ENVIRONMENTAL COMPENSATION PROGRAMME OF THE NUEVA PESCANOVA GROUP

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CORPORATE SUSTAINABILITY DEPARTMENT
Nueva Pescanova Group

SEPTEMBER 2023

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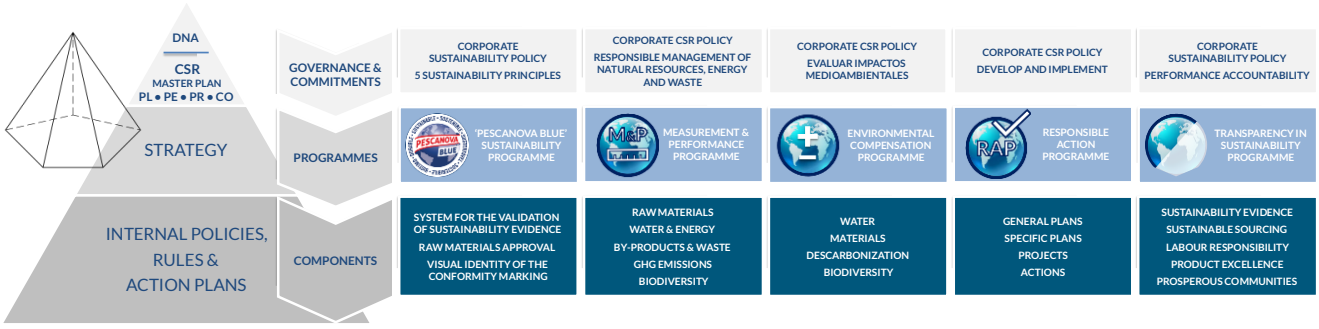
PREÁMBULO

Sustainable development and responsible action are essential aspects of the business culture of the Nueva Pescanova Group. These two traits are decisive for the fulfilment of our commitments to the environment and society since the activities carried out by the Group are extractive (fishing), productive (aquaculture) and consumptive (seafood products transformation and processing) which imply the exploitation of ecosystem goods and services. It is, therefore, our duty to ensure that we conduct our operations responsibly and rationally.

The governance tools that we have defined to help make our commitments operational, i.e., Corporate Social Responsibility (CSR) and Sustainability policies, seek to define both the principles by which we want to guide our actions and promote the implementation of measures that are aligned with those principles by all the business areas and companies of the Group.

In the development of the Group's CSR and Sustainability strategies and aligned with the 'Journey to Growth 2020-2024' Strategic Plan, we have defined a set of interconnected transversal programmes to know, measure, and communicate transparently our performance in Responsibility and Sustainability. This model aims to capture relevant data and transform it into essential information that will help us to achieve continuous improvement and generate objective and transparent communication.



With the 'Pescanova Blue' Sustainability Programme, we define the sustainability principles that will guide the strategy and actions of the Group companies, supported by a robust system for validating sustainability evidence to assess the compliance with these principles.

With the implementation of the Measurement and Performance Programme, we want to identify, qualitatively and quantitatively, the consumptions and emissions by the different activities of the companies of the Nueva Pescanova Group. This way, we will be able to meet the mandatory regulatory compliance requirements in Spain about non-financial information reporting as set forth in Law 11/2018, on an annual basis, as well as the needs to generate essential indicators for the optimization our processes and equipment aimed at reducing our impacts.

With the Responsible Action Programme (RAP) we identify and document the actions that can contribute to a better, more efficient, and more sustainable performance within the scope of the Group companies, thus supporting the informed definition of goals for the action plans.

With the Transparency in Sustainability Programme, we demonstrate our continuous commitment to transparency in the activities of the Nueva Pescanova Group companies, in all their operations and geographies, as well as its associated value chains. We want to identify and communicate the evidence of sustainability of the processes in our activity, in particular sustainable sourcing, responsible operations, labour responsibility and the contribution to the sustainable development of our partner communities, in a clear, complying with the principle of ethical action, integrity and regulatory compliance.

In support of the present Environmental Compensation Programme, we will include, specifically, the periodic report of results and performance indicators about the environmental sustainability of our fishing, aquaculture, and industrial activities, which may also integrate cross-cutting labour and social aspects.

With this governance structure and programmes aligned with the strategies, we intend to fulfil the commitments assumed and be accountable to our stakeholders.

