



Austevoll Seafood ASA

TCFD Report

Austevoll Seafood ASA

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Austevoll Seafood ASA Sustainability Ambition

About Austevoll Seafood ASA

Austevoll Seafood ASA (AUSS) is an industrial holding company. Since it was established in 1981, AUSS has developed into an active owner of world-leading companies within aquaculture, fisheries, processing, sales and distribution. This is also reflected in the company's vision:

“passionate owner of globally leading seafood companies”

Thus, AUSS does not have its own catch, farming, or production of fish products, though we emphasize active ownership of our portfolio companies and are highly involved in developing them through board work, business development, restructuring and transactions. AUSS investments consist of the following main portfolio companies: Lerøy Seafood Group (LSG), Austral Group S.A.A. (Austral), FoodCorp Chile S.A.(FC), Br. Birkeland Farming AS (BFARM), Br. Birkeland AS (BRBI) and Pelagia Holding AS (Pelagia).

Controlled AUSS assets		Jointly controlled assets	
Company	Ownership Share	Company	Ownership Share
Austral Group S.A.A.	90.12%	Pelagia Holding AS	50% (jointly controlled entity)
FoodCorp Chile S.A.	100%		
Br. Birkeland Farming AS	55.24%		
Br. Birkeland AS	42.92%		
Lerøy Seafood Group	52.69%		

Due to our company structure, AUSS is classified as an asset owner in line with the TCFD framework, hence this report will be presented from an asset owner perspective. However, it is important to note that AUSS is not active in trading of assets on a high intensity and our portfolio remains very stable. Our controlled assets have separately published TCFD reports and scenario analysis in accordance with an operational approach. Pelagia is a jointly controlled entity and will not be included in this TCFD report.

Our assets are our greatest source of revenue, and we are dependent on the steady operation and production of all assets. E.g, if one of our assets were to reduce or halt production as a result of potential climate-related risks, this could have a high financial impact on AUSS as a holding company.

The TCFD Recommendations

Recommendations

There is a growing demand for decision-useful, climate-related information, and creditors and investors are increasingly demanding access to risk information that is consistent, comparable, and clear. The Task Force on Climate-related Financial Disclosure (TCFD) developed the TCFD disclosure recommendations to augment market transparency and stability. Additionally, TCFD encourages the standardized reporting structure for financially material climate-related risks and opportunities to give investors, lenders, and insurers enhanced comparability when assessing and pricing pertinent companies.

The TCFD recommendations are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets. Moreover, the framework separates into three main categories: risks related to the transition to a lower-carbon economy, risks related to the physical impacts of climate change, and climate-related opportunities. The TCFD has also incorporated financial impact as an integral part of its disclosure recommendations.

Core Elements of Recommended Climate-Related Financial Disclosures



In line with the TCFD disclosure recommendations, TCFD will be an integrated part of AUSS annual financial reporting, and the report will be reviewed by the audit and sustainability committee and the Board annually.

TCFD Content Index

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.</p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>
<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>
<p>a) Describe the board's oversight of climate-related risks and opportunities.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>b) Describe the organization's processes for managing climate-related risks.</p>	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>
	<p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>

CDP Climate and TCFD

AUSS has reported to the Carbon Disclosure Project (CDP) Climate questionnaire since 2020. In 2023, AUSS achieved a B- score and have ambitions to improve this score in 2024, by working systematically with our climate and sustainability strategy and initiatives. This includes the implementation of R&O identification and analysis, as well as quantitative/qualitative scenario analysis, in line with the TCFD framework. CDP in many ways set the standards for what is expected from climate risk management, hence AUSS will use these expectations as a blueprint in order to ensure best practice implementation and reporting. The TCFD's focus and guidance on climate-related financial impact and scenario analysis will be an important process, both to ensure transparency, but also to improve our understanding of how climate-related issues can affect us, and how we will mitigate expected changes in the future.

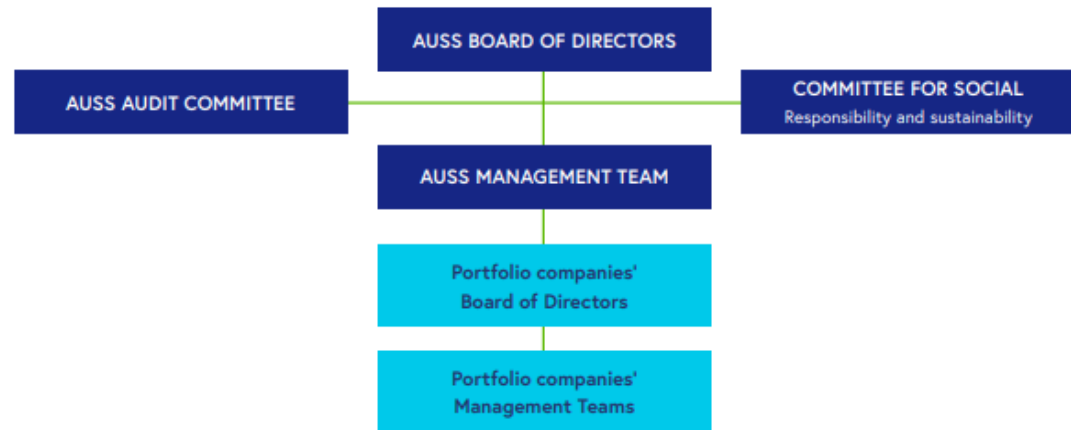
Governance

Disclose the organization's governance around climate-related risks and opportunities.

