

The Fundamentals of Responsibility

2017 Sustainability Update



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Studies show that seafood is among the healthiest, most sustainable sources of protein. Simply put, seafood is good for people, and scientists and nutritionists encourage us to eat more of it.

At the same time, we must ensure that we do our part so that the industry is good for those who work in it and good for the planet. As a global seafood leader, we take responsibility for using our scale to influence positive change, and to procure, produce, package and distribute our products in the most environmentally and socially responsible ways possible.

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CEO Letter

Even before I joined High Liner Foods in May 2018, I knew of the company’s core values and commitment to doing the right thing — for customers and consumers, for employees and for the world. I knew this because, throughout the food industry, our historic company has earned a reputation for long-standing, meaningful engagement with sustainability initiatives, along with our global impact as a major player in seafood.

Indeed, we can be proud of our accomplishments in environmental sustainability and social responsibility alike. This past year, for example, the leading corporate responsibility assessment organization, EcoVadis, gave us high marks for our comprehensive environmental policies, the traceability of our raw materials, our innovative approach to sustainable procurement and our attention to both environmental and social factors.

Sustainability is good for the longevity of our business, of our industry and of our planet. It’s also increasingly part of the global conversation. Consider a recent GlobeScan survey, which polled nearly 26,000 consumers in 22 different countries. While the survey highlights the growing appetite for sustainable seafood — along with concerns about the health of our oceans — it underscores continued confusion around sustainability claims and labelling.

Part of our job, then, is to do a better job helping retailers, restaurants and, ultimately, consumers cut through the clutter — to help them understand where their seafood comes from, why sustainable seafood is worth the cost, and the impact their seafood has on our environment and our communities. That’s one of the reasons we helped develop the Global Sustainable Seafood Initiative (GSSI), which has helped build consumer confidence in seafood over the past five years.

This update is one way we are sharing our sustainability story, which we will continue to tell on our website, in future reports and in other ways that connect with our many stakeholders around the world.

Rod Hepponstall
President and CEO
October 2018



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Who We Are

High Liner Foods is the leading North American processor and marketer of value-added frozen seafood. Our retail branded products are sold throughout the United States, Canada and Mexico under the **High Liner**, **Fisher Boy**, **Sea Cuisine** and **C. Wirthy** labels, and are available in most grocery and club stores. We also sell branded products under the **High Liner**, **Icelandic Seafood** and **FPI** labels to restaurants and institutions, and are a major supplier of private-label, value-added frozen seafood products to North American food retailers and foodservice distributors. High Liner Foods is a publicly traded Canadian company, trading under the symbol HLF on the Toronto Stock Exchange.



About This PDF

This 2017 update builds upon our inaugural **2016 Sustainability Report**, which outlined our broad range of sustainability practices. In the coming months, we will update highlinerfoods.com/sustainability with additional details, and will complete a company-wide materiality assessment to guide future reports, in accordance with the Global Reporting Initiative (GRI) Standards.

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Our Approach

As a leading seafood company — one that’s proud of our rich sustainability journey — we engage in protecting the waterways and seafood stocks that underpin our business and industry. We also work to uphold high ethical and workplace standards and help our employees and communities thrive.

Governance

Our Leadership Team, led by our President and CEO, works closely with our Vice-President of Sustainability and Government Relations to establish and track sustainability strategies and practices. Reporting to the Board of Directors, an Environmental Steering Committee, with representatives from across the company, evaluates and acts upon environmental issues, specifically.

Key Policies

Corporate Social Responsibility Policy — detailing our company-wide expectations around responsible sourcing; traceability; CSR reporting and education; product design; waste management and resource efficiency; global impact and responsibility; CSR education; and social responsibility.

Code of Conduct — outlining our company-wide commitments to honest, ethical behaviour among all employees, officers and directors of High Liner Foods.

Supplier Code of Conduct (SCOC) — establishing guidelines for suppliers regarding the ethical treatment of workers.