1. THE CONCEPT OF COMPENSATION

The use of the productive and regenerative capacities of natural ecosystems is mainly ensured by the availability of natural resources, biological diversity, and ecosystem services, i.e., the natural capital.

Generically, ecosystem services are goods or services offered by natural ecosystems that contribute to human well-being. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) defines such services as Nature's Contributions to People (NCP).

The concept of ecosystem services was formalized in the Millennium Ecosystem Assessment of the United Nations Organization in 2005 in four broad categories: provisioning (such as the production of food, fibre, and water), regulation (of climate, diseases, and natural risks, among other examples), support (to nutrient cycles and pollination of crops, among others) and cultural (such as spiritual, aesthetic, and recreational values).

The current economic model and the development of human activities can, in many cases, result in, among others, the excessive consumption of natural resources and the degradation of environmental quality due to the accumulation of pollutants or the loss of biodiversity. These impacts would be the result of the economy's inability to value and enhance the benefits of the natural capital because they would not generate sufficient incentives for the protection and conservation of these goods and services in the decision-making processes of public and private entities.

One way of addressing and assessing these impacts is to define measures that compensate for the loss associated with damaged resources and services. Environmental compensation is provided in the form of resource-based investment (non-monetary) capable of protecting, generating, or storing resources like those affected. We distinguish between two types of compensation: (i) compensation for the impacts associated with consumption and emissions resulting from our activity and presence; and (ii) the compensation of the potential loss of biodiversity focused on the restitution of ecological functions, habitats, and negatively affected species, to safeguard the ability to regenerate the associated ecosystem services.

Aligned with these measures and inspired by the principles embedded in our Corporate Social Responsibility and Sustainability policies, we have established the Environmental Compensation Programme of the Nueva Pescanova Group.

2. PRINCIPLES AND VALUES

The exercise of compensating for the potential impacts resulting from the consumption of natural resources and energy, as well as impacts of the emissions resulting from the economic activity, requires their consistent measurement, and is based on premises of responsible management of each specific activity and on hierarchical mitigation measures. These, suggest that we must first avoid the generation of pressures that lead to environmental impacts – through responsible action, technological investment, or replacement measures; and that, then, we apply measures to minimize the inevitable impacts – by optimizing processes and operations. Finally, any residual impact must be compensated based on a variety of different methods according to a compensation scale.

2.1 NATURAL RESOURCES AVAILABITY AND ENVIRONMENTAL QUALITY

As in all open systems, our economic activity requires the acquisition of raw materials (which are, directly or indirectly, natural resources) and energy, whose transformation results in the production of food goods for human consumption, with their intrinsic economic and nutritional value, as well as in the emission of gases, and other waste flows to the respective natural receiving compartments.

Assuming a clear commitment to the conservation of the biological wealth of the ecosystems that we can impact, how much would we be willing to pay to protect the mangroves around our aquaculture farms in Nicaragua, the seabirds in Namibia, or the fish species in Argentina, for example? Alternatively, how much would we be willing to give up to conserve those same species and ecosystems? The answer would be raised, essentially, as a function of the role of each species in the ecosystem and each service that the ecosystem offers us (what, generically, it provides to society).

In environmental economics, this quantification considers the values: standard of living, needs and priorities, in addition to the monetary aspect, that we are willing, as a society, to pay for, or to give up in favour of, the conservation of nature, its structure and functioning of ecosystems and their species, which, ultimately, sustain the economy and humanity. It is important to note that the analysis focuses on fundamental values of society (the distinction between what is right and wrong) and of the economy (the costs of action or inaction), which application can be exemplified in the current fight against the loss of global biodiversity.

2.2 EXTERNALITIES AND RESPONSIBLE ACTION

If the problem of biodiversity loss seems so linear as that human activities cause an irreversible impact (or reversible but not compensated) on ecosystems and their species, it is because the economic system suffers from a wrong perception and does not value its function and performance.

Exemplifying the case of concurrent alternatives, will the benefit generated by a shrimp farming operation (and we are referring to the employment generated, to the socio-economic development of the communities, along with the direct economic benefit to the stakeholders) make more economic sense than the ecosystem service provided by the wetland or the mangrove? We see crucial to ensure both. And how can the services of water purification, climate regulation, flood control, coastal protection, regeneration of fishing resources, or tourism be valued? Will the monetization of these services be sufficient to represent their true intrinsic value?

