

Sustainability
Report 2020

Cuna del Mar

Cuna del Mar
Portfolio
Companies

This report showcases
the Cuna del Mar
farming companies:
Earth Ocean Farms
Open Blue
Sol Azul
Blue Ocean Mariculture

The farm companies work
collaboratively with other
portfolio companies:
Innovasea and the
Center for Aquaculture
Technologiesto advance
sustainability efforts.



Contents

02	Reporting Notice	07	Conclusion & Next Steps
03	Letter from Robert Orr	08	Blue Ocean
04	Cuna del Mar Portfolio Companies	10	Earth Ocean Farms
05	Oceans First	12	Open Blue
06	Putting Aspirations into Action	14	Sol Azul

Reporting Notice

Global Reporting Initiative

The 2020 Sustainability Report has been built using the widely accepted **Global Reporting Initiative** reporting principles and standard disclosures. We are keenly interested in setting goals and measuring our long-term performance in a way that combines social responsibility, and care and protection of the environment with business profitability. The Report is intended as a key platform to describe our approach to managing our social and environmental performance, reflecting the progress we are making and highlighting areas that require additional focus for our company in the future.

Cuna del Mar is a unique business enterprise designed to support the development of open ocean aquaculture that is economically, socially, and environmentally sustainable.

The open ocean offers pristine conditions where high quality and environmentally friendly seafood products can be grown.

The CDM portfolio companies are supported to explore and develop open ocean aquaculture methods that are economically viable, as well as environmentally and socially responsible. Cuna del Mar invests in businesses linked to that vision, through land and water-based technologies, research and feed innovation, and monitoring capabilities. CDM is a change accelerator pushing innovation in warm water locations, applicable around the world.

Letter from Robert Orr

This year as I watched the Super Bowl celebrating the prowess of the two leading teams for United States football, one of the announcers talked about the achievements of Tom Brady, the well-known quarterback. “He makes it personal” he said, “and that’s why he’s so successful.” As we reflect on the significant world changes brought on by the COVID pandemic in 2020, I urge everyone, on our teams and worldwide to step into the personal, and strengthen our resolve to make things better for everyone.

The COVID challenges were faced head on by our portfolio companies as they mobilized rapidly to meet the emerging needs of the business, the disruption to our customers and our markets, and, most importantly, our workers and their families. All the companies were supported through this challenging time by expanding the initiatives already underway to strengthen systems and structures, enhance diversity, and build a learning culture within our companies.

Our companies are rewarded and incentivized for risk-seeking approaches that consider all factors; financial, environmental, and social, beginning with compliance to all regulations in three different countries. Our companies have

further invested in credible, internationally audited standards to independently verify that a high standard has been met. Our multi-stage inspections include constant monitoring of fish health, and testing their diet for ideal nutritional needs throughout the lifecycle.

When we look ahead to 2050, we know there’s going to be more than 9 billion humans walking the planet. The grand challenge of how we are going to feed those folks is really centered around the future of seafood supply to the planet. How can we feed ourselves and honor the planet at the same time? How do we create a fishery that is sustainable and honors the ocean? These are the fundamental challenges before our teams.

The Cuna del Mar companies share the aligned challenge: to produce seafood that is socially, environmentally, and financially viable. The companies are united in this vision and share knowledge and learning across the portfolio, while engaging their teams in the unique vision for each individual company. I wish the reader continued success in their own sustainability initiatives.

Sincerely,
Robert Orr, Managing Director,
Cuna del Mar



“Our companies are rewarded and incentivized for risk-seeking approaches that consider all factors: financial, environmental, and social, beginning with compliance to all regulations in three different countries. Our companies have further invested in credible, internationally audited standards to independently verify that a high standard has been met.”