Key Partnerships and Affiliations

Alaska Seafood Marketing Institute (ASMI)
Aquaculture Stewardship Council (ASC)
Fair Trade USA
Global Aquaculture Alliance (GAA)
GLOBALG.A.P.
Global Sustainable Seafood Initiative (GSSI)
Marine Stewardship Council (MSC)

National Fisheries Institute (NFI)
NOAA Fisheries
Ocean Wise
Seafood Watch (Monterey Bay Aquarium)
Sustainable Fisheries Partnership (SFP)
World Wildlife Fund (WWF)



(Above) Across our business, we work to uphold high ethical and workplace standards.

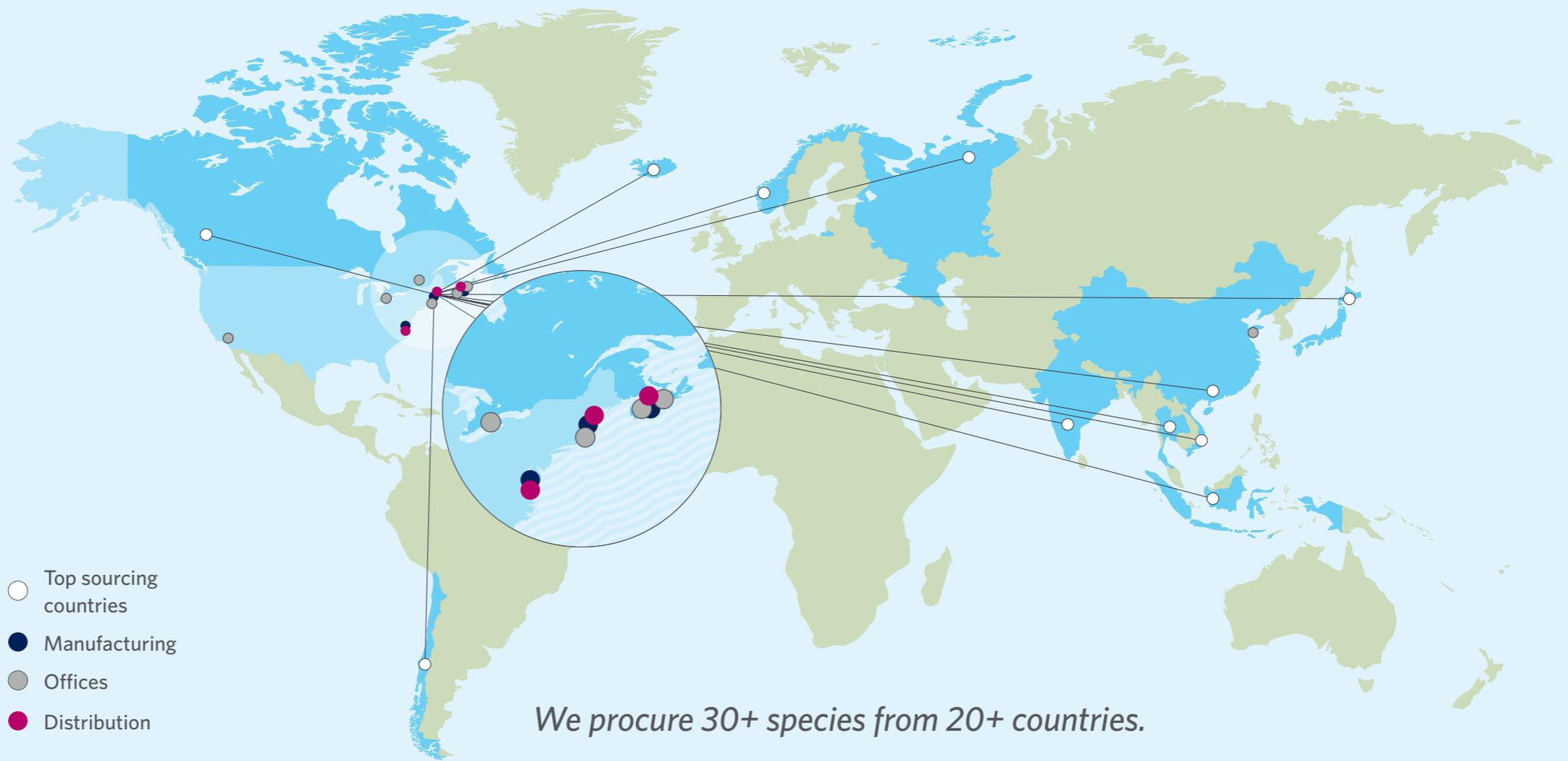
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At-a-Glance