As an active owner, AUSS requires our portfolio companies to conduct business in a responsible manner, and this through a series of reporting tools (GRI, CDP, etc.). On the basis of this, we decided in 2022 to start the process of conducting risk and opportunities assessments of our subsidiaries, in line with TCFDs requirements (with the exception of LSG, as they have conducted their own assessment). Alongside the identification of risks and opportunities, we are also in the process of conducting scenario analyses in line with the IPPC (well below 2 and 4 degrees scenarios). We consider this to be of high importance, in order to future-proof the group as a whole.

Board-level oversight (AUSS)

The Board of directors has the ultimate responsibility for our sustainability work. This responsibility is exercised by deciding on policies that all Portfolio Companies must comply with, and by regularly following up on results achieved. On a quarterly basis, the Board reviews compliance reports from AUSS management which includes KPIs from the portfolio companies. On an annual basis, the Board reviews our policies and code of conduct to ensure these are up to par.



Management-level oversight (AUSS)

The responsibility of the AUSS Management Team is to uphold communication with the portfolio companies and streamline practices and expectations across the portfolio. The AUSS Management Team has a key role in assisting the portfolio companies in identifying, reporting on, and managing risks and opportunities in their value chains. On a general basis, the CFO holds the responsibility of collecting sustainability information from the portfolio companies used for reporting at the group level. This information is reviewed by the Committee for Social Responsibility and Sustainability and the Board of Directors.

Further AUSS has an Audit Committee consisting of two members of the Board who have a special responsibility to ensure the integrity of financial reporting. This is done by preparing reported issues, presenting them to the Board and suggesting follow-up where needed. In addition, the Audit Committee monitors systems for internal control, risk management and internal and external audits. In this way, they follow up the “governance” part of ESG. As part of AUSS’ guiding principles, each of the Portfolio Company Boards is expected to ensure that one or more of their members have extended responsibility for sustainability topics, reporting back to the AUSS Board and ensuring that ESG risks are on the company Board’s agenda.

Board-level oversight (Portfolio Companies)

Each portfolio company has a Board of Directors, who are responsible for ensuring that AUSS' policies are implemented and that regular reporting on determined topics and KPIs are reported according to the set group standard. AUSS has representatives on each of the Boards, to ensure that best-practice procedures are followed and the AUSS' policies are followed throughout the portfolio. Each Board is required to allocate extended responsibility for sustainability topics to one or more members. This/these member(s) ensure that climate risks are on the Boards' agenda.

Management-level oversight (Portfolio Companies)

The CEOs of the portfolio companies are the highest management level responsible for ESG and climate-related issues and are responsible for both assessing and managing climate-related risks and opportunities. This responsibility includes ensuring that internal controls are in place to uphold AUSS' policies and guidelines and that the company is compliant with current domestic, regional, and international regulatory legislation. Each Portfolio Company is responsible for preparing risk assessments for their company, keeping them up to date, and informing AUSS about developments as needed.

Strategy

Identified climate-related risks and opportunities

In Q1-Q2 of 2023 AUSS were conducting a climate risk and scenario analysis using the TCFD framework. The analysis was based on in-depth workshops with key internal stakeholders in all the separate portfolio companies, in combination with objective climate research correlating to the respective geographical location of Chile, Peru, Norway. Based on the outcomes from the workshops and research, we have prioritised 3 top climate-related risks/opportunities, which will be the focal points of our individual scenario analysis. Once the scenario analysis were completed, the findings were aggregated to a group level, in order to paint an overarching picture of the main risk and opportunities relevant for AUSS as a whole.

As AUSS portfolio consists of stable assets and changes in AUSS portfolio are not planned in the foreseeable future, climate-related risks and opportunities are not factored into investment strategies. However, climate-related risks and opportunities influence AUSS' strategic and financial planning and consider both short-, medium-, and long-term time horizons, likelihood of impact, as well as financial impact, in the assessments of these risks and opportunities. The following definitions of time horizons and financial impact are applied:

Time horizon	Year
Short-term	0 – 3
Medium-term	3 - 10
Long-term	10 +

Financial impact	Percentage of revenue
Low impact	< 5%
Medium impact	5%
High Impact	> 5%

Please note that LSG established and published their report in accordance with the TCFD framework before AUSS initiated this reporting for our other portfolio companies. Hence, LSG has different time horizon definitions in their methodology and when assessing their risks – this will not affect the overall assessment on an asset owner level.

Time horizon (LSG)	Year
Short-term	0 – 5
Medium-term	5 - 10
Long-term	10 +

The below table summarizes the risk and opportunities considered in our climate-related risk assessments.

