2013 and ended on April 15, 2015
2. On November 10, 2015, whose effective period began on April 15, 2015 and ended on April 14, 2017

Regarding the communication with the unions, this is carried out through the Head of Human Resources of the Ilo and Coishco plant, Fleet Manager and the Manager of Human Resources in the first instance. Likewise, the General Manager maintains a relationship and direct deal with the union in order to provide a solution to their orders. As of December 31, 2017, we have 25 unionized workers in the Ilo plant, 38 in the Coishco plant and 396 crew members; summed represent 37.19% of the total Austral workers.<sup>23</sup>

<sup>22</sup>GRI indicator: G4-HR4 (Identification of centers in which the freedom of association and the right to benefit from collective agreements may be violated or threatened, and measures adopted to defend these rights).

<sup>23</sup>GRI indicator: G4-11 (Percentage of employees covered by a collective agreement).



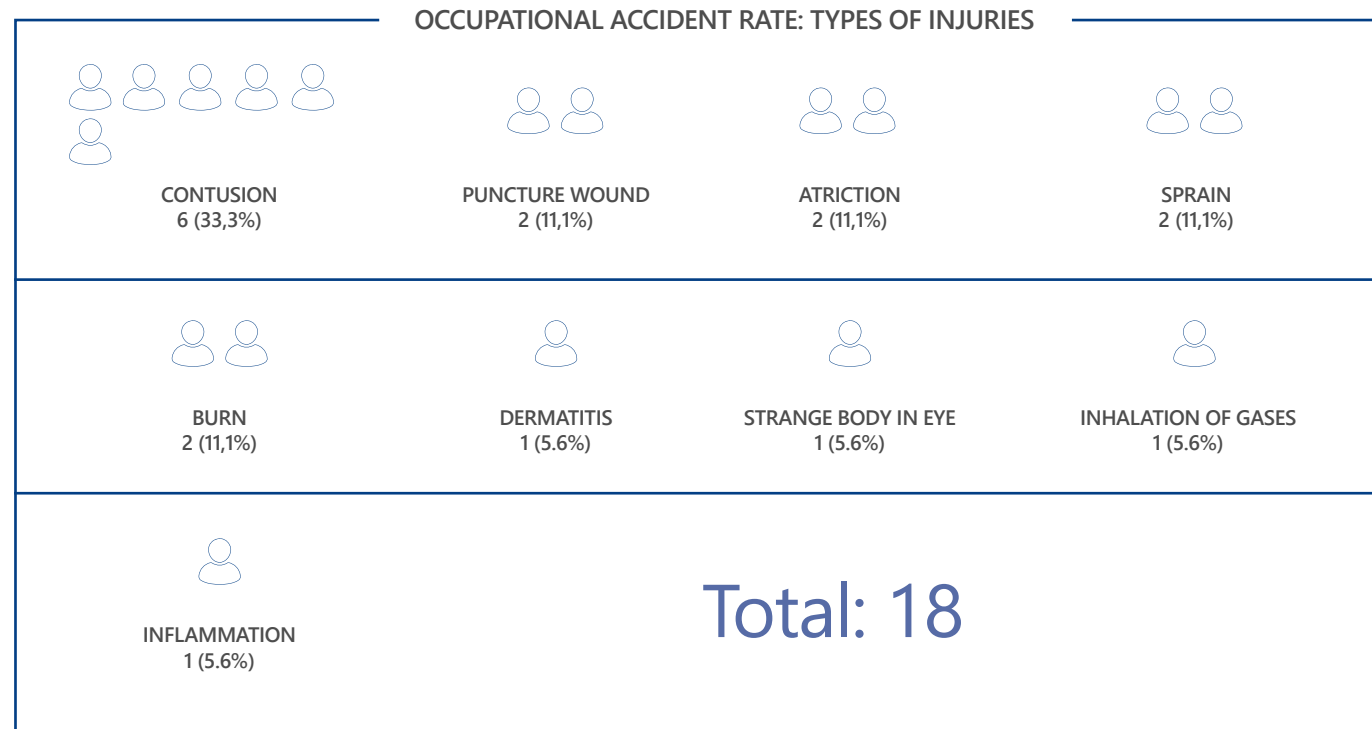
# 6.7

## 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





## FACTORIES AND ADMINISTRATIVE HEADQUARTERS LOST TIME INJURY RATE DUE TO OCCUPATIONAL ACCIDENTS, 2017

| LOST TIME INJURY RATE <sup>24</sup> |         |       |       |                     |                  |
|-------------------------------------|---------|-------|-------|---------------------|------------------|
| 0.85%                               | 0.01%   | 0.05% | 0.09% | 0.00%               | 0.0032%<br>TOTAL |
| COISHCO                             | CHANCAY | PISCO | ILO   | SAN ISIDRO Y CALLAO |                  |

