

Communication on Progress

Nov 2021 – Nov 2022

CEO's letter - please see attached.

Introduction

Sea Forest is an environmental technology company cultivating solutions to climate change. Our mission is to build upon the proven science and production of Asparagopsis to decarbonise livestock production whilst generating tangible commercial benefits for farmers & feedlots.

Since its inception in 2019, Sea Forest has been pioneering an innovative and environmentally positive aquaculture industry and is driving investment in science and innovation, regional employment, skills, and community development, as well as collaborating with global experts, Australian farmers, and progressive retailers to remedy a major problem the world faces. The company is based in Triabunna in regional Tasmania, Australia and employs 46 individuals, the majority of whom are from regional Tasmania.

Sea Forest joined the UN Global Compact in November 2021 and has made significant progress towards the implementation of the Ten Principles of the UN Global Compact and the fulfillment of the Sustainability Development Goals.

This inaugural Communication on Progress report sets how this progress has been achieved for each of the Principles.

Human Rights – Principle 1: Business should support and respect the protection of internationally proclaimed human rights

Sea Forest implements this principle across all its internal and external operations. More specifically, the Company has created, and continues to implement, various policies to enforce this principle.

All Sea Forest's policies are regularly reviewed and updated as necessary. Additionally, all current employees are familiar with the policies and are able to access them as required. New employees are educated on these policies and are encouraged and supported with their implementation.

A) Equal Employment Opportunities Policy

The following is the stated purpose of the Equal Employment Opportunities Policy: "Sea Forest is committed to equal employment opportunity and as such, continues to develop and implement strategies that ensure that assessment of individuals is based on individual ability and achievement. Sea Forest does not employ any person below the age of 16 years at the workplace. The use of child labour and forced or compulsory labour at all its facilities is prohibited. No employee is made to work against his/her will or work as bonded/forced labour, or subject to corporal punishment or coercion of any type related to work."

Sea Forest's Equal Employment Opportunity policy is guided by, and is compliant with, the following Australian legislation:

- Human Rights and Equal Opportunity Act 1986
- Equal Opportunity for Women in the Workplace Act 1999
- Modern Slavery Act 2018



B) Code of Conduct

Sea Forest Limited and its subsidiaries are committed to high standards of corporate governance and behaviour. The Code of Conduct outlines those standards that govern the activities of the Group, which includes Sea Forest's subsidiaries.

The overarching standard is "acting with Integrity". This means acting honestly, responsibly and in good faith at all times and in a manner which is in the best interests of the Group as a whole by:

- acting in accordance with the Company's values;
- performing duties with care and diligence;
- not participating in any illegal or unethical activity;
- being accountable for personal decisions and actions; and
- dealing fairly with all clients, customers, suppliers, business partners and competitors

The standards also include guidance on anti-bribery and gifts. "Each individual must always comply with laws against bribery, corruption and related conduct applying to the Group in all the jurisdictions where the Group operates."

Under the Code, Employees and Directors are obliged to report any actual or potential breaches of the law to their manager, and/or the company secretary and his/her relevant delegate or advisor.

C) Diversity and Inclusion Policy

Sea Forest's Diversity and Inclusion Policy adheres to the following:

"Sea Forest is committed to establishing and maintaining an inclusive workplace that embraces and promotes diversity, which includes, but is not limited to, differences that relate to gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective, experience, personality, carer responsibilities or location.

The company supports and encourages diversity and inclusion at all levels - the Board, senior executives and its workforce generally. The company recognises the strategic and personal advantages that arise from a workplace where decisions are based on merit and where all Employees are treated equally.

The company does not tolerate discrimination, harassment, vilification, or victimisation."

D) Harassment and Anti-discrimination and Bullying policy

Sea Forest has a positive awareness of the spirit and intent of State and Commonwealth Anti-Discrimination and Harassment laws, and as such, commits to ensuring that all employees are not subjected to any form of workplace discrimination, harassment, or bullying. This is achieved by having an active policy and procedure which adheres to the following principles;

- The maintenance of an appropriate level of employee awareness of what constitutes unacceptable behaviour in the workplace;
- Ensuring that all employees are aware of their rights and responsibilities relating to workplace discrimination and harassment.