Risk type	Description of risk
Current & Emerging regulation	<p data-bbox="613 432 2042 560">Due to Austevoll Seafood ASA portfolio companies'' and markets global nature, a variety of risks connected to current and emerging legislation in our different operation countries are considered. As a thoroughly regulated industry, it is imperative that AUSS stays up to date with all requirements, as the financial viability of our assets (portfolio companies) constitutes the financial foundation of AUSS. The main risks identified per geographical location:</p> <p data-bbox="613 600 842 627">Austral Group S.A.A:</p> <ul data-bbox="663 635 2042 895" style="list-style-type: none"> <li data-bbox="663 635 2042 694">• Increased restrictions (stemming from a decrease in fish population) from the government, potentially incurring changes in quotas, needing to relocate or, in the worst case, needing to suspend operations in designated areas. <li data-bbox="663 702 2042 761">• Natural gas & fossil fuel legislation, resulting in a halt in production and/or significant investments to change the fleet from fossil fuel to preferred fuels. <li data-bbox="663 769 2042 828">• If carbon taxation will be implemented, this could lead to a financial impact, as the price of Austral's emissions would increase. <li data-bbox="663 836 2042 895">• New legislation in markets served (mainly EU) can have an impact on Austral. Either, as a direct effect on fish meal/fish oil export, or as an indirect effect of increased environmental reporting requirements (e.g. CSRD) that will cover B2B customers. <p data-bbox="613 935 846 962">FoodCorp Chile S.A:</p> <ul data-bbox="663 970 2042 1326" style="list-style-type: none"> <li data-bbox="663 970 2042 1029">• Stricter regulations or reduced operating areas may require technological and productional changes, leading to additional costs. <li data-bbox="663 1037 2042 1096">• Failure to comply with emission reporting regulations or fishing quotas could result in high fines, closure of facilities, and financial impacts. <li data-bbox="663 1104 2042 1163">• Changes in policies on packaging materials in large consumer countries could affect FC's market and result in additional costs. <li data-bbox="663 1171 2042 1230">• Non-compliance with regulations by other Chilean fishing boats could result in punishment for all vessels under the Chilean flag, including FC. <li data-bbox="663 1270 2042 1326">• Increased competition from international actors in the Chilean waters due to new fishing agreements could affect FC's ability to fulfil quotas. <p data-bbox="613 1366 808 1393">BR Birkeland AS:</p>

- BR BI faces financial risks from changes in government regulations for fishing and carbon taxation policies. Prohibitions on fossil fuel vessels or changes in fishing zones could result in costly stranded assets and increased expenses for accessing alternative fishing areas.

BR Birkeland Farming AS:

- BFARM is subject to regulations from the Norwegian Directorate of Fisheries. Any changes in regulations, such as the implemented resource rent tax, could have a significant financial impact on the company. Increasing carbon taxation could shift costs associated with transitioning to alternative fuel production, and new legislation requiring closed-system production could be expensive to implement. Taxation or prohibition of soy in fish feed would also be costly. The Norwegian "traffic light" system, which determines production volumes based on salmon lice impact, could result in lower production and sales income.

Lerøy Seafood Group ASA

- LSG is monitoring the impact of regulations in their production countries and markets, which include grow-out licenses, EU Taxonomy, carbon pricing and taxes, stricter ASC/MSC certifications, new legislation related to plastic use and disposal, and potential taxation or prohibition of soy in fish feed. They assess the risks associated with these regulations and consider them in their risk assessments. These regulations could impact LSG's access to capital, transportation and fuel costs, market share, profitability, operating costs, and feed costs.

Technology

It will be important for AUSS' assets to stay up to date with technological developments, both in farming and wild catch. Implications of portfolio companies not being able to do this can result in legislative non-compliance and have a negative effect on their competitiveness compared to other market actors. The following risk was identified across the geographical locations:

Austral Group S.A.A

- Technological advances in energy can result in new legislative measures regarding fuel types. E.g. requirements regarding transferring to renewable energy from sources will require significant transitional costs for the company.
- Bycatch and juvenile detection technology will presumably advance over the next decade. It is important to stay up to date with this technology, as if legislative measures increase, juvenile catch and bycatch, although accidental, may incur punitive measures.
- The technology of packaging will need to be improved, in order to meet the Peruvian State's requirements for recyclability. The assumption is that the requirements will increase over time, and if Austral does not follow the technological advancements of packaging requirements, punitive measures may incur.

FoodCorp Chile S.A

- Chile has explicit carbon pricing policies in the form of carbon taxation. If these were to increase it would lead to a shift in cost associated with the transition to alternative fuels for fleet and production.

BR Birkeland AS

- BR BI must ensure to invest in the most climate-friendly vessel technology available. If we do not do this, and continue to purchase fossil fuel vessels, this can have severe a negative financial effect, due to stranded assets (e.g., if a ban on fossil fuel vessels were to be imposed).

Lerøy Seafood Group ASA

- Unsuccessful investments in new technologies pose a financial and operational risk for LSG, such as investing in a new fleet that underperforms and requires additional investment, affecting operations during the transition.
- Advancements in alternative protein technologies pose a potential threat to LSG if consumers shift away from seafood towards alternative protein sources.
- Technological developments in land-based fish farming may also pose a threat to LSG as it eliminates the need for long-distance transport, especially air freight, by bringing production closer to the market.