Interpretation: 0.0032% 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, 2017

### LOST TIME INJURY RATE

0.06%

FLEET

Interpretation: 0.06% 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, 2017

### LOST TIME INJURY RATE

0.059%

FACTORIES AND FLEET

Interpretation: 0.059% of the total hours worked by all workers were lost due to medical leave caused by occupational accidents.

<sup>24</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.

## THE AUSTRAL SHOP

Since 2006, Austral has relied on the relief fund "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 2017, the Austral shop helped seven workers, and since its inception it has helped over 58 workers, disbursing to date over S/. 36,000.

## La Tiendita Austral

### SPORT BAGS



### AUSTRAL T - SHIRTS



### MAGNETIC PICTURES FRAMES



### AUSTRAL CAPS



### AUSTRAL JUMPERS





# OUR MANAGEMENT WITH CLIENTS



Our products are highly digestible; they contain essential minerals and vitamins, and have a high protein value, quality and nutritional qualities. Based on Peruvian legislation, they are classified as Direct Human Consumption Products (CHD): canned, frozen and fresh fish; and Products of Indirect Human Consumption (CHI): Flour and Fish Oil.

The fishmeal and fish oil we produce have the IFFO RS certification that guarantees they come from sustainable marine sources. They also meet high-quality standards in order to meet the needs of the most demanding customers in the world, who use them in different sectors such as aquaculture, livestock, pharmaceutical (Omega 3), among others.

Our products are sold in Peru and in more than 40 countries on all five continents.

7.1

## Our Markets



|           |                  |             |                |                |
|-----------|------------------|-------------|----------------|----------------|
| Angola    | Canada           | France      | Libya          | United Kingdom |
| Argentina | Chile            | Fiji        | Indonesia      | Romania        |
| Australia | China            | Gabon       | Italy          | Samoa          |
| Bahamas   | Colombia         | Ghana       | Norway         | Singapore      |
| Bolivia   | Croatia          | Guatemala   | New Zealand    | South Africa   |
| Brazil    | Congo            | Haiti       | Malaysia       | Thailand       |
| Bulgaria  | Denmark          | Netherlands | Panama         | Taiwan         |
| Spain     | Federated States | Jamaica     | Puerto Rico    | Togo           |
| E.E.U.U   | of Micronesia    | Japan       | Dominican Rep. | Venezuela      |

## 7.2

### Customer Satisfaction

As stated in our Quality Policy, Austral is strongly committed to ensuring customer satisfaction. For that, 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. In the last evaluation conducted in August 2017, we obtained 96.2% satisfaction from customers.



96.2%

satisfaction from customers.

#### SAFETY OF OUR PRODUCTS

Our products are subject to the following evaluation procedures:<sup>25</sup>

- 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.

<sup>25</sup>GRI Indicator: G4-PR3 (Types of information on the products and services that are required by the procedures in force and the standard goes, and percentage of products and services subject to such informative requirements).





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.<sup>26</sup> Each product line follows its own HACCP plan.

## LABELLING INFORMATION

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.<sup>27</sup>

## OUR PRODUCT CATALOG

Our catalog of products is published on our website:

[www.austral.com.pe](http://www.austral.com.pe)



<sup>26</sup> In the stages of development of the product concept, research and development, certification, manufacturing and production, and storage, distribution and supply, the impact on health and safety of the products is evaluated.

<sup>27</sup> All these regulations require reporting the scientific name of the fish and, in some cases, the origin of the species or catch area FAO (United Nations Organization for Food and Agriculture). Likewise, it requires indicating all other ingredients, net weight, manufacturer or distributor data, identification of the lot, instructions for its use and disposition, as well as nutritional declarations including allergens and transgenic, when it is the case.

# OUR MANAGEMENT WITH SUPPLIERS

With the actions described below, we contribute to the following Sustainable Development Goals



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.

# 8.1

## Purchasing Materials/ Hiring services

We enter 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 2017, we added 281 new suppliers: 246 providing goods and services, and 35 providing raw materials.

