

**STICHTING AQUACULTURE STEWARDSHIP COUNCIL
FOUNDATION
AT UTRECHT**

Annual Report 2016

CONTENTS

Page

DIRECTOR'S REPORT

1	Director's report	3
---	-------------------	---

FINANCIAL STATEMENTS

1	Balance sheet as at December 31, 2016	8
2	Statement of Income and Expenditure for the year 2016	9
3	Notes to the Statements	10
4	Notes to the balance sheet as of December 31, 2016	12
5	Notes to the Statement of Income and Expenditure over the year 2016	16
1	Independent auditor's report	18

**Aquaculture Stewardship Council
Director's Report
Year ended 31 December 2016**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity name Stichting Aquaculture Stewardship Council Foundation

Company registration number 822321166

Principal office ASC, HNK, Utrecht Centraal Station, Arthur Van Schendelstraat
650, 3511 MJ Utrecht, The Netherlands

The Trustees

The trustees who served the company during the period were as follows:

Mrs C Tippet
Mr S Nicols (appointed 01 January 2016)
Mr P Arnesen
Dr P A Cook Chairman
Dr L Cao (appointed 01 January 2016)
Mr Hillbrands
Ms M Jeans

Chief Executive Officer & Company Secretary Mr C Ninnes

Other Key Management Personnel
Finance Manager L Egan

OBJECTIVES AND ACTIVITIES

Charitable Objectives and Public Benefit

The ASC is an independent, international organisation that works with a wide range of partners to promote the transformation of the global aquaculture industry towards operating on a more environmentally sustainable and socially responsible basis. It aims to do so through using efficient market mechanisms that create value across the seafood supply chain. Its work to conserve marine and freshwater environments and to advance public education in the principles and practice of conservation is for the benefit of the public.

ASC's activities promote and quantify responsibly farmed fish, shellfish and crustacea. They do so by amongst other things furthering the understanding and adoption of responsible aquaculture practices, maintaining and monitoring standards for responsible aquaculture that are already in place or that are yet to be developed, in order to reduce negative social and environmental impacts.

The ASC offers producers of farmed seafood access to a certification programme that creates incentives to reward responsible farming practices. Meeting the ASC standards provides a signal that the farm is operating responsibly. The ASC also promotes and rewards responsible farming practices through the use of a consumer-facing label on products made from ASC certified material. This enables the public to make better-informed choices in favour of responsibly produced seafood. In turn this will have a beneficial impact on both the environment in which aquaculture takes place and amongst the communities affected by fish farming enterprises of a very wide range of sizes in a very wide range of locations. The ASC also seeks to influence the demand for responsibly produced seafood by the outreach and

marketing actions it takes. Together these initiatives drive a continuous system of improvement, helping the industry shift perceptions and the performance of the industry in a way that is to the public benefit.

The aquaculture industry makes a major and ever more important contribution to meeting the global demand for seafood protein while reducing the pressure on wild capture fisheries. It is the fastest growing food production system in the world. More than half of the fish consumed globally now comes from aquaculture. The industry provides improved food security for many people. It does so in a way that contributes less to the damaging effects of climate change than some other major food production systems. ASC is helping to move the aquaculture industry onto a less harmful, more positive footing to the benefit of the public.

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit". The aims and activities of the ASC are clearly focussed on this objective.

ACHIEVEMENTS AND PERFORMANCE

2016 was a period of rapid growth for the ASC programme. The degree of scaling up of activity and of delivery of outputs that has been achieved has contributed considerably to a step-change upwards in the ASC's footprint. ASC has become ever more relevant and accepted by the aquaculture industry globally. More aquaculture was being undertaken in an environmentally sustainable and socially responsible way at the end than at the start of 2016.

Considerable work was done to both strengthen and develop the ASC standards programme in 2016. The standard for *Seriola/Cobia* was brought into operation, the last of the original species standards emerging from the aquaculture dialogues process. Initial scoping and development of standards for additional species was begun. The development of an aquaculture feed standard progressed. A new initiative to develop a standard for seaweed with the Marine Stewardship Council (MSC) was launched. Meanwhile a key project to align the standards, harmonise them and produce a more efficient and workable standards system moved ahead.

ASC's ability to strengthen its impact in existing markets and to penetrate new ones was enhanced in 2016. The outreach team was increased enabling real progress to be made. A focus has been on key Asian markets, China and Japan especially. Attention has been given to the more mature Northern European markets through dedicated staff inputs focused on the German speaking countries and additional resources have been secured and used to develop ASC's impact in Scandinavia.