E) Employment Terms and Conditions

In addition to the policies described above, all employees have signed employment agreements that outline their terms and conditions, and adhere to the Australian Fair Work Act 2009, National Employment Standards, and the appropriate Modern Award (if applicable).

All new employees are educated on these policies and receive them at their company induction. They are also informed of any relevant changes timeously.



Human Rights – Principle 2: Make sure that they are not complicit in human rights abuses

Sea Forest implements this principle through the implementation of, and adherence to, the policies mentioned above.

Sea Forest has also entered into the process of becoming a B-Corp company. The required standards for B-Corp certification are of a high standard regarding social, environmental performance and accountability and transparency. In support of adherence to these standards, Sea Forest is in the process of drafting an “Ethical Decision-Making Framework” which outlines a clear process for how the company engages in business decisions and ensures that all engagements, interactions, and relationships are of an ethical standing.

Additionally, the company pre-screens all potential suppliers and expects these organisations to adhere to all relevant Australian legislation regarding the protection of international human rights. Sea Forest will refrain from dealing with any suppliers who do not strictly adhere to this legislation and will terminate all contracts with any suppliers should it find that a supplier is in breach of any human rights.

Sea Forest has also nominated Australian Super as its default super fund for employees on the basis that that it adheres to Sea Forest’s ethical standards of operations and investment.

Labour – Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Sea Forest has a healthy working relationship with the aquaculture industry union (Australian Services Union- ASU) and ensures that employees have access to ASU services/membership. Employees and managers are encouraged to speak with the union on days when right-of-entry visits are conducted. The company continuously aims for a conducive and engaged working relationship with the ASU.

Labour – Principle 4 and 5: The elimination of all forms of forced and compulsory labour; the effective abolition of child labour;

Sea Forest’s Equal Employment Opportunity Policy states: “The use of child labour and forced or compulsory labour at all its facilities is prohibited. No employee is made to work against his/her will or work as bonded/forced labour, or subject to corporal punishment or coercion of any type related to work.” This policy also adheres to the Modern Slavery Act 2018.

The principles of Sea Forest’ Equal Employment Opportunity Policy include:

- development and implementation of a workplace culture supportive of equity and diversity principles with all employees treated with respect and fairness, without regard to race, age, sex, relationship status or any other factors not applicable to appointed positions;
- access to competing equitability for recruitment, selection, promotion and transfer opportunities;
- provision of relevant training and development opportunities for employees which assists them to choose and or pursue their own career path or guides them to explore opportunities within their level of expertise and or competence.
- appointment of professional and competently trained contact personnel to offer support and guidance in equal employment opportunity issues;
- the confidentiality of a persons and the security of, documentation relating to claims of unfair treatment based on equal employment opportunities.



Labour – Principle 6: The elimination of discrimination in respect of employment and occupation

Sea Forest is committed to establishing and maintaining an inclusive workplace that embraces and promotes Diversity, which includes, but is not limited to, differences that relate to gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective, experience, personality, carer responsibilities or location.

The Company supports and encourages Diversity and Inclusion at all levels - the Board, senior executives and its workforce generally. The Company recognises the strategic and personal advantages that arise from a workplace where decisions are based on merit and where all Employees are treated equally.

As proof of the implementation of this policy:

33% of Sea Forest's workforce are female, which is generally considered high for the aquaculture industry. Sea Forest has female representation at a Board level as well as multiple females in managerial positions. The company also recently promoted a female employee within the Research and Development team.

As above, Sea Forest's Equal Employment Opportunity policy as well as its Code of Conduct ensure that this principle is adhered to.

Finally, Sea Forest has initiated a process whereby employees are able to provide feedback anonymously on issues related to work-place culture.

Environment– Principle 7,8 and 9: Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

Sea Forest's primary purpose is to cultivate solutions to climate change. Therefore, the principles of tackling environmental challenges, promoting greater environmental responsibility, protecting the environment, and developing environmentally friendly technology, are Sea Forest's core business activities. These principles are fundamentally integrated into Sea Forest's business model and are the company's priority.