Or in the case of excluding alternatives, will the benefit generated by unregulated, illegal, or poorly managed fishing make more economic sense than the ecosystem service provided by marine biological diversity? Biodiversity benefits communities not merely through its contribution to material well-being and livelihoods, but also it contributes significantly to security, resilience, social relationships, health and freedom of choice and action. How to value them?

In some cases, unfortunately, the exploitation of the goods and services offered by ecosystems (as natural capital) offer a classic example of economic externalities, that is, some immaterial values, such as that of a mangrove, wetland, accessory species, etc., are left out of the economic system and, therefore, of business management decisions. Historically, the value of nature has tended to be left out of the equation but given the progressive scarcity of natural capital and given our dependence, it has been revalued.

This is the fundamental role of responsible companies: to ensure that the intrinsic value of the mangrove or marine biodiversity is never left out of the equation. Bad practices have no place in the global economy. From the Nueva Pescanova Group, through our commitment expressed in our policies, strategies, programmes, and projects, we guarantee the protection and conservation of the productive and regenerative capacities of ecosystems, the richness offered by biological diversity, and, ultimately, that the goods and services silently offered by a protected nature, have the necessary and sufficient priority where to base our values.

3. OBJECTIVE AND METHODOLOGY

With the Environmental Compensation Programme, we want to implement effective measures in the Nueva Pescanova Group to compensate for the residual environmental impacts of our operations.

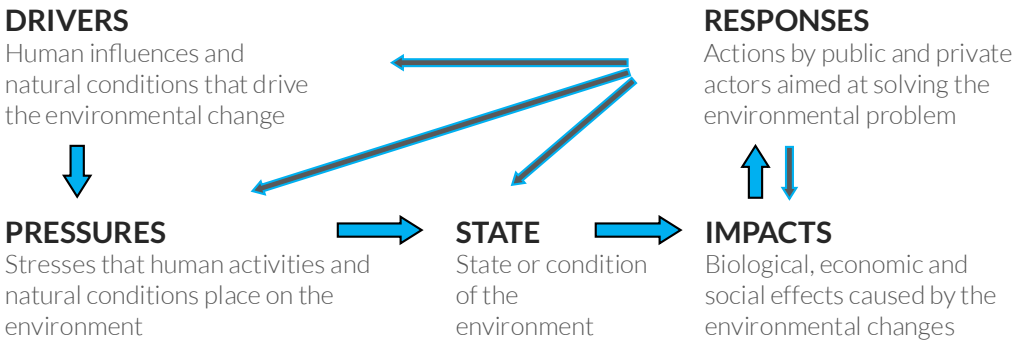
3.1 THE DPSIR INTERVENTION CONCEPTUAL MODEL

To understand and responsibly manage our intervention in the economy, we adopt the DPSIR model of intervention (Drivers, Pressures, State, Impact, and Response). Since its formulation (developed and proposed by EEA in 1999[1]), it has been widely adopted for ecosystem-based study in various fields like biodiversity and environmental management. It is employed to evaluate environmental changes in ecosystems, identify the social and economic pressures on a system, predict potential challenges and improve management practices.

This model is a causal framework used to describe the interactions between society and the environment. It seeks to analyse and assess environmental problems by bringing together various scientific disciplines, environmental managers, and stakeholders, and solve them by incorporating sustainable development. First, the indicators are categorized into "drivers" which put "pressures" in the "state" of the system, which in turn results in certain "impacts" that will lead to various "responses" to maintain or recover the system under consideration.

DRIVER refers to the social, demographic, and economic developments which influence human activities that have a direct impact on the environment. PRESSURE represents the consequence of the driving force, which in turn affects the state of the environment. STATE describes the physical, chemical, and biological condition of the environment or observable temporal changes in the system. IMPACT refers to how changes in the state of the system affect human well-being and the environment. The impact can be ecologic, socioeconomic, or a combination of both and may represent the loss of ecosystem services and be measured in terms of damages to the environment, human health, or the economy. It can also be identified and quantified without any positive or negative connotation, by simply indicating a change in the environmental parameters. RESPONSE refers to actions taken to correct the problems of the previous stages, by adjusting the drivers, reducing the pressure on the system, bringing the system back to its initial state, and mitigating the impacts.