Market

In a dynamic and ever-changing global market, it will be important for AUSS' portfolio companies to adapt accordingly. AUSS' assets serve markets across the globe, and the following connected risk have been identified:

Austral Group S.A.A:

- The main market risk to Austral as seen today is demands from B2B customers. If the buyer has set its own reduction goals, such as a Science Based Target, this could affect Austral as a part of their supply chain. Short-term, relevant in regards to the EU, then presumably the US. Long-term, China, Asia or Africa.
- China is currently Austral's biggest market for fish meal, accounting for 56%, and an important market for fish oil at 26 %, based on a three year weighted average. Regulatory changes regarding environmental standards are difficult to predict in this market and might happen radically and any restriction or change in import legislation in China could therefore have a severely negative financial impact.

FoodCorp Chile S.A:

- FC generates income through the production and delivery of fishmeal, fish oil, canned and frozen fish to a sought-after market and changes in market demand can significantly impact revenue.
- A shift in consumer demand from frozen to fresh fish would affect revenue.

- Restrictions on certain distributors could reduce the possibility of reaching a market, resulting in lower sales volumes and prices, and high financial impacts.
- Demand for certification of fish meal in different markets could lead to a decrease in market size if the produced fishmeal does not meet certification standards.

BR Birkeland AS:

- Due to increased expenses (e.g., tax), the price of our products may increase. This could result in B2B customers and end-consumers turning to cheaper foreign companies to buy their seafood. BR BI is dependent on its customers' demand both for snow crab (end-users) and pelagic fish (B2B).

BR Birkeland Farming AS:

- BFARM is fully dependent on end consumer demand. If these demands were to change, for example if consumers want cheaper sources of animal protein or change demand to other alternative proteins.

Lerøy Seafood Group ASA:

- Changing consumer needs and behaviour, such as younger consumers shifting towards alternative protein sources, may pose a threat to LSG's market position and financial stability.
- Increasing demand for climate-friendly food, particularly in Norway, means consumers have higher expectations and requirements for certified fish products, potentially impacting LSG's financial performance if these demands are not met.

Reputation

Austral Group S.A.A:

- Fishing plants have always been built outside of the cities, however, as populations are growing they are moving closer to the plant locations. If unfavourable incidents were to occur such as gas leaks, this would negatively affect the population in the surrounding area. This, in turn, would have a negative effect on Austral's reputation.

FoodCorp Chile S.A:

- FC's revenue is dependent on a good reputation for selling fish, and any reputational damage could lead to a profit loss. Bad publicity may result from bad product quality, leading to a reduction in sales and distribution. Non-compliance with environmental laws, such as water treatment, could damage the company's reputation, leading to bad media coverage from the local public, and affecting sales and distribution.

BR Birkeland AS:

- BR BI has a big focus on delivering the best quality product, for the lowest possible price. If the product becomes too expensive, this may cause reputational damage. Moreover, if we are not able to deliver the quality promised, this may also have negative effects in terms of our reputation.

Lerøy Seafood Group ASA:

- LSG's reputation is at risk if they fail to contribute to the transition to a low carbon economy or communicate their efforts effectively. The use of soy in fish feed, growing awareness of air freight transportation, and potential blame on aquaculture for ecosystem damage are all factors that could harm LSG's reputation. Even though the soy used in LSG's feed is certified, its controversial production may still negatively impact the company's reputation.

Acute physical

Austral Group S.A.A

- Increased frequency of earthquakes due to glacial isostatic adjustments, causing mudslides
- The occurrence of tsunamis caused by underwater earthquakes, has the potential to have severely negative effects on Austral.
- Increased occurrence and quantity of heavy rain, could potentially lead to rivers overflowing, in turn resulting in an increased chance of mudslides. This could cause damage to facilities and/or compromise the roads needed for goods and workers' transportation.
- Tied to the weather phenomenon's El Niño and La Niña, it is predicted that the occurrence and intensity of extreme weather and storms will increase. The scale and scope of the extreme weather event in question will determine the financial impact it will have on Austral, but regardless, this is seen as a generally high risk.

FoodCorp Chile S.A:

- FC is exposed to physical risks, such as extreme weather events, that could affect transportation, distribution, and production capacity, leading to large financial impacts.
- Extreme weather events are directly correlated to the irregular periodic weather phenomenon of El Niño and La Niña.
- The most significant direct physical risks to FC's operations include risks to employee health and safety, electricity cuts, fishing quotas not being filled or being time-consuming, offloading difficulties, adaptation measures to fleet and factories, and wildfires limiting transportation.
- FC's income revenue and production are also dependent on transportation, and heavy rain or floods could lead to mudslides and closed roads, causing a halt or lower production capacity or sales distribution, directly impacting revenue.