Our core brands give us the unique ability to serve our customers with a variety of value-added and unprocessed seafood that meets their diverse needs. To help us deliver what our customers want, when they want it, we source seafood from around the world.

Our Top Species

We have the scale and global reach to deliver the products our customers and consumers want. Our top species by percentage of sales:



24.9% Cod
(Atlantic and Pacific)



19.6% Shrimp



14.6% Salmon
(Wild and Farmed)



14.2% Pollock



9.0% Haddock



5.8% Tilapia

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Wild-Caught Seafood

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Responsible Sourcing

“As a major player in the seafood industry, it’s our responsibility to challenge everyone to do better. We make an impact — environmentally and socially — when we stay engaged with our employees, our suppliers and our customers and help them all do things better.”

Paul Snow, Executive Vice-President, Supply Chain

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Responsible Sourcing

No matter where we source our seafood, we have high expectations: suppliers must strive to catch or farm species responsibly, protect against overfishing and limit impacts on the environment. They're also expected to treat their employees well, while upholding high worker safety and social standards.

We have rigorous criteria that define responsibly sourced, socially responsible seafood. We work with our suppliers to achieve credible certifications, benchmarked by the Global Sustainable Seafood Initiative (GSSI), and we measure their social responsibility through social compliance audits.

YEAR-BY-YEAR SOURCING PERFORMANCE

SOURCING PERFORMANCE	
2016	92%
2017	90%

Wild-Caught Seafood

In 2017, about 69% of our seafood came from the wild. Fishing sustainably for wild-caught seafood means it must be legally caught, secure from poaching and protected from overfishing. Suppliers must minimize damage to the habitat and bycatch species.

We source wild-caught products that are:

- MSC certified or from suppliers undergoing full MSC assessment;
- Recognized by the GSSI benchmark;
- From credible, publicly documented fishery improvement projects; or
- Ocean Wise™ recommended, or rated Best Choice or Good Alternative by Seafood Watch™.

We purchased **224M** pounds of seafood in 2017 — with **90%** of it responsibly sourced.

We are a proud founding member of the Global Sustainable Seafood Initiative — building greater confidence, clarity and choice in seafood for the past five years.

(Right) Responsible aquaculture can help bridge the gap between sustainable wild-caught fishing and growing global demand for protein.

Farmed Seafood

Roughly 31% of our supply is farmed. Aquaculture bridges the gap between sustainable wild-caught fishing and growing global demand for animal protein. Done right, farming fish and shellfish involves habitat conservation, biodiversity promotion, containment of exotic species and responsible feed-management systems.

We source farmed products that are:

- Recognized by the GSSI benchmark;
- ASC certified or from suppliers undergoing full ASC assessment
- GLOBALG.A.P. or Best Aquaculture Practices (1-4 stars) certified;
- From credible, publicly documented aquaculture improvement projects; or
- Ocean Wise™ recommended, or rated Best Choice or Good Alternative by Seafood Watch™.



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Tracing Seafood to the Source

Traceability plays a pivotal role in ensuring safe, wholesome seafood from legal and responsible fisheries around the world. Developed by food safety and logistics professionals, our system allows us to keep customers informed about the products they're buying — whether annually, quarterly or in real time.