*Robert Orr, Managing Director,
Cuna del Mar*

Core Values

- We view our businesses as that of Ocean stewards
- We conduct business with integrity and respect
- We seek excellence in people and systems in the spirit of continuous improvement
- We encourage personal growth, initiative, innovation and enrichment
- We strive to support our companies in the achievement of goals and objectives

Cuna del Mar

Portfolio
companies

Earth Ocean Farms
Open Blue
InnovaSea
Sol Azul
Center for Aquaculture Technologies
Blue Ocean Mariculture

United Nations
Global Goals

Cuna del Mar supports the Sustainable Development goals of the United Nations Global Compact. The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

These goals are intended to engage the world in sending the largest challenges facing the planet using systematic and holistic solution-oriented goals. The goals are responsible, intentional, ambitious, and aligned, across our portfolio companies. As part of the Global Compact, the Sustainable Ocean Economy panel set ambitious targets to build a sustainable ocean economy that can provide food, empower coastal communities, and provide innovative solutions to global challenges.

Through the pledge to **Leave No One Behind**, countries have committed to fast-track progress for those furthest behind first. That is why the SDGs are designed to bring the world to several life-changing 'zeros', including zero poverty, hunger, AIDS, and discrimination against women and girls.

The Cuna del Mar farming companies that are featured in this year's report: Blue Ocean Mariculture, Earth Ocean Farms, Open Blue and Sol Azul, are part of the solution, providing diverse seafood products with the highest standards of care, certified by international standards bodies.

The world is at a crossroad: we face a challenge to meet our growing nutritional needs more sustainably. Cuna del Mar and our member companies wholeheartedly embrace the challenge, by providing a safe source of healthy and tasty seafood choices.

Oceans First

The OCEANS FIRST seal is Cuna del Mar's commitment to guaranteed quality for more sustainable seafood while protecting the oceans. Our Oceans First approach is how we provide the best tasting, nutritious and healthy fish, responsibly nurtured in their native habitat. It is Cuna del Mar's commitment to healthy fish and environments, to healthy people, and communities.

When we nurture the oceans, the oceans nurture us. Beneath the deep blue waves of the open sea, there is power and vitality. As our diets evolve to be healthier, seafood is a natural and delicious option. The oceans' gifts; however, can be finite.

We believe the oceans are vital to humanity. That is why we are fully committed to our Oceans First approach—our quality guarantee for more sustainable seafood while protecting the oceans. Our Oceans First approach ensures the best tasting, nutritious fish for you to enjoy, from a range of products. Including Sol Azul oysters, Blue Ocean's Hawaiian Kanpachi, Open Blue Cobia and Earth Ocean Farms Pacific Snapper and Totoaba. Naturally high in protein, all these species are rich in Omega 3, and a source of Vitamin D.

With an Oceans First approach, we have created and continue to constantly improve on innovative methods in strong-current aquaculture to responsibly nurture our fish in their native habitat. Our meticulous stewardship from hatchery to maturity, including stringent multistage inspections, means healthy and succulent fish. Cuna del Mar is dedicated to leading the world towards healthier living, from healthy fish to healthy environments, from healthy people, to healthy communities.



"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete."

Buckminster Fuller

Goals for 2021

- Continue support of sustainability advances through portfolio companies
- Refine reporting across companies to introduce specific data points to align measurements for sustainability efforts
- Investigate processes and practices for demonstrating generative and regenerative aquaculture
- Support diversity initiatives within portfolio companies



06

Putting Aspirations into Action

Evaluating Continued Performance

Cuna del Mar uses environmental, social, and governance (ESG) criteria to evaluate the continued performance of companies in the farm portfolio. Environmental criteria consider how each company performs as a steward of nature. Social criteria examine how our companies manage relationships with employees, suppliers, customers, and the communities where they operate. Governance deals with a company's leadership, audits, and internal controls. We have developed a set of common benchmarks across all Cuna del Mar farm companies. Using the applicable certification framework, we annually assess, through audits led by independent international auditing experts, how our portfolio performs against a set of rigorous standards.