BR Birkeland AS:

- BR BI's operations are highly dependent on the physical climate they operate in. Extreme weather, such as storms, can compromise the offloading locations outside BR BI's operations which they are dependent on, as well as the fleet. Sudden disease outbreaks in the wildfish populations due to changes in water temperature and contents can also negatively impact the company financially. Additionally, operating in the Arctic requires consideration of large ice blocks breaking off and potentially damaging vessels.

BR Birkeland Farming AS:

- Acute weather events such as heavy rain, floods, and droughts can have direct or indirect financial impacts on fish farming facilities. Mudslides caused by heavy rain or floods can lead to fish mortality, while droughts or floods can affect the production of raw materials used in fish feed, leading to higher costs and reduced availability. The impact of such events on raw material production can affect fish production costs and overall financial outcomes.

Lerøy Seafood Group ASA:

- LSG faces acute physical risks such as extreme weather events, storms, and heavy precipitation that can impact its operations and supply chain. Extreme weather can cause material damage to production sites, damage the fleet, and increase the risk of escapes. Oil spills along the Norwegian coastline can further impact aquaculture. Extreme weather events can also impact water quality, leading to diseases, parasites, and algae that can kill the fish overnight. In addition, drought and floods can affect the production of raw materials that LSG depends on in feed, affecting the availability and cost of raw materials.

Chronic physical**Austral Group S.A.A:**

- Changes in sea temperatures, ocean acidification and salinity, firstly, has the potential to affect the biomass of the whole value chain. Although anchovies, for now, are quite adaptable and tend to stay in the same areas, long term there is a risk of the changing ocean conditions affecting the growth of the fish. This would be a problem as adult fish would be categorized as too small to catch (legislation states that anchovies must be >12cm, hence determined by size, not age). This may result in unfulfilled quotas, which equates to a negative financial impact on Austral. Jack Mackerel, on the other hand, could change moving patterns if salinity levels increase to over 35.1 g/l or if the temperatures go outside the range of 14-17 degrees Celsius.

FoodCorp Chile S.A:

- FC heavily relies on fishing as its primary source of revenue, mainly catching jack mackerel, sardine, and anchovy through its own fleet and raw materials from other boats along the Chilean coastline. Changes in ocean conditions such as rising temperatures, changes in salinity levels, and increasing acidity due to CO2 uptake can affect fish migration patterns, making it difficult to fill fishing quotas and leading to increased fuel costs. This would have a significant financial impact on the company.

BR Birkeland AS:

- BR BI may face challenges if climate change leads to changes in Nordic weather patterns, melting arctic poles, and changes in ocean salinity levels and temperatures. These changes can cause fish populations to move to fishing zones where the company is not allowed to operate, potentially leading to a loss of revenue. Additionally, rising water

temperatures could cause fish to move further north, out of allowed catch zones, potentially impacting the company's operations and increasing legislative risk. Climate-related ecosystem changes can also affect wild fish health, leading to lower-quality products and decreased revenue for the company.

BR Birkeland Farming AS:

- Chronic weather events, such as changes in Nordic weather patterns and melting arctic poles, could lead to higher or lower financial impacts on fish farming. These events can cause changes in ocean salinity levels and temperatures, resulting in changes in biodiversity, reduced wind, and lower oxygen levels in farming areas. Over time, these changes could result in more diseases in fish, resulting in lower quality and direct financial impacts on the market.

Lerøy Seafood Group ASA:

- Part of LSG`s operations within aquaculture and 100% of LSG`s fishing activity takes place in the sea, and any changes in sea levels or temperature can potentially have long-term impacts on the company's livelihood. Rising sea temperatures can cause the migration patterns of wild fish to change, which can affect fishing zones and increase fuel costs. Changes in sea temperatures can also impact aquaculture by making it more challenging to operate in certain areas and can affect the marketability of fish products. Changes in oxygen levels, precipitation, and sea levels in fjords can also negatively impact farming conditions and increase the risk of disease and mortality.

Opportunity type	Description of opportunity
Market	<p>Austral Group S.A.A: Jack mackerel and anchovies are comparatively low-GHG sources of protein, and with increased demand from a growing world population, this can be a great opportunity for Austral. Given that the anchoveta has Friends of the Sea Certification (and other certifications will be acquired, if required/beneficial), this might provide a competitive advantage. Especially in the western markets Austral serves, we see an increased focus on sustainable protein sources, many of which come from the sea. As a provider of protein sources with significantly lower relative GHG emissions compared to land-based animal products, this can be an opportunity for Austral to put pelagic fish on the map as a more sustainable alternative.</p> <p>FoodCorp Chile S.A: The jack mackerel is a low-cost protein making a large possibility to expand markets as it is a cheap source of protein for consumers, considering there is a high demand for low-cost fish. The mackerel is one of the fish species with the lowest carbon footprint compared to other fish types, giving potential for other certifications than competitors. Further, it is a well-governed species compared to others through SPRFMOs</p>



biomass monitoring making it lower risk of being underlined restriction to meet market demand, thus ensuring fish to the market through aligning with the SPRFMOs, where other potential market demands could be overcome by joining ventures and alliances with other companies. Moreover, the Chilean jack mackerel is MSC-certified.