[1] Smeets, E. and Weterings, R. (1999) Environmental Indicators: Typology and Overview. Report No. 25, European Environment Agency, Copenhagen.



The compensation measures for greenhouse gas emissions (GHG) and the potential impacts on biodiversity or ecosystem services are RESPONSES that governments, public and private entities, including the companies of the Nueva Pescanova Group, can and must implement, in clear alignment with its governance, the commitments set and its sense of business responsibility.

4. GREENHOUSE GAS EMISSIONS

We recognize that the activity of our companies in the different phases of the value chain entails the emission of certain substances, including GHGs, which, depending on their global warming potential, contribute to the greenhouse effect in the atmosphere and can promote climate changes.

We are aware that our fishing, aquaculture, and seafood processing activities require a significant consumption of energy (electricity and fuel) as well as the use of refrigerant gases in the freezing and conservation processes for such products and their raw materials, in addition to its transport and distribution.

It is our duty to work to identify and quantify the environmental footprint caused by the substances emitted by the companies of the Group and, with this information, decide assertively on changing to more efficient processes and practices with fewer impacts.

In this sense, it is important to highlight the efforts of the Nueva Pescanova Group towards technological modernization and investment in new production, measurement, and control equipment, in addition to the optimization of our operations, in pursue of maximum efficiency. In parallel, we work with our people to change habits and adopt good practices; with the supply chain in the search for better technical solutions, materials, and services; and with our partner communities in raising awareness and direct collaboration in mitigation and compensation projects, with a special focus on biodiversity and the environment.

4.1 COMPENSATION OF OWN EMISSIONS

We have committed to the goal of annually compensate 3% of our scope 1 and 2 emissions that we cannot avoid after implementing the reduction measures (as recommended in our decarbonization plan), towards a compensation scenario of 50% of the 2020 baseline emissions for 2040.

We will invest in knowledge and in the quantification of initiatives aimed at compensating GHG emissions through direct CO_2 sequestration actions. The Science Based Targets initiative (SBTi) identifies this form of compensation as neutralization or removal, referring to the process in which CO_2 is removed from the atmosphere and retained for long periods of time away from it. We highlight the afforestation and reforestation projects with native plant species and mangroves in shrimp farms areas in Ecuador, Nicaragua, and Guatemala. We will count on the collaboration of local forestry experts for mapping,

characterization, and quantification of CO_2 compensation through sequestration in forests, mangroves, and other forested areas. We will report our progress as defined in the Performance and Measurement Programme and in the Environmental Compensation Programme with the dual objective of promoting compensation actions and measuring progress towards meeting the carbon neutrality goal defined for 2040 by the Nueva Pescanova Group.

It is important to mention that we recognize the importance of blue carbon in the management of the GHG compensation effort and progress towards sustainability objectives. Blue carbon refers to the organic carbon that mangroves, tidal marshes, seagrass, seaweed, and other coastal and marine ecosystems capture and store. Understanding the blue carbon flows is important because when protected or restored, blue carbon ecosystems sequester and store carbon. However, when degraded or destroyed, these ecosystems release the carbon they have stored for centuries into the atmosphere and oceans, becoming net sources of GHGs. Mangroves have an extraordinary capacity to sequester carbon in their underlying soil, and this carbon can remain stored for decades if it is undisturbed. The saturated soil found in these ecosystems can retain more carbon per hectare than some terrestrial forests.

Mangroves are currently recognized by the Intergovernmental Panel on Climate Change (IPCC) for their measurable carbon benefits and are acknowledged by the "triple-win" effect of their ecosystem services by helping address climate change through mitigation, adaption, and resilience.

5. PROTECTION AND PROMOTION OF BIODIVERSITY

5.1 KNOWLEDGE AND MITIGATION

We will invest in the knowledge, characterization, and quantification of the potential impacts of our operations on biodiversity in the geographical areas of our facilities, or others under our control, and in the areas of direct and indirect influence, ideally through environmental and biodiversity impact studies, fauna/flora inventories, or studies with equivalent objectives. Likewise, we recognize these studies as essential tools in the process of identifying risks and potential impacts, as well as dependencies on nature, including biodiversity and its contributions to people or society (equivalent to the benefit obtained from the ecosystem services offered), primarily in our operations, but also extending to our entire value chain.