Engagement with farms has resulted in the number of certified farms growing from 195 (end 2015) to 370 over the year, a while the number of farms in assessment was 119 at the end of 2016. The volume of certified seafood made available to the market has risen appreciably from 674,000 tonnes to 1.08 million tonnes. There were ASC certified farms in 38 countries and territories, up from 21 at the end of 2015.

ASC has been active in communicating with a wide range of stakeholders about the programme and about responsible aquaculture more generally. The 2016 Olympic and Paralympic Games in Rio de Janeiro were an opportunity for informing consumers about responsible seafood, based on the commitment by the games organisers to source ASC and MSC certified seafood. Blogs, videos and an active social media presence have also helped to spread the ASC's messages to a wider public.

Collaboration with like-minded organisations has been a feature of ASC's working practices. There has been continuing close collaboration with MSC, both on the standards side and through ASC outsourcing and paying for use of MSC services to undertake logo licence administrative tasks.

Meanwhile the organisation itself has been strengthened. More staff have been appointed and a presence established in some key markets. By the end of 2016 the own-generated income that ASC received covered the then level of core operating costs. Expenditure must and will increase as the ASC moves ahead to tackle the challenges ahead. Income will need to rise in parallel to both maintain the position and create an adequate financial reserve. So there can be no complacency. The ASC will continue to need external funding for specific one-off projects.

Strengthening and Developing the Aquaculture Standards Programme

Over the past year a wide range of activities has been undertaken to both strengthen and develop the scope and efficiency of the standards that the ASC has made available to the public. This has included the completion of the first phase of ASC standards development – bringing into operation all of the eight specific species standards developed by the Packard supported Aquaculture Dialogues process. The *Seriola/Cobia* standard was offered to the market on November 1st 2016. It has been welcomed, particularly in the big Japanese market. At year-end standards were also available for Abalone, Bivalves, Trout, Pangasius, Salmon, Shrimp and Tilapia.

Meanwhile ASC has been exploring the possibilities of setting standards for other species. It has, for example, been reviewing a practical approach to broaden its scope to include additional finfish species. Work has been undertaken too on a possible flatfish standard.

ASC is keen to ensure that the programme is potentially available to as wide a range of producers as possible. ASC certification to date has largely been undertaken by single farms. But there is in reality a variety of farming structures. Companies operating multiple, geographically dispersed, sites all managed under the same management system pose special challenges to the audit process. To enable organisations to achieve certification for more than one site in one assessment process, ASC has been developing a multi-site certification methodology. The work advanced well in 2016.

Progress with work on multi-site and on group certification methodology has been able to be made roughly in parallel. Experience gained from pilot testing of the group certification proposal helped inform the process. Seven groups of producers growing rainbow trout and shrimp, and two ASC accredited Conformity Assessment Bodies (CABs), pilot tested the draft methodology in Bangladesh, Finland, Indonesia and Vietnam. There has been public consultation on the draft group certification methodology.

The development of the ASC Core Standard moved in 2016 from a research and analytical phase to production of a first version of a harmonised set of principles and indicators and on to public consultation on the draft. In parallel, work has progressed on the drafting of the species and service specific guidance part of the standard. A public consultation on the first (V1) draft of the harmonised set of principles and indicators for a Core Standard ended on 19th October 2016, after having been open for two months. Following public consultation on this draft, the comments received from 12 different organisations, both NGO and industry, that provided some 500 lines of feedback were analysed. The interest in the development of the Core Standard from the industry in particular has been encouraging.

Work on the creation of a standard for responsibly produced aquaculture feed has progressed over the past year. The search has continued to find solutions to the issues raised by the public consultation on the first draft of a standard. The key focus has been on developing a methodology to measure how the sources of the ingredients used by feed manufacturers supplying feed mills can be assessed for their sustainability. An interim solution for marine sourced ingredients was promulgated in December 2016. More work is being done on land animal and plant based ingredients that are the majority of feed inputs. A benchmarking tool is being evaluated.

Deepening Market Penetration

A key to ASC's ability to succeed in deepening its penetration, scope and reach of the certification programme with major retailers and food service companies in key markets in Europe and North America and developing them elsewhere has been increasing the capacity to do the tasks needed. An association was established with a small local consultancy firm in China to provide staff to work on promotion of the ASC programme. A Programme Manager was hired to work in Japan. A grant from the Swedish Postcode Lottery Foundation enabled more work to be done in Sweden.