BR Birkeland AS:

Fish production is a lower emissions production compared to other animal protein such as cattle and pig, hence could give market benefits. Pelagic fish in general also have a lower carbon footprint than other fish types. This can constitute a market opportunity for BR BI, as consumers may shift in a favorable direction (by choosing marine protein over land-based proteins).

BR Birkeland Farming AS:

Farmed salmon production is a lower emissions production compared to other animal proteins such as cattle and pig, hence could give market benefits.

Lerøy Seafood Group ASA:

LSG is exploring alternative transportation solutions, such as blue wrap or sub-chilling, to increase the durability of fresh fish and reduce the dependency on air freight. They are also developing new cooling methods to transport more products by sea. Additionally, LSG is involved in multiple projects to produce fish feed ingredients closer to home and reduce transportation, emissions, and costs. They are also working to improve their packaging with a focus on recycling to signal their commitment to sustainability and potentially increase revenue. LSG sees opportunities to reach younger consumers concerned about climate change and plans to communicate, innovate, and educate through various platforms.

Policy and legal:

Austral Group S.A.A:

Austral is ahead of the curve in the Peruvian aquaculture market when it comes to climate risk analysis and greenhouse-gas emission reporting. By building this foundation before it becomes legally required, the company might create an advantage domestically, as well when it comes to export (to markets where climate reporting requirements have come further).



Technology

Austral Group S.A.A:

Austral has projects underway to facilitate more efficient water usage for boilers, and they have ongoing projects to use salt water as a substitute in boilers. This can become a competitive advantage, as the focus on sustainability related to water increases.

FoodCorp Chile S.A:

FC can take advantage of opportunities to move towards renewable energy sources to comply with existing and emerging energy policies by converting fuel to low-emission fuel. FC can develop and expand on-site steam conversion to energy using new technologies and collaborate with low-emission energy production companies to power production facilities. FC has prior experience in changing energy sources, making the transition smoother and less costly if new regulations occur.

New Positioning

Lerøy Seafood Group ASA:

LSG sees opportunities in shifting market preferences towards refined fillets or frozen fish to increase market share, lower costs, and reduce emissions from air freight. They also plan to leverage the perception of seafood and aquaculture as sustainable food production for a growing population with a lower climate footprint. LSG collaborates with organizations like EAT to improve their own production and push the sector in a sustainable direction. The growing global demand for food and protein presents opportunities for new and growing markets if seafood is viewed as a healthy and sustainable protein. LSG invests in low-carbon solutions to substitute fossil fuels with renewable sources and potentially be eligible for financial support schemes from Enova.

Collaborative efforts

Lerøy Seafood Group ASA:

LSG aims to improve their competitive advantage by collaborating with suppliers to shift to climate-friendly solutions. They plan to work with suppliers to ensure they are at the forefront of sustainable feed developments, engage in collaborative projects with transportation providers for low-emission goods transportation, and establish roles within their organization to communicate with authorities and stay ahead of regulatory changes.

The impact of climate-related risks and opportunities on the Group's strategic and financial planning

Our strategy and financial planning have been influenced by climate-related risks and opportunities in several business areas as demonstrated in the table below:

Areas influenced by climate-related risks and opportunities	Description
Products and services	As an active owner of world-leading companies within aquaculture, fisheries, processing, sales and distribution our goal is that our portfolio companies are supplier of high-quality seafood. To ensure operational sustainability in the portfolio companies they need to ensure that their current operation is optimized, and further stay up-to-date on innovation and trends to find new and innovative ways to operate.
Supply chain and/or value chain	As an active owner AUSS has put policies and procedures in place to ensure that the portfolio companies assess their largest suppliers in terms of their ESG strategy and performance.
Investment in R&D	As an active owner AUSS encourages focus on innovation and views this as the core of the Groups sustainability strategy going forward.
Operations	AUSS as an active owner has implemented compliance reporting for the portfolio companies within all areas of ESG. KPIs are reported on regular basis, some quarterly and some annually to AUSS. Among others AUSS has established KPIs within water consumption, waste, GHG emissions, and different certifications. The AUSS management prepares quarterly reports to the Audit Committee and Sustainability Committee based on the information received from the portfolio companies. In 2022 AUSS initiated TCFD reporting for our portfolio companies.

Scenario analysis

The well-below 2°C scenario

Carbon Emission Regulations

South-America

Chile's Law 19.300 aims to regulate air pollution and protect the environment and human health. Areas exceeding environmental standards are classified as saturated zones, and companies must submit an annual report to assess their impact. FC's facilities in the Greater Concepcion area were affected by this law, and the company had to switch to a different fuel source to comply with emission limits. Chile is committed to achieving carbon neutrality by 2050 and has passed a climate-related amendment to the law, which mandates the relevant ministry to propose policies and formulate plans for climate change mitigation. However, uncertainty remains about upcoming plans and their impact on companies like FC. As the negative effects of climate change increase, governments are under pressure to take stronger regulatory measures. Norway is likely to adopt the EU's Carbon Border Adjustment Mechanisms (CBAM) as a tool to prevent carbon leakage. While fishmeal and fish oil are not included in CBAM yet, Austral may need to adapt to the carbon reduction requirements of its customers to remain competitive. China's ambitious long-term climate targets may lead to the enactment of climate-related regulations that may affect Austral's access to the Chinese market in the future. Additionally, China has introduced regulations on fishmeal standards, which can create financial risks for Austral.