Local suppliers are selected as follows:

- Search through the Supplier Master <sup>28</sup>
- 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

### PURCHASING MATERIALS

94.46%  
LOCALS



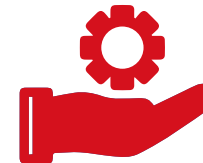
5.54%  
FOREIGN

TOTAL SUPPLIERS  
542

In 2017, payments to suppliers amounted to  
US\$51,523,564

### HIRING SERVICES

99.04%  
LOCAL



0.58%  
FOREIGN

TOTAL SUPPLIERS  
657

FOREIGN  
18 834

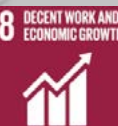
In 2017, payments to service suppliers totalled  
US\$22,852,88

<sup>28</sup>The Supplier Master is an internal catalog that Austral has in the SAP system. It is a codified catalog. Each provider has their code and they are previously registered suppliers.



# OUR MANAGEMENT WITH SOCIETY

With the actions described below, we contribute to the following Sustainable Development Goals



In Austral for contribute to the development of the communities where we operate, by carrying out activities related to our core business and in alliances with local actors.







Austral has developed social responsibility programs for each one everylocation of our factories: Coishco, Chancay, Pisco and Ilo.<sup>29</sup>

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. Afterward, we identify the most important local needs and problems, and define the social responsibility programs, accordingly. These 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 the year-end, a report containing all the actions taken and the results obtained is submitted to the CEO.

In 2017, we invested US\$100,865.77 in sustainable projects and programs, campaigns and donations that contribute to the development of the areas where we operate, benefiting more than 30,000 people.

#### INVESTMENT IN COMMUNITIES IN 2017

|  |                         |
|--|-------------------------|
| Community-based programs, projects and campaigns                     | US\$64, 637.27          |
| Local activities and sponsorships (community relations)              | US\$ 10, 608.79         |
| Donations  | US\$ 4, 441.74          |
| AproChancay (program and campaigns benefiting the Chancay community) | US\$ 21, 177.97         |
| <b>TOTAL INVESTMENT</b>  | <b>US\$ 100, 865.77</b> |

# US\$ 100 865.77

invested in sustainable programs and projects

More than

# 30 000



people benefited

<sup>29</sup>GRI Indicator: G4-SO1 (Percentage of operations where development programs have been implemented, impact evaluations and participation of the local community).

# Education and Employment

9.1


Community-based Programs, Projects and Campaigns by Line of Action<sup>30</sup>

| Program, Project or Campaign   | Description   | Place                             | Impact  |
|--|---|-----------------------------------|---|
|  <p>The Creciendo Juntos [Growing Together] Program</p> | <p>This program focuses on the sustainable development of the artisanal fishermen living in the communities in the areas surrounding our factory.</p>   | <p>COISHCO</p>                    | <p>In 2017, 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.</p> |
|  <p>Program "Mathematics for Everyone"</p>             | <p>Mathematics and communication strengthening program for 1st and 2nd grade children from the communities surrounding our plants. This program is carried out in partnership with the Apoyo Institute and the UGEL (Ministry of Education) of each locality.</p> | <p>COISHCO, CHANCAY AND PISCO</p> | <p>In 2017, the program benefited 4 schools in Coishco, Chancay and Pisco, positively impacting 484 students and 18 teachers</p> <p>In spite of the conjunctural problems like strikes and climatic phenomena; we have achieved (that 60% of the students improve their communication skills and that 50% improve their math skills)</p>  |



<sup>30</sup>GRI indicators: G4-SO1 (Percentage of operations where development programs have been implemented, impact evaluations and participation of the local community), G4-SO2 (Operations with possible or actual significant negative impacts on local communities) and G4-15 . Principles or social, environmental and economic programs developed externally, as well as any other initiative that the company subscribes or approves.



| Program, Project or Campaign  | Description  | Place  | Impact  |
|---|--|--|---|
|  <p data-bbox="636 836 853 895">The Muévete [Let's Move] Project</p> | <p data-bbox="934 596 1252 719">This program seeks to help prevent youth from leading lives of crime by encouraging them to practice alternative, healthy recreational activities.</p> | <p data-bbox="1386 671 1496 699">COISHCO</p> | <p data-bbox="1630 533 2056 858">In 2017, we carried on with the Muévete: Rescatando los Valores de Coishco [Let's Move: Restoring Our Values] Program, in partnership with the Municipality of Coishco. The agreement, which covers football, Marinera, dance, theater and volleyball, includes schedules and money to pay for teachers. Over 400 talented children and youth participated, training very hard to compete in sporting championships and popular expression contests giving commendable performances.</p> |