Common benchmarks for Cuna del Mar Farm Companies

- Laws and regulations
- Benthic biodiversity
- Water quality
- Native species
- No transgenic fish
- Escape control
- Manage biodiversity
- No wild fingerlings
- Fish meal and oil conservation
- No acoustic deterrents
- Track parasites
- Animal health and welfare
- No WHO listed critical antibiotics
- Worker safety and employee relations
- Respect for local culture
- Quality management
- Food Safety

Conclusion & Next Steps

Insights

Investments and research done by other Cuna del Mar portfolio companies such as Innovasea and the Center for Aquaculture Technologies, are focusing on supporting the farm companies to continuously improve their practices. For example, a recent announcement in Canada, the Ocean Aware Project led by nnovasea, is looking at ways to develop new technologies to monitor fish health and track fish movement that could predict algae blooms and temperature extremes.

Technology

Trusted technology advancements though Innovasea have provided stronger ocean net pens constructed from steel or high-density polyethylene—and the nets are manufactured from modern polymers and copper. The strength and durability of these innovations have significantly reduced fish escapes in recent years.

Genetic Selection

Analysis of the genomes for the fish cultured by CDM companies through our sister company, the Centre for Aquaculture Technologies, will provide options to use high-resolution genomic tools for the selection of breeding stock with

superior growth, quality, and disease resistance. aquatechcenter.com

Vaccine Development

Vaccines have now been developed against many of the common bacterial and viral pathogens. Specialized vaccination teams have vaccinations that are safer, faster, and more accurate. Vaccination of all juvenile fish before transfer to the marine environment strengthens their immune systems.

On-Farm Health Management

Ongoing disease testing prior to transfer to the marine environment ensures that only disease-free fish enter the ocean. Our use of underwater cameras supports the health status of tens of thousands of individual fish to be monitored regularly, facilitating the detection and treatment of early-stage infections.

Environmental Monitoring

Our farm companies collect extensive water quality and benthic data to understand potential farm effects and to understand the level of climate change, and any potential impacts on our farms.

Feeding Systems

Our companies use underwater video camera monitoring to ensure that the amount of feed meets the appetite of the fish. This limits the buildup of waste feed on the ocean floor, supporting a healthy marine ecosystem.

Advances in Feed Ingredients

Working with our feed suppliers, we are ensuring that a significant amount of protein and oil used in our fish feeds comes from alternative sources, using by products from the commercial fishing industry, and plant-based proteins and oils. New ingredients such as insects, phytoplankton, and single-celled proteins like mold, yeast and bacteria could provide the same proteins as fishmeal and algae could hold the key to fish oil replacement.

Wastewater Treatment Innovations.

Some of the CDM processing facilities are now equipped with innovative wastewater treatment technologies—including UV and chlorine treatment—that support the health of the marine environment.



“We are proud to be the only open-ocean mariculture farm in the United States. With first-hand experience in commercial capture fisheries, we understand that some farming of the oceans is necessary and inevitable. Yet we also understand that mariculture must be done in an environmentally conscious and safe manner, and with deep respect for the oceans.”

*Dick Jones, CEO,
Blue Ocean Mariculture*

Goals for 2021

- Focus on leadership growth and development
- Improve operational efficiencies through R & D and strategic infrastructure investments
- Streamline supply chain logistics
- Leverage ASC certification to increase species and farm awareness
- Deliver required juveniles in a 40-day larval window to meet stocking plan
- Increase understanding of larval nutrition
- Secure processing solution for fresh and frozen product forms
- Reduce grow-out time by two months

Blue Ocean Mariculture

Description
of Business

Aloha, and welcome to Blue Ocean Mariculture. Based in Kona, Hawaii, known as the “Big Island”, Blue Ocean raises Hawaiian Kanpachi, a beautiful fish indigenous to local waters, which are grown naturally in submersible sea pens about a half mile from Unualoha Point in North Kona.

A Conversation
about Seafood

Blue Ocean views their company as contributing to a new conversation about seafood. Mariculture is the cultivation of marine organisms in their natural environment in the open ocean of offshore aquaculture.