Norway

BRBI faces a financial risk as Norway phases out fossil fuels on fishing vessels, which contribute a significant proportion of CO₂ emissions in the Norwegian fishing fleet. The Norwegian government plans to gradually introduce requirements for zero- and low-emission solutions for aquaculture service vessels and feed barges from 2024 onwards. However, fishing vessels have not yet been mentioned in terms of zero- and low-emissions solutions, with the government instead incentivizing emission reduction projects through schemes like the Enova Fund. The development of low- or zero-emission technologies, coupled with ongoing global warming and climate change, increases the likelihood of adaptation to similar regulations for fishing vessels, making the cost of switching to these technologies a climate-related financial risk for BRBI. Norway has committed to reducing CO₂ emissions, limiting global warming to 1.5 degrees Celsius,

and reducing greenhouse gas emissions by at least 50% by 2030 compared to 1990. The carbon tax on mineral oil is the main instrument for reducing greenhouse gas emissions in the fisheries sector, and it is projected to increase by 21% year-on-year to meet Norway's commitments. However, the carbon tax rate for non-ETS emissions is subject to review and may result in short-term price uncertainty. Norway joined the European Emissions Trading Scheme (ETS) in 2008, which regulates emissions and allows for the trading of emission allowances. Although the fisheries sector is not yet covered by the ETS, there are proposals to extend it to include the maritime sector. The inclusion of the fishing industry in the EU ETS is expected to cost BRBI less than the Norwegian non-ETS carbon tax by 2030, but uncertainty regarding the inclusion of the fisheries sector in the ETS and fluctuating carbon prices limit planning. Nevertheless, the cost of using mineral oils will increase by 2030, posing a financial risk to BRBI. Equipping the fleet with low-carbon technology will also be costly.

The Business as Usual 4 °C Scenario

More Extreme Weather

South-America The El Niño-Southern Oscillation (ENSO) is a naturally occurring climate phenomenon that involves changes in sea surface temperature, air pressure, wind patterns, and rainfall in the tropical Pacific Ocean. It consists of two opposing phases, El Niño and La Niña, which occur every 2 to 7 years and 2 to 5 years, respectively, with varying frequency and intensity. The drivers of ENSO include the Pacific Decadal Oscillation, as well as human activities like greenhouse gas emissions and deforestation. ENSO has far-reaching impacts on weather and climate around the world, including affecting the productivity of marine ecosystems such as the Humboldt Current along the west coast of South America. The changing wind and rainfall patterns associated with ENSO can affect the trade winds that drive the Humboldt Current, leading to a decline or improvement in marine ecosystem productivity. Climate models predict an increase in upwelling favorable winds off Chile and a longer upwelling season, with earlier onset and delayed end, together with greater intensity, especially in summer. Predictions for the general catch potential in the Chilean Exclusive Economic Zone (EEZ) are mixed, with some predicting an increase and others predicting a decrease in catch potential under RCP8.5. Fishery- and aquaculture-related livelihoods are vulnerable to climate and non-climate drivers, such as sea surface warming, precipitation reduction, changes in upwelling intensity, eutrophication, and harmful algal bloom events. Additionally, multiple resources subjected to fisheries and aquaculture are highly vulnerable to storms, alluvial disasters, ocean warming, ocean acidification, increasing ENSO extreme events, and lower oxygen availability. Coastal regions are also at a high risk of experiencing total mean sea level rise along the coast between 46 and 74 cm by 2100. The predicted increase in extreme ENSO poses further threats to the population of Peru due to heavy rains, floods, and heavy river discharges. Overall, the ENSO has a complex and significant impact on weather patterns and marine ecosystems, as well as human livelihoods and infrastructure in affected regions.

Norway

Climate change is causing more extreme weather, such as wind, storms, storm surges, and waves, which can negatively impact fishermen's safety and limit their days at sea. Local knowledge may not be enough to cope with new weather conditions and changing fish stock distribution. Extreme winds, including tropical cyclones and extratropical cyclones, have increased globally in frequency and intensity. This trend is projected to continue with climate change, particularly in the North Atlantic. Changes in ocean conditions, such as temperature, oxygen, and acidity levels, are causing fish species to move, leading to a redistribution of maximum fisheries yield potential. However, this also creates challenges for fishermen, such as conflict over quota allocation and impediments to their effectiveness due to a dispersed fish stock over greater areas.