# Nutrition and Health

| Program, Project or Campaign  | Description  | Place  | Impact  |
|---|--|--|---|
|  <p data-bbox="645 794 846 826">Health campaigns</p> | <p data-bbox="936 563 1249 639">Campaigns that we carry out in partnership with hospitals, Essalud, and local municipalities</p> | <p data-bbox="1305 592 1547 651">CHANCAY, COISHCO, PISCO AND ILO</p> | <p data-bbox="1626 424 2051 592">In 2017, we carried out 2 comprehensive health campaigns in Coishco benefiting more than 600 people with free consultations in pediatrics, gynecology, general medicine, physical therapy, nutrition and free haircuts.</p> <p data-bbox="1626 627 2051 767">We also conducted an ophthalmological health campaign in each locality benefiting more than 700 people with free visual exams and lenses with very low cost measurements.</p> |




# Environmental



| Program, Project or Campaign   | Description  | Place  | Impact   |
|--|--|--|--|
|  <p data-bbox="595 756 893 815">Austral Green Environmental Campaigns</p> | <p data-bbox="931 464 1256 719">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.</p> | <p data-bbox="1323 549 1568 608">COISHCO, CHANCAY, PISCO AND ILO</p> | <p data-bbox="1624 416 2018 472">Austral participated in several activities organized in local towns, including:</p> <ul data-bbox="1624 501 2040 727" style="list-style-type: none"> <li>- Cleaning beaches at all locations where we operate.</li> <li>- Members of the municipality's environmental committee in each location.</li> <li>- Environmental talks in schools.</li> </ul> |
|   |  |  |  |



# Social Development

| Program, Project or Campaign  | Description  | Place                                  | Impact   |
|---|--|--|--|
|  <p>Corporate Volunteering</p> | <p>The corporate volunteer seeks to contribute to local development with an activity that involves economic investments by Austral and the voluntary and supportive participation of our collaborators</p> | <p>MAIN OFFICE</p>                     | <p>In 2017 we participated by donating toys, books and board games for the elderly and children who are interned in the Sabogal Hospital. More than 250 people were benefitted.</p>                                      |
| <p>Relations Community</p>  | <p>Activities that we carry out in order to integrate with the community and participate in the activities that take place as good neighbors.</p>  | <p>COISHCO, CHANCAY, PISCO AND ILO</p> | <p>In 2017 we participated in all the local activities important to the community, such as anniversaries, Dia del Pescador, fairs, parades, sports championships, cultural and gastronomic activities, among others.</p> |





# AUSTRAL AND THE UN GLOBAL COMPACT



Austral is a proud 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.



Together with 16 other 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.<sup>31</sup>

|                 |              |  |
|-----------------|--------------|--|
| 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.  |
| Environment     | Principle 6  | Uphold the elimination of discrimination in respect of employment and occupation.                      |
|                 | Principle 7  | Support a precautionary approach to environmental challenges.  |
|                 | Principle 8  | Undertake initiatives to promote greater environmental responsibility.                                 |
| Anti-Corruption | Principle 9  | Encourage the development and diffusion of environmentally friendly technologies.                      |
|                 | Principle 10 | Work against corruption in all its forms, including extortion and bribery.                             |

## REPORT "COMMUNICATION ON PROGRESS"

Click on the icon to view our "Communication on Progress" Reports:

<sup>31</sup>GRI indicators: G4-HR5 (Operations and significant suppliers identified that carry a significant risk of incidents of child exploitation, and measures taken to contribute to the effective abolition of child exploitation).



# ACHIEVEMENTS AND ACKNOWLEDGMENTS



Austral is a company in constant evolution and over the years it has been consolidated as one of the most recognized fishing companies nationally and internationally.



## OUR AWARDS AND RECOGNITIONS IN 2017



### 2017 Distinctive Socially Responsible Company

Austral once again obtained the Socially Responsible Company Distinction, a recognition granted by Peru 2021, which validates our sustainable management in line with the objectives of sustainable development worldwide.