- For every lot of wild-caught seafood, we track the fishery, country of catch, gear type and certification status.
- For every lot of farmed seafood, we track country of farming, production method and certification status.

Social Responsibility

We work with suppliers, coalitions and other organizations around the world to advance a socially responsible supply chain. Our Supplier Code of Conduct, for example, establishes expectations based on internationally recognized human rights, employment and worker safety standards. Under the SCOC, suppliers are subject to announced and unannounced third-party social compliance audits.

We partner primarily with well-established operators, and extensive auditing through 2017 demonstrates high levels of social compliance in plant settings. As we continue emphasizing social compliance within our industry, we will expand the scope of our audits to include additional levels of our virtually integrated supply chain: businesses supplying materials to our plants, including packaging, ingredients and services. While this next phase will involve greater complexity and cost, it's one more way High Liner Foods can help make our entire industry more sustainable.

We source seafood from suppliers around the world — and more than **80% of raw material comes from audited suppliers.**

In 2017, EcoVadis applauded High Liner Foods for strong CSR policies — including responsible sourcing.

(Top) We work with our vertically integrated supply chain to advance socially responsible sourcing.

(Bottom) Well-trained people who understand our approach to sustainability help us succeed as a business.



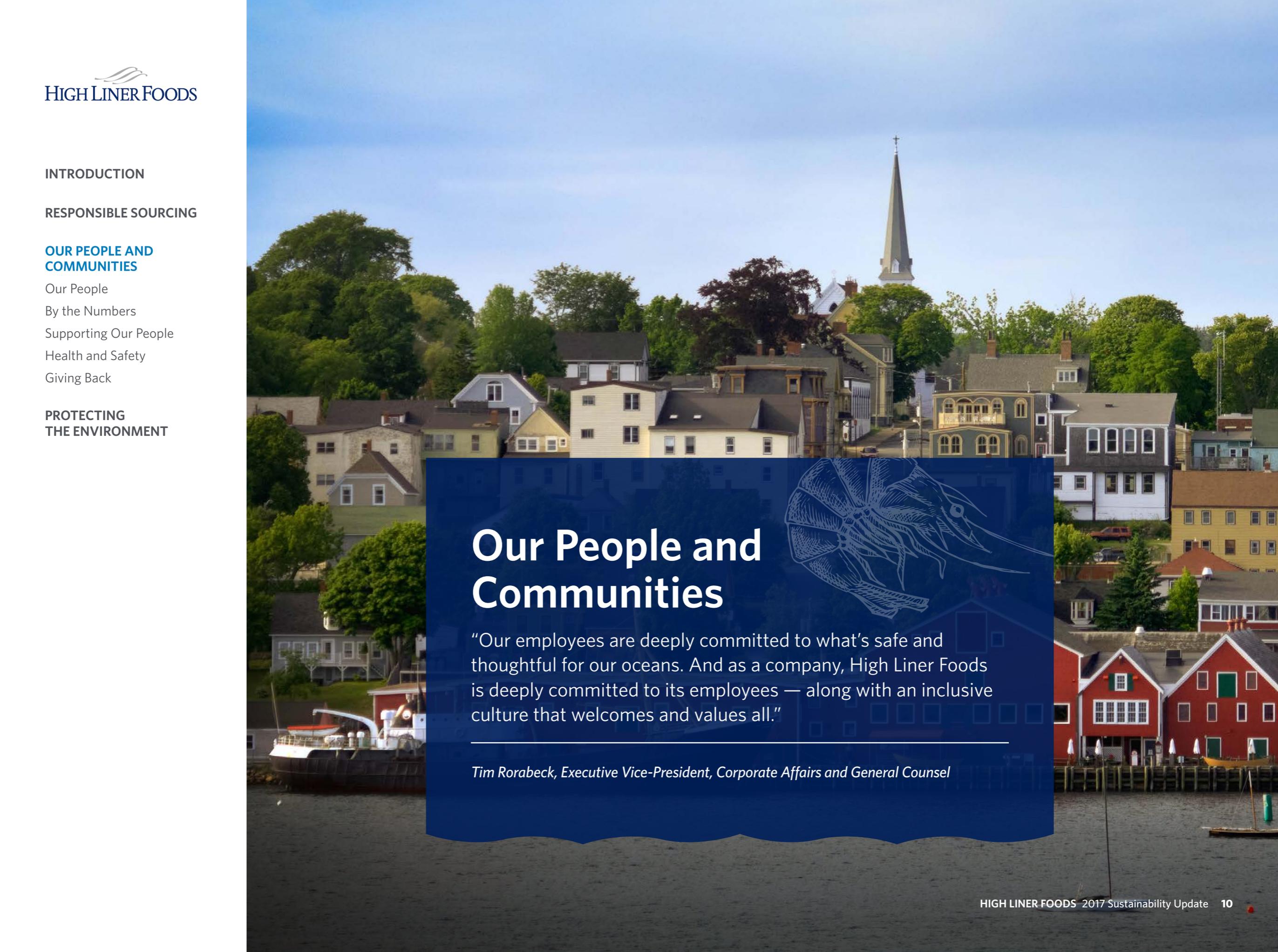
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Our People and Communities