The company, started in 2009, was established to utilize the talents and skills of their team to work responsibly together with a commitment for the present and a heart for future generations. “We see our role as linking the economic and social elements to the ecology of Hawaii. We collected a lot of baseline information when we carefully situated our sea pens, and we continue to collect data to monitor and manage any potential impacts. It’s also especially important for us to take our people’s views and their perceptions into consideration, and as a result, we’re able to balance those perceptions and human needs, and balance the needs of our fish by improving marine environments and building marine economies in a responsible and thoughtful way. It means we are able to really benefit the local ocean economy, benefit the livelihoods of our people while caring for our fish and protecting the environment, and that’s what creates a blue economy.” Dick Jones CEO Blue Ocean Mariculture

As the CEO of Blue Ocean, Dick has an important role to play. One of his key company commitments is the investment in the international certification by the Aquaculture Stewardship Council. “ASC links our data collection, ensuring that the details are meaningful and systemically laid out so that we have a comprehensive view

of the environment around us, which includes social needs, our human resource needs, and monitoring and management of any potential impacts in the environment. Our company is the first finfish operation in the United States to achieve ASC certification. While we know there will be others to follow, we want to emphasize the leading role we are taking to develop our company to the very highest standard in the world. Achieving this key certification recognizes the significant work our company already had in place and marks a major milestone for the State of Hawaii, the US Aquaculture industry, our workers, and our customers.”

This high level of performance, coupled with the quality, extraordinary taste, versatility, and a wide range of product formats, we can reliably supply our customers according to their product needs and create an unparalleled eating experience possible for those discerning customers.

The operations include a hatchery at Hawaii Ocean Science and Technology Park. Once hatched from carefully selected brood fish, the fingerlings spend three months in the hatchery, and then are transferred to the offshore sea-pens for another 12 months before harvesting.





Earth Ocean
FARMS

“Like all responsible companies, Earth Ocean Farms ensures a strong connection with its work-force and makes charitable contributions, working with local Food Banks and NGO’s, providing fish donations for the most vulnerable populations. In addition, the partnerships with Universidad de Baja California Sur, CIBNOR and CICIMAR make important contributions to increasing local knowledge, and extending opportunities for youth in employment.”

*Pablo Konietzko, Director General,
Earth Ocean Farms*

Goals for 2021

- **Achieve production capacity in the newly commissioned commercial hatchery in order to deliver the required Juvenile numbers from the stocking plan**
- **Have reliable Farming Systems and Infrastructure in place in order to work the farm efficiently and secure the standing biomass**
- **Expand Production capacity to secure Long-Term Growth**
- **Achieve regular supply of top-quality snapper juveniles, in order to properly stock and increase the farm biomass**

Earth Ocean Farms raises Pacific Red Snapper and Totoaba. The area where the farm is located is in waters where the seas are calm and the winds gentle for eight months of the year. However, from November to February the weather systems in the region bring strong winds and dynamic currents. The farm system, supported by sister company Innovasea, was specifically designed to flexibly adapt to these conditions. The farm was sited through a careful process which ensures minimal impact to the surrounding ecosystem and the seafloor beneath, and minimizes any visual impacts, which aligns well with the tourism businesses in the area.

The fish species selection was an important part of the company's evolution. Totoaba (Totoaba macdonaldi) is native to Mexico and was once abundant only in the waters of the Sea of Cortez. The species has been overfished for years and the commercial fishery was closed in 1975 when it was placed on the Mexican Endangered Species List. The swim bladder is in high demand, believed to be a treatment for longevity, fertility, circulatory, and skin problems and can fetch very high prices in Asia. The species is well suited for aquaculture due to the ease of breeding the fish in captivity and the rapid growth rate. As well, this culture has provided the opportunity for Earth Ocean Farms to release tens of thousands of fish into the

wild in an attempt to rebuild the stocks and save the species from extinction. This restocking program, under the management of the Wildlife Conservation Unit and supported by the Mexican government, is part of an innovative plan for the recovery of the totoaba and in parallel create jobs, and diversify the Mexican State economy. In parallel to this beneficent contribution to the restoration of this fish, Earth Ocean Farms produces Totoaba for the Mexican market who value the nutritive qualities and the mild fresh taste.