These initiatives enabled ASC to both improve the service that can be provided to existing contacts and to find and assist new ones. There has been a significant rise in market interest in and use of the ASC programme. For example, the number of products labelled with the ASC logo and approved for sale rose over the last year from 4712 to 7079. They are available in 64 countries and territories. The top five markets in which the presence of ASC products has become established are all in Northern Europe. The Netherlands, Germany, Belgium, Switzerland and Sweden account for 53% of the total number of approved products.

Now that ASC has some, but still very limited, capacity to work on the ground in the two big Asian markets of China and Japan more progress will be possible. Already there are encouraging signs of contact with retailers in China, including with major e-commerce companies keen to sell ASC labelled products on-line. And the range of Chinese ASC certified farms has grown with the first scallop farm being awarded its certificate in 2016. In Japan ASC's impact will be transformed if and when the supply of ASC certified *Seriola* becomes available in the volumes that the retail industry has already signalled it requires. The certification of the first (oyster) farm to meet the ASC standard in Japan in 2016 did much to raise the ASC's profile and credibility with the local retail and food service industry.

Improving farm production through increased engagement with the ASC process

The number of farms that are ASC certified rose in 2016 as shown below.

Species	Number of Farms Certified		Farms under Assessment	
	December 2015	December 2016	December 2015	December 2016
Pangasius	39	35	11	5
Tilapia	22	40	10	5
Salmon	77	176	53	32
Trout	14	25	9	16
Shrimp	34	72	11	24
Bivalves	8	18	6	37
Abalone	1	4	1	0
<i>Seriola/Cobia</i>	-	0	-	0
TOTAL	195	370	101	119

ASC has used a twin strategy of engaging with producers both directly when possible and indirectly at selected and relevant seafood shows and expositions. Over the past year ASC has been present at the major shows in Europe (Brussels), North America (Boston) and Asia (Qingdao). At each of these shows ASC organised specific events in the margins of the event to reach out to key audiences, including producers. In addition specific outreach work was done in emerging markets such as India and Vietnam and in Central and South America.

Raising Stakeholder, including consumers, awareness of the ASC

The past year has seen a more concerted communications effort to be responsive to the needs of business stakeholders. ASC has championed publicly amongst other developments - the Brakes Group becoming the first foodservice supplier to introduce ASC certified prawns

in the UK, the Marine Harvest Group being the first ASC partner to use elements from a new ASC Marketing Toolkit of materials at their booth during Seafood Expo Global in Brussels, Arctic Fish becoming the very first aquaculture producer to achieve ASC certification in Iceland, the University of Illinois becoming the first university in the USA to gain ASC Chain of Custody certification, the Hilton Hotel chain worldwide announcing a multi-year sustainable seafood goal, the Park Hyatt Tokyo becoming the first hotel in Japan to receive ASC Chain of Custody certification, Dutch retailer HEMA selling seafood from ASC certified farms using the ASC logo in their stores in the Netherlands, one of the largest retail chains in Japan, Kasumi Co. Ltd., which operates 178 stores in the north region of Kanto Plain having introduced certified responsibly farmed processed oysters sourced from a local farm (the first ASC certified farm in Japan), Moana New Zealand Blue Abalone has become the first farm to receive ASC certification for responsible aquaculture in New Zealand - and more besides.

ASC marketing and promotional activity has continued to use the "Think Fish Week" format successfully in the Netherlands and Belgium. But in 2016 a new venture featuring this approach was used successfully in France. Help was also given to events in Australia and in Hong Kong that promoted responsible seafood to the public. The ASC marketing toolkit was created to help ASC partners and licence holders, especially retailers in contact with the public, to find inspiration, guidance and assets to create campaigns that promote their commitment to sourcing responsibly farmed certified seafood. ASC certified partners in possession of an ASC logo licensing agreement and/or Marketing Undertaking Agreement, have been invited to use the toolkit to enhance marketing activities, increase sales of ASC labelled products and raise awareness of their commitment to responsible aquaculture with their customers.