“Our employees are deeply committed to what’s safe and thoughtful for our oceans. And as a company, High Liner Foods is deeply committed to its employees — along with an inclusive culture that welcomes and values all.”

Tim Rorabeck, Executive Vice-President, Corporate Affairs and General Counsel

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Our People and Communities

From our early days in Lunenburg, Nova Scotia, to going public on the Toronto Stock Exchange in 1967, we have built High Liner Foods on shared values and guiding principles. We are customer focused, innovative and responsible. We also care deeply for our employees and the communities we call home.

Our People

Our greatest asset as a company is our talented and passionate team. In 2017, we implemented new human resources systems that better equip us to manage, support and develop our North American employees — both hourly and salaried, union and non-union. And we were once again recognized by the editors of *Canada's Top 100 Employers* as an exceptional place to work in both Nova Scotia and Atlantic Canada.

By the Numbers

At year-end 2017, High Liner Foods employed 1,363 people at our three processing plants, warehouse and offices.

COUNTRY	EMPLOYEES
Canada	461
U.S.	880
China	16
Thailand	4
Iceland	2
Total	1,363

Supporting Our People

Talented, well-trained people who understand our industry, our business and the advantages of inclusivity enable us to succeed as a business. We support employee learning and development through new self-service training capabilities and a range of formal programs. Employees and managers have access to our Working Smarter through Project Management training series, for example, as well as numerous performance management webinars, including Coach for Growth and Setting Achievable Objectives, Empower Your Employees.



With our proprietary-based High Liner Innovation System, we foster product development while reducing risk.

Seafood 101 helps develop customer-facing employees with foundational seafood knowledge — from species and manufacturing to industry macroeconomics and sustainability.

(Left) We support employee learning, development and workplace safety through numerous workshops and training programs.

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Health and Safety

We want every one of our people to go home safely at the end of the day, which is why workplace health and safety is a top priority. Every employee of High Liner Foods is expected to follow safe working practices and procedures, and to speak up when they see something wrong. To support them, we offer safety training plans for new hires, supervisor safety goals and scorecards, safety huddles at the start of each shift, monthly safety training and plant safety audits.

OSHA INCIDENT RATE*

	CANADA	U.S.
2015	1.1	4.3
2016	1.6	3.8
2017	.68	2

* The OSHA (Occupational Safety and Health Administration) incident rate is calculated by multiplying the number of recordable safety incidents by 200,000 hours, and then dividing that number by the number of hours worked. It represents the injury rate for every 100 employees working 50 weeks per year, 40 hours per week.