The second species raised by Earth Ocean Farms is Pacific Red Snapper, (Lutjanus peru) a delightful tasting member of the snapper family, known in Mexico as Huachinango. Since most species of snappers generally grow slowly and have moderately long lifespans, they are vulnerable to overfishing and the populations have declined as demand climbs. Once again, responsible aquaculture provides a solution to this dilemma, the need for healthy tasty fish products for a large group of consumers.

Pacific Red Snapper is a finely textured white fish and matches well with herbs and seasonings. Accompanied with the rich sources of omega-3 fatty acids, specifically EPA and DHA at 1.57 per serving size or higher, this fish is an important part of a healthy diet.

Earth Ocean Farms

Description
of Business

Nestled in the waters offshore from the arid terrain of the Baja region in Mexico, Earth Ocean Farms, an open ocean aquaculture farm with submersible pens, is barely visible in the deep waters of the Bay of La Paz. The farm is accessed after a drive through rolling hills covered with thorny cactuses and an ecosystem which evolved over thousands of years.

Innovation &
Sustainability

Earth Ocean Farms started in La Paz, Mexico in 2008, determined to create an innovative and sustainable operation that considered all aspects of their enterprise: growing native fish in an environmentally sensitive way, while integrating the hatchery, farm and processing plant into the economy of this remote part of Mexico.





“While we are in unprecedented times, we are unwavering in our sustainability commitments and continuing to create value through our actions. It is who we are, and our teams will ensure we succeed.”

*Dario Marchetti, CEO,
Open Blue*

Goals for 2021

- **Chemical Free** all processing ready by May 2021
- **R&D-aligned** nutritional requirements
- **Packaging reduction** with 4.1 gram EPS per shipped lbs fish
- **Feed Additive** trials for enhanced performance, decreased mortality and better FCR. All feeds must meet the health and welfare needs of our fish
- **Continued focus** on North America, partnering with retailers to develop social media and loyalty programs to drive awareness and sales
- **American Heart Association** continued investment
- **Enhanced juvenile classification** and growout performance monitoring for improved biomass management
- **Complete in vitro/in vivo** digestibility trials for more efficient raw material usage through reformulation

Open Blue

Description
of Business

Since our first sustainability report in 2014, Open Blue has continued to make progress in strengthening its position as a global leader in economic, environmental, and social responsibility.

In Harmony
with the Ocean

Our company started in 2009. Our farm is situated 12 k offshore on the Caribbean coast, and we use an innovative SeaStation technology which consists of strongly anchored submersible pens lowered 10 meters from the surface. We are guided by our company Vision: To feed current and future generations in harmony with the ocean.

Our company puts a strong focus on worker protection. Where possible, we sent workers to work from home and we continue to follow the guidance of the national health authorities and WHO. There have been challenges because we are an essential service by providing food, and so we have needed to take extraordinary measures to protect our front-line workers in the hatchery, on the farm, and at the processing plant.

Our business continuity plans continued to adjust based on the changing environment and in 2020 we navigated many closures and lock downs. Our internal teams, especially the Health & Safety team, have been working overtime to ensure that workers are safe. We are providing personal protective equipment for all our front-line workers. For those staff that are working from home or working at our operational sites, we have provided resources to them and their families to support them with challenges during the quarantines, and we are being flexible with employees about their need to spend time with their families.

The community and government relationships we have forged over the years have proven to be invaluable. We have seamlessly stayed in close contact with local community leaders and provided reassurance to the communities about business continuity, as our workforce is an important part of

our business and the community economy. We have supported the efforts of our team to make contributions to vulnerable people in our society. We have significant partnerships with several universities: the University of Miami, the University of Waterloo and the University of Florida and we are also a founding member of the Association of Panama Aquaculture.