The release of methane (CH₄) is one of the largest contributors to global greenhouse gas emissions, second only to the production of CO₂ through the combustion of fossil fuels for electricity. Livestock methane emission represents 15%¹ of Australia's GHG emissions. In Australia methane emissions from livestock make up approximately 75% of agricultural emissions¹. In 2019 the Australian agriculture sector produced 74.8 Mt CO₂-e of emissions. These emissions are attributed mostly to enteric methane emissions from livestock at 53.9 Mt CO₂-e.

Sea Forest's product, SeaFeed™, provides a solution to enteric methane emissions. SeaFeed™ is a methane-abating seaweed-based livestock feed supplement that has been scientifically proven to abate over 80% of enteric livestock emissions. Additionally, research has found the carbon from the feed is redirected from methane to energy, resulting in productivity gains. This means that SeaFeed™ addresses two of the most significant challenges of our time- creating solutions to fight climate change and generating more food with less resources.

¹Source: Grattan Institute (<https://grattan.edu.au/report/towards-net-zero-practical-policies-to-reduce-agricultural-emissions/>)



At current production capacity, the company has the ability to abate 280,000t CO₂-e. With advancement in our technologies and infrastructure expansion activities, we are confident in our ability to abate in excess of 8 million tonnes CO₂-e.

Sea Forest therefore reduces greenhouse gas emissions from the beef, dairy, sheep industries thus reducing the agricultural sector's carbon footprint (SDG 13).

To achieve the above, Sea Forest has undertaken extensive research and development, in collaboration with leading Universities, in relation to the growing, harvesting, processing, and formulation of SeaFeed™. Sea Forest's innovations span across hatchery, land farming, marine farming, land harvesting, marine harvesting, processing methodologies, bioengineering and breeding, as well as formulation development. Sea Forest has therefore developed, and is continuing to develop, novel technologies and processes as well as highly innovative products that are global market-firsts. (SDG 9)

The company and its product address many other SDGs including:

(8) Decent Work & Economic Growth – Sea Forest is pioneering a new and environmentally positive aquaculture industry in a regional area which provides sustainable employment and training in new jobs for scientists as well as local workers in its production facilities.

(12) Responsible Consumption and Production - The significant demand for Sea Forest's product reflects the desire of investors and consumers to purchase livestock, dairy, and wool products responsibly. Sea Forest has also created a zero-waste production process for its product where every output can be utilised. Additionally, employees use resources sustainably and the company has recycle stations on site.

(14) Life Below Water - As seaweed grows, it captures carbon from the water and produces oxygen which results in de-acidification, thereby reviving our oceans. Additionally, Sea Forest is using the in-house technologies that have been developed for the cultivation and harvesting of *Asparagopsis* seaweed and has set up the Sea Forest Foundation. The Sea Forest Foundation has been established to play a leading role in restoring giant kelp forests around Tasmania and to raise awareness of the benefits and importance of restoring these important ecosystems. Kelp forests, which consist of large brown seaweed plants, have almost disappeared over recent decades due to ocean warming and commercial fishing methods which cause damage to the seabed. There is growing evidence to support that their restoration forms part of the solution to climate change as they form the fundamental basis of temperate marine ecosystems.

(15) Life on Land – Metabolic conversion of methane represents up to 20% of feed energy. Therefore, SeaFeed™ results in the accelerated growth of livestock which translates to less feed and resource wastage, meaning more food with less impact.

(17) Partnerships for the Goals - Sea Forest partners with leading universities, government departments, research organisations, industry bodies, and the private sector to develop and refine our technologies. Sea Forest aligns with Farmers for Climate Change and is engaged in attaining a B-Corp certification. During the coming 12 months, Sea Forest aspires to partner with many other leading environmental organisations to scale our collective solutions and achieve impact.

Anti-Corruption – Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Sea Forest's Code of Conduct explicitly states the following with respect to anti-bribery and gifts: "Each individual must always comply with laws against bribery, corruption and related conduct applying to the Group in all the jurisdictions where the Group operates; Under the Code, Employees and Directors are obliged to report any actual or potential breaches of the law to their manager, and/or the company secretary and his/her relevant delegate or advisor. "

The Code applies to the Board as a whole, and to all employees individually.