In 2017, High Liner Foods gave back

\$140,385

in product donations and financial support.

Through our annual Fancy Pants Open Golf Tournament, High Liner Foods raised

\$20,000

for Gather, a New Hampshire organization fighting seacoast hunger.



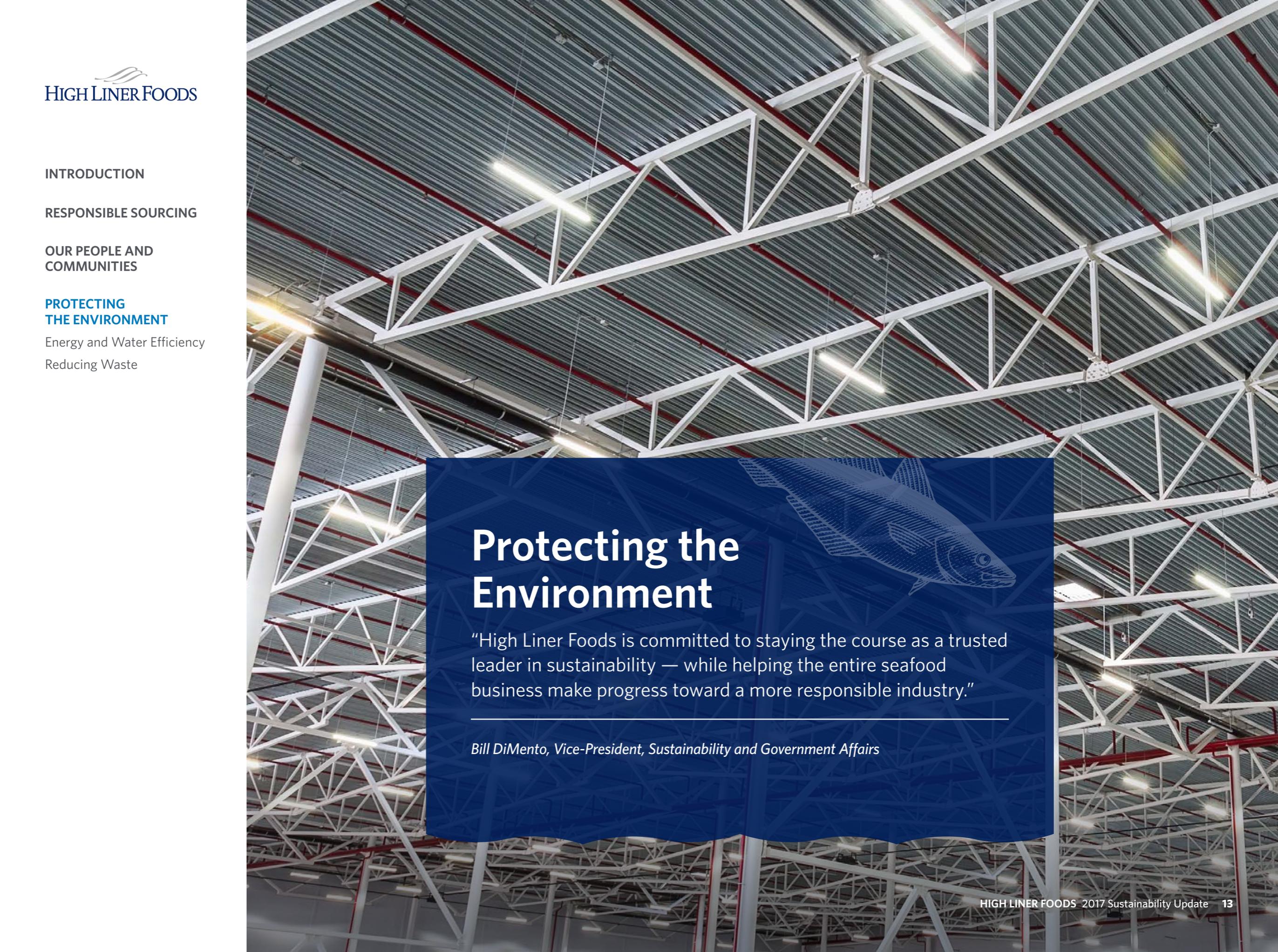
Giving Back

With a history as rich as ours, we have a responsibility to give back to the communities that have supported us for decades. We are committed to community leadership through corporate and employee-led actions alike. We pursue that mission through three philanthropy pillars:

- **Hunger Mission** — We are committed to supplying over 10 million meals over 10 years through product and financial donations to food banks and other organizations promoting food security in our communities.
- **Corporate Giving** — In addition to Hunger Mission, we support local programs focused on hunger education, the environment, health and wellness, and the betterment of communities.
- **Volunteerism** — The geographic scale of our operations requires local flexibility. Permanent, salaried employees can take one day of volunteer leave per year to support events developed by local philanthropy committees.