Many thought that the introduction of a new product during these times could be challenging. Our Cobia Burger concept, long on the drawing board, was seen as a way to work with our retail and food service partners to energize the sector and support their significant challenges through this time – and so the Cobia Burger came into the marketplace in December 2020.

Our Core Values have guided our decisions through this challenging time: customer focus, responsible leadership, integrity, excellence, and care and respect, and by always putting our employees first. We continued our important support for the local communities surrounding our farm and hatchery, by donations of 3.5 tonnes of fish donations to orphanages, security forces, and local communities. We also are investing in the future of our communities by continuing to support our scholarship program without any reductions.





“Our activity naturally leads to protecting the environment. If we wish to obtain a healthy product, it has to be developed in a healthy environment. Our oysters and our facilities grow hand in hand with the protection and care of the environment.”

Phillippe Danigo, Founder, Sol Azul

Goals for 2021

- **Build the most innovative, highest producing hatchery in the oyster industry, ready for full operations by December 31, 2021**
- **Advance our genetics program with CAT for the development of new strains resistant to temperature increases, and to the herpes virus**
- **Quantify the carbon impact of our activity and define mitigation measures**
- **Strengthen gender equity within the company, particularly in decision-making positions**

Sol Azul

Description
of Business

Imagine a pristine ocean location with the sound of the wind and the waves in the background, where oysters can be chosen selectively from the racks stretching far out to sea. Founded in 1994, Sol Azul is Mexico's largest controlled producer and exporter of the Pacific oyster (*Crassostrea gigas*) and the Kumamoto (*Crassostrea sikamea*) variety.

Sustainable Culture
of Bivalve Mollusks

It is a remote site, free of any sources of pollution, ideally suited for the sustainable culture of bivalve mollusks due to its excellent water quality, temperature, tidal range and water currents. “Sol Azul cultivates year-round, the finest export-quality oysters, selectively bred from choice cultured stock, consistent in size and shape with the delightful fresh taste of the sea.

The Sol Azul facilities are located on the western coast of the Baja California Peninsula within the El Vizcaino Biosphere Reserve, a UNESCO World Heritage Site. This is a place where many biological wonders thrive, including nursery pods of grey whales.

In the United States, Sol Azul oysters are marketed under the Sanctuary brand sanctuaryoysters.com. The oysters are celebrated for their superb quality, freshness and impeccable clean taste. Sol Azul organic oysters are the freshest and healthiest, surpassing the most demanding international norms and standards. They are certified organic under the European Community Standards, also with the Monterey Bay Aquarium Seafood Watch, Fish Choice and Fish Wise validation. Aquaculture Stewardship Council certifications provides annual independent audits of the facilities and other recognitions from Sea Choice, the Blue Ocean Institute and New England Aquarium, round out their endorsements. Learn more about Sol Azul seafarms and Sanctuary Oysters on Youtube.

Like all other companies around the world, we saw many challenges with the COVID outbreak. We worked hard to manage the impact on our team and on our customers. We are seeing continued success in managing our teams and maintaining equal opportunities across the business for our qualified workforce. Our care and attention extends to our workforce. We have an almost equal distribution of jobs between men and women (30 females and 54 males) and providing child-care to our working families is an important part of what makes this successful. We are actively involved in the local community, where we support mangrove planting in the area, and we serve as a member of the Technical Committee for El Vizcaino Biosphere Reserve with a group of dedicated people to preserve the thoughtful management of this important area.” Phillippe Danigo, founder of Sol Azul was born in Bretagne, France, where his family has been culturing oysters for four generations.



Sustainability
Report 2020

Cuna del Mar

The Cuna del Mar 2020 Sustainability Report has been built using the widely accepted **Global Reporting Initiative** reporting principles and standard disclosures. We are keenly interested in setting goals and measuring our long-term performance in a way that combines social responsibility, and care and protection of the environment with business profitability.

The Report is intended as a key platform to describe our approach to managing our social and environmental performance, reflecting the progress we are making and highlighting areas that require additional focus for our company in the future.

We welcome your comments at
info@cunadelmar.com