ASC's communications work aims to inform stakeholders, maintain and defend ASC's reputation and to provide information about particular topics. A focus of ASC communications work in 2016 was on business-to-business communications. ASC continued to assemble and produce materials and assets usable for promotional purposes. Stories about involvement in the programme have been elicited from producers, from retailers, from big companies and small ones. The common theme being the authentic expression by participants of their views and about their relationship with ASC.

Social media and a series of blogs on ASC related events and areas of interest have also loomed increasingly large in ASC's communications portfolio of activities. Another and major focus of attention over the past year has been revision of the ASC website.

ASC collaboration with other relevant certification and ratings organisations

Meetings of an international Certification and Ratings group convened by the major funders and promoters of a more sustainable seafood industry have been held throughout 2016. The ASC CEO has been fully engaged in the process and has been a committed member of the group. In addition he held the chair of the Steering Committee. Progress towards drafting a framework for closer cooperation between standards and ratings programmes that attracts consensus remains positive but slow.

Strengthening the ASC organisation

Staffing levels increased modestly in 2016 using both full time staff and part-time employees, (including consultants). Staff were based in The Netherlands, UK, Germany, USA, Brazil, Australia and China.

In 2016 ASC experienced a better than forecast income from logo licensing. This taken with tight control of expenditure meant that the ASC was able to cover its baseline operating costs from its own generated income while meeting project costs from donated funding and beginning the creation of a financial reserve. The success of the business model so far has been encouraging. But as expenditure rises, as it has too in order to both service existing needs and begin to meet new ones, so too does the vulnerability of the organisation as more income will be needed as well. ASC will continue to seek help from philanthropic sources for time-bound projects that are additional to core tasking.

Crowe Horwath Foederer B.V.
P.O. Box 22866
1100 DJ Amsterdam
Phone: +31 (0)20 56 46 000

		December 31, 2016		December 31, 2015	
		€	€	€	€
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
	(5)				
General reserve			-276,356		232,545
CURRENT LIABILITIES					
	(6)				
Accounts payable		64,819		31,853	
Payables to related parties		222,583		73,061	
Taxes and social securities		10,827		12,972	
Pension premiums		-		9,494	
Other liabilities		266,346		364,536	
			564,575		491,916

288,219

724,461

2 STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR 2016

		Balance 2016	Balance 2015
		€	€
Income			
Grants from non-governmental organizations	(7)	652,477	451,098
Governmental grants	(8)	-	9,981
Other income	(9)	27,650	38,150
Total income		<u>680,127</u>	<u>499,229</u>
Expenditure			
Employee expenses	(10)	815,071	600,576
Amortisation and depreciation	(11)	8,625	8,418
Other operating expenses	(12)	329,254	335,509
Financial income and expenses	(13)	36,078	-4,064
Total expenditure		<u>1,189,028</u>	<u>940,439</u>
Result		<u><u>-508,901</u></u>	<u><u>-441,210</u></u>
Result appropriation			
General reserve		<u><u>-508,901</u></u>	<u><u>-441,210</u></u>

3 NOTES TO THE STATEMENTS

GENERAL

Activities

The mission of Stichting Aquaculture Stewardship Council Foundation, with registered offices in Utrecht, is to transform aquaculture towards environmental sustainability and social responsibility using efficient market mechanisms that create value across the chain. Activities include fostering and increasing the measurability for responsibly farmed seafood.

Registered address

The registered and actual address of Stichting Aquaculture Stewardship Council Foundation (CoC file 34389683) is Nieuwekade 9 in Utrecht.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The financial statements have been prepared in accordance with the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

The financial statements have been prepared based on the historical cost. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at nominal value.

Assumption of continuity

The equity amounts to € 276.356 negative as at December 31, 2016. Also the net result and working capital for 2016 has been negative. The activities have mainly been financed by funds provided by our related party companies. This results in the assumption that the continuity of the company depends to a significant extent on the funding by these related party companies. The company received a comfort letter from the board of the related party companies stating that sufficient funding will be made available to Stichting ASC to ensure they are able to meet their obligations in the upcoming period until and including the end of December 2018.

The accounting principles applied in these financial statements are based on the assumption of continuity of the company.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet.

Tangible fixed assets

Tangible fixed assets are presented at acquisition price less cumulative depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Tangible fixed assets

Tangible fixed assets are presented at acquisition price less cumulative depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Trade and other receivables

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the nominal value, after deduction of any provisions. The fair value and amortised cost equal the nominal value. Any provisions for the risk of doubtful debts are deducted. The provisions are determined based on individual assessment of the receivables.