(Left) Best-in-class workplace health and safety is a top priority at High Liner Foods.

(Right) Our people help advance food security through employee-led programs and volunteering.



Protecting the Environment

“High Liner Foods is committed to staying the course as a trusted leader in sustainability — while helping the entire seafood business make progress toward a more responsible industry.”

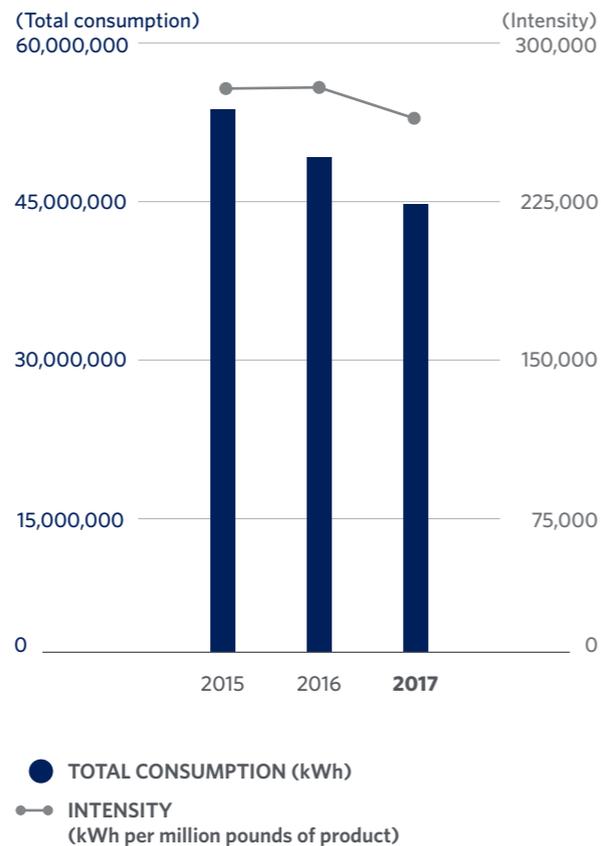
Bill DiMento, Vice-President, Sustainability and Government Affairs

Protecting the Environment

Whether fished or farmed, sustainable seafood is better for our world than just about any other animal protein, and its health benefits have been well documented and widely reported. At the same time, environmental impacts are inherent in any food processing operation.

That's why we will never stop working to reduce the footprint of our activities or of our industry as a whole. In addition to an Environmental Steering Committee, which guides High Liner Foods on environmental issues, we comply with our own Environmental Management Policy and all applicable laws and regulations.