### 2017 Recognition for the support of people affected by the Niño Costero

The Ministries of Defense and Labor recognized the Austral Group and other institutions for the support granted to those affected during the Niño Costero emergency.



Ranking de los 100  
líderes empresariales  
con mayor reputación  
2017

### 2017 Ranking of the 100 Business Leaders with the Highest Reputation

Our CEO, Adriana Giudice, was recognized within the "Merco Ranking of 100 Business Leaders with the Best Reputation 2017" ranking that includes only 11 women.



### 2017 Study "Where do I want to work?" Arellano Marketing

Austral joined the list of the 66 preferred institutions to work on the "Where do I want to work?" Study conducted by Arellano Márketing. We also managed to be in the top 2 in the sector.

## OUR AWARDS AND RECOGNITION THROUGH THE YEARS



2008

CONAM National Award for Cleaner Production and Eco-efficiency

Austral was the first company in the sector to receive the National Award for Cleaner Production and Eco-efficiency granted by the Ministry of the Environment.



2009

MAPFRE Award

Austral was awarded for its excellent performance in occupational health and safety reflected in the significant reduction of work accidents.



2010

Business Eco-efficiency Award

Austral was the first fishing company to obtain the Business Eco-efficiency Award granted by the Ministry of the Environment.



2011

Pacific Prize

Austral was awarded for its excellent performance in occupational health and safety reflected in the significant reduction of work accidents.



2011

Gold Medal for Quality

Austral obtained the Gold Medal for Quality granted by the Quality Committee led by the National Society of Industries.



2012

Pacific Prize

For the second year in a row, Austral was awarded for its excellent performance in occupational health and safety reflected in the significant reduction of work accidents.



2012

Distinctive Socially Responsible Company

Austral obtained the Socially Responsible Company Distinction, recognition granted by Peru 2021 and which validates our management in line with global indicators of corporate social responsibility.



2012

Good Employers Association

Austral was certified as Good Employers in recognition of its talent management that fosters respect and good work practices.



2012  
National Quality Award

Austral was the first fishing company to obtain the National Quality Award and the Gold Medal for Quality granted by the Quality Committee led by the National Society of Industries.



2013  
Distinctive Socially Responsible Company

Austral obtained for the second year the Distinctive Socially Responsible Company, recognition granted by Peru 2021 that validates our management in line with global indicators of corporate social responsibility.



2014  
Recognition of the Ministry of Education

The Ministry of Education granted us an important recognition for our contribution to Peruvian education through Mathematics Reinforcement Program "Sábados de Mate".



2014  
Innovative product award:  
"Expoalimentaria"

Austral won the Innovative Product Award for its original canned fish in salad presentations: California, Mexican and Vegetable. This event was organized by ADEX and involved companies from the food sector.



2014  
Ranking of the 100 companies with Best Corporate Reputation and Greater Social Responsibility and Best Corporate Governance

Austral integrated for the first time the Ranking of the 100 Companies with the Best Corporate Reputation in Peru, carried out by Gestión y Merco. We achieved the 86th place in the Ranking of the Companies with the Best Corporate Reputation in Peru and the 55th place in the Ranking of the 100 Companies with the Greater Social Responsibility and Best Corporate Governance.



2015  
Ranking of the 100 companies with the Best Corporate Reputation, Greater Social Responsibility, Best Corporate Governance, and Leaders in Talent Retention 2015

Austral integrated for the second time the Ranking of the 100 Companies with the Best Corporate Reputation in Peru, carried out by the Diario Gestión y Merco. We obtained the 78th position in the Ranking of the Companies with the Best Corporate Reputation in Peru and the 36th place in the Ranking of the 100 Companies with the Greater Social Responsibility and Best Corporate Governance. Likewise, Austral achieved the 96th place in the Ranking of the 100 leading companies in talent retention.



2016  
Ranking of the 100 Leading Companies in Talent Retention 2016

Austral integrated for second time the Ranking of the 100 leading companies in the retention of talent, made by Merco. This year we achieved the 92nd place.



Austral Group S.A.A.<sup>32</sup>

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All communication referring to this Sustainability Report 2014 must be addressed to the area of Social Responsibility and Corporate Communications.

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  /Austral Group S.A.A.

<sup>32</sup>GRI indicators: G4 -3 (Company name) and G4-5 (Headquarters location)

<sup>33</sup>GRI indicator: G4 - 31 (Point of contact)