Marine life is sensitive to temperature changes and salmonids have a narrow range of temperature for optimal growth. The current optimum conditions for salmon farming are documented at a latitude of 62-64° along the Norwegian coast. However, ocean warming has the potential to decrease production due to increased risks for diseases, lice infections, harmful algal blooms, and lower oxygen content in the water. BFARM operates its farming facilities in Vestland, located south of the current optimum latitude for salmon. With climate change, the risk of decreased production increases in this area. Sea lice is the most common parasite in salmon farming, and its prevalence can increase in the north due to ocean warming. Climate models project increased precipitation, lower salinity, and eutrophication that may strengthen stratification and influence the availability of nutrients for algae, leading to HABs. The occurrence of marine heatwaves can result in extreme physiological stress and increased susceptibility to disease, as seen with unprecedented levels of vibriosis infections along the Baltic Sea and North Sea coasts.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Good risk management is essential to AUSS. In addition to having a strong focus on how our own operations affect the climate, it is also important for AUSS to understand how climate change may affect the Groups operations. The companies in AUSS's portfolio shall regularly map climate-related risks, carry out assessments and analyses to allow for decision-making and necessary adjustments.

AUSS has taken the stance to request all controlled subsidiaries to create a TCFD report on behalf of their own company with a supplementary scenario analysis on relevant risks and opportunities under the auspices of AUSS and CEMAsys in order to analyse and detect all potential risks and opportunities in accordance to the TCFD framework. To standardise our risk management process across all portfolio companies, we employ a Material Climate-Related Risk and Opportunity Assessment and Response Matrix (R&O Matrix). The identification and assessment process involves extensive workshops and discussions with internal stakeholders from different organisational levels and functions, including representatives from AUSS with asset owner interests and portfolio company representatives, to ensure a well-rounded evaluation of the portfolio companies' risks and opportunities. After identifying the risks, the portfolio company determines their impact, likelihood (low, medium, high), and appropriate time horizon (long, medium, short). Each risk is also assessed for its financial impact (low, medium, high) to provide a more precise evaluation in accordance with the TCFD recommendations. Based on the risk's position on the R&O Matrix, the portfolio companies establish the most effective mitigation strategy as the optimal response, presented in the individual TCFD reports.

At AUSS we also emphasise the importance of risk management and economic profitability to enable long-term value creation. We have a continuous focus on delivering strong financial results and decision-making resulting in sustainable long-term growth. As a holding company, we perceive our role as an active owner of our portfolio companies as our greatest opportunity to expand our positive effects and reduce negative impact. We complement this role by being a good example to our portfolio companies, i.e. "set the tone at the top" for how we want our operations to be carried out, and by being closely involved in the monitoring and follow-up of the performance. We believe good corporate governance, along with responsible risk management, provides the foundation for our ability to create lasting value.

Using the completed TCFD reports and scenario analysis, both on company and Group level, AUSS will be working to strengthen our investment strategies in order to incorporate climate-related risks on an even higher level than previously. Further, the analysis will be used to centre our future investments toward preparing for potential occurring risks identified by our portfolio. Each company will, in line with the TCFD recommendations, have to do a yearly evaluation of its prioritised risks and opportunities to determine if these are still eligible and if new ones should be included. The evaluated risks and opportunities will then be aggregated up to AUSS in which will continue to improve our investment strategies on both a short, medium and long-term horizon.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Greenhouse Gas Emissions

AUSS carbon accounting is conducted in accordance with the Greenhouse Gas (GHG) Protocol where we report on an operational approach. All our portfolio companies, where we are majority stakeholder, report on their carbon emissions individually and all data is aggregated up on the portfolio level. The maturity level of the accounting in Scope 3 varies across the companies. LSG, who has an approved SBTi, has the most inclusive accounting in all relevant Scope 3 categories, whereas the remaining portfolio companies do not reach this level of detail in Scope 3 thus our presented Scope 3 emissions stem mainly from LSG.

GHG emissions	Unit	2021	2022	2023
Scope 1	tCO ₂ e	261 650	267 237	248 186
Scope 2 (location-based)	tCO ₂ e	21 699	19 725	18 023
Scope 2 (market-based)	tCO ₂ e	54 068	48 615	62 016
Scope 3	tCO ₂ e	1 171 613	1 074 800	1 068 486
Total (Scope 1,2 and 3)	tCO₂e	1 454 962	1 361 762	1 334 695
Energy consumption (Scope 1 & 2)	MWh	1 322 920	1 331 037	1 196 083

Scope 1 includes all use of fossil fuels from stationary combustion or transportation, in owned, leased, or rented assets. It also includes any direct emissions from the use of refrigerants.

Scope 2 emissions include indirect emissions related to purchased electricity in assets where the organization has operational control.

Scope 3 comprises indirect emissions from our controlled assets value chain activities. The scope 3 categories have been assessed and included by relevance. The categories included in the scope 3 inventory are purchased goods and services (fish feed, packaging), fuel-and-energy-related activities, upstream transportation and distribution, waste generated in operations, business travels, downstream transportation and distribution, processing of sold products, and end-of-life-treatment of sold products.

On a portfolio level, all controlled assets are actively working on reporting all their scope 3 emission within end of 2024. This will provide a better overview of our total emissions, allowing for more realistic target setting, and support the development of low-carbon transition strategies in line with the Paris Agreement. A more transparent and true carbon accounting on the company level will be used as an important measure in our future investment strategies, decisions, and monitoring in order to mitigate potential climate risks and succeed in our opportunities.