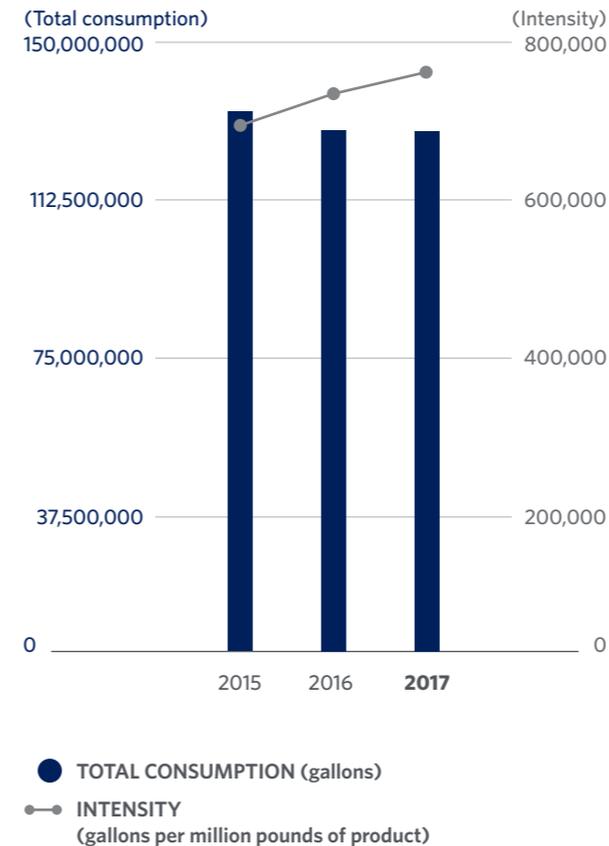
ENERGY USAGE (kWh)



Energy and Water Efficiency

Throughout 2017, we examined ways we could use energy more wisely and minimize both costs and environmental impact. For example, computerized maintenance management programs at our Lunenburg, Portsmouth and Newport News plants, along with upgrades to energy-efficient LED lighting, are helping us use resources more efficiently.

WATER USAGE (gallons)



High Liner Foods had no recordable environmental releases in 2017.

By 2030, we will decrease our energy consumption per pound of product produced by

25%

compared to 2017.

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Energy and Water Efficiency
Reducing Waste

PROTECTING THE ENVIRONMENT (CONT.)

Reducing Waste

North Americans throw away roughly a third of their groceries, with the average American household tossing out \$1,500 worth of food annually. Food waste, which includes over a billion pounds of fish and shellfish each year, takes up significant room in our landfills, emits greenhouse gas methane when it rots and exacerbates food insecurity.

With an extended shelf life, however, frozen seafood is one way consumers can maximize their grocery dollars and generate less food waste, while enjoying nourishing, healthy protein at home. To help, High Liner Foods looks for packaging solutions that ensure product quality and safety — and that are good for the environment.

As part of our larger commitment to minimizing waste, we're reducing materials used in our operations through innovative product design and technologies, and opting for those materials most commonly accepted by municipal recycling programs where we sell our products.



By 2030, we aim to cut edible food waste in our operations by half compared to 2017.

In 2017, we worked with a waste broker at our Portsmouth plant to develop a new program that will help identify increased efficiencies in our waste stream.

(Left) Through increased efficiencies and new technologies, we are reducing waste throughout High Liner Foods.

(Right) Frozen seafood, and innovative product design, helps consumers maximize their grocery budgets while decreasing food waste.



As a company and as individuals, High Liner Foods approaches environmental and social responsibility with hard work and passion. Our journey has been one of significant contributions — to our business, our supply chain, our local communities, our employees, our natural resources and our environment.

We are committed to continuing the work for years to come.

The ongoing success and growth of High Liner Foods relies heavily on our shared efforts to protect and preserve natural resources and to embed sustainability in every facet of our business. To learn more about how we're doing that, visit our website.

highlinerfoods.com/sustainability
highlinerfoods.com/investors

Concept and Design: THE WORKS DESIGN COMMUNICATIONS [worksdesign.com](https://www.worksdesign.com)