We want to launch and maintain projects for the protection and improvement of the environment in our operations (such as cleaning campaigns, drainage, or the improvement of canals, coastal or passage areas) and for the conservation and repopulation of endemic species (such as iguanas, sea turtles, mangroves) identified as relevant, threatened, in decline, or at risk of extinction (according to the IUCN Red List or CITES[2] Appendices, for example) or relevant specific areas and habitats (according to the IUCN Green List, for example), highlighted in the most relevant applicable studies, produced by ourselves or by third parties. Also, relevant studies and actions on species and habitats associated with the particularities of the operations identified (such as seabirds, shorebirds, marine mammals, or crocodile management plans in aquaculture farms) will be considered.

Thus, we will identify the drivers and pressures that enhance the change of state of the affected ecosystems, which can cause the impact. Through the available studies we will try to qualify and quantify the potential impacts on the various species, habitats, and ecosystems identified.

[2] Convention on International Trade in Endangered Species of Wild Fauna and Flora CITES: https://cites.org/

5.2 COMPENSATION MEASURES

As measures to promote biodiversity, along with direct positive compensation for the potential negative impacts identified, we will implement solutions that can act as promoters of a reverse signal to the potential risks identified, through, among others, forestation campaigns in areas of mangroves and forests, maintenance of endemic plant nurseries, conservation and repopulation projects of animal species such as iguanas and sea turtles, and measures to mitigate the risk of accidental capture of seabirds in fishing activity

6. LAND AND SEA USE CHANGES

We acknowledge that changes in the use of land and sea, or the conversion of ecosystems, along the entire value chain, are critical aspects in the generation of impacts on biodiversity. Although responsible action and risk mitigation measures, which we identify and implement, are fundamental to the minimization of impacts on biodiversity, the (necessary) compensation of (residual) impacts must be achieved with the implementation of restoration measures ecosystems

We will identify the potential impacts on land use and of land use changes in the areas of influence of our operations, ideally through georeferenced studies.

7. CIRCULAR ECONOMY

We see the commitment to the circular economy as a means of compensation for the (unavoidable) use of materials. We assume that the circularity of material flows is an impetus to reduce the consumption of new materials in the productive and industrial system, and a more rational use of natural resources.

We consider important to pursue the optimization of the use of materials, understood as the result of the exploitation of natural resources and energy. We see the circular economy examples in our processes and equipment as equivalent compensation measures.

We differentiate materials by their function and typology in:

- MAIN RAW MATERIALS (e.g., fish, crustaceans, molluscs/cephalopods, vegetables, etc.).
- AUXILIARY RAW MATERIALS or INGREDIENTS (e.g., additives, oils and fats, flour, spices and seasonings, eggs, others).
- PACKAGING OF PLASTIC, POREX, METAL, GLASS (e.g., bags, boxes, lids, trays, film, sheets, etc.).
- PACKAGING OF PAPER, CARDBOARD, WOOD (e.g., boxes, master boxes, trays, labels, pallets, etc.).

We identify, classify, and quantify the materials used in our operations globally and for each geography and activity. The absolute or relative KPIs we generate are used to optimize the management of the materials use in each case and to establish management objectives and improvement goals.

The result of the adoption of circular habits and solutions in the use of those same materials is a concrete contribution to decoupling the economic result of our activity from the consumption of resources and the potential associated environmental degradation.

8. DEVELOPMENT AND CONTROL

In accordance with the proposed integrated structure of transversal programmes, we will measure and report transparently the progress in meeting the objectives and measures proposed in this Programme.

The Director of Corporate Responsibility and the Director of Sustainability of the Nueva Pescanova Group will be responsible to control the development, implementation and compliance of the measures proposed and aligned with the scope and objectives of this Programme in all the companies and activities of the Group, as well as to ensure their purpose is up to date.

9. EVALUATION

The CSR and Sustainability Departments will annually evaluate the purpose and relevance of this Programme and the measures or projects that are implemented in the companies of the Nueva Pescanova Group in the scope defined here, incorporating them into the corresponding Annual Activity Report, or other relevant reporting tools, keeping the Governance, Responsibility and Sustainability Commission of Nueva Pescanova S.L. informed.