Cash and cash equivalents

The cash is valued at nominal value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is defined as the difference between the income on one hand and, on the other hand, the costs and expenses for that year, valued at historical costs.

Determination of the result

The result is determined based upon the difference between the income and expenditure over that year, taken into account the aforementioned valuation principles. Profit is only included when realized on the balance sheet date. Income and expenditure originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Grants

Grants are recognized as income over the periods in which the related costs/loss of revenue/loss was realised.

Expenses general

General expenses is determined on a historical basis and recorded in the reporting year to which it relates.

Financial income and expenses

Financial income and expenses comprise interest income and expenses for loans (issued and received) during the current reporting period.

Taxes

Stichting ASC is granted the so called ANBI status by the Dutch tax authorities, which means the organisation is not obligated to pay corporate income taxes.

4 NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2016

FIXED ASSETS

1. Intangible fixed assets

	Software
	€
<i>Carrying amount as of January 1, 2016</i>	
Purchase price	16,946
Cumulative depreciation and impairment	-12,448
	<u>4,498</u>
<i>Movement</i>	
Amortization	<u>-3,320</u>
<i>Carrying amount as of December 31, 2016</i>	
Purchase price	16,946
Cumulative depreciation and impairment	-15,768
	<u>1,178</u>
<i>Amortisation rates</i>	%
Software	20

2. Tangible fixed assets

	Equipment
	€
<i>Carrying amount as of January 1, 2016</i>	
Purchase price	27,569
Cumulative depreciation and impairment	-14,857
	<u>12,712</u>
<i>Movement</i>	
Disposals	-1,219
Depreciation of disposals	569
Depreciation	-5,197
	<u>-5,847</u>
<i>Carrying amount as of December 31, 2016</i>	
Purchase price	26,350
Cumulative depreciation and impairment	-19,485
Carrying amount as of December 31, 2016	<u>6,865</u>
<i>Depreciation rates</i>	%
Equipment	20

CURRENT ASSETS

3. Receivables, prepayments and accrued income

	12/31/2016	12/31/2015
	€	€
Accounts receivable		
Accounts receivable	38,306	26,351
Provision for bad debts	-20,718	-17,792
	<u>17,588</u>	<u>8,559</u>

	2016	2015
	€	€
<i>Provision for bad debts</i>		
Carrying amount as of January 1	17,792	-
Allocation	2,926	17,792
Carrying amount as of December 31	20,718	17,792
	12/31/2016	12/31/2015
	€	€
Prepayments and accrued income		
Salaries	3,526	3,553
Prepaid expenses	20,918	20,007
Rental deposits	6,897	-
Other debtors	1,000	-
	32,341	23,560

4. Cash and cash equivalents

Cash balances are at free disposal of the company.

EQUITY AND LIABILITIES

5. EQUITY

	2016	2015
	€	€
General reserve		
Balance as per January 1	232,545	673,755
Result appropriation	-508,901	-441,210
Stand per December 31	<u>-276,356</u>	<u>232,545</u>

6. CURRENT LIABILITIES

	12/31/2016	12/31/2015
	€	€
Accounts payable		
Creditors	<u>64,819</u>	<u>31,853</u>
Payables to related parties		
Intercompany account ASCI	66,745	73,061
Intercompany account ASC UK	155,838	-
	<u>222,583</u>	<u>73,061</u>
Taxes and social securities		
Pay-roll tax	<u>10,827</u>	<u>12,972</u>
Accruals and deferred income		
Deferred income	223,996	328,707
Other accrued expenses	42,350	35,829
	<u>266,346</u>	<u>364,536</u>

CONTINGENT LIABILITIES

Office rent

The foundation entered into commitments for the rent of the office building. The monthly obligation amounts to € 2.299 with a period of notice of a month. As of May 1, 2017 a new agreement has been signed for a period until April 30th, 2018 for € 43.560 annually (including service costs).

5 NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE OVER THE YEAR 2016

	Balance 2016	Balance 2015
	€	€
7. Grants from non-governmental organizations		
IDH Sustainable Trade Initiative	-	273,810
Gordon and Betty Moore Foundation	315,618	79,048
David and Lucile Packard Foundation	195,363	-
WWF Netherlands	50,000	62,000
Walton Family Foundation	91,496	36,240
	<u>652,477</u>	<u>451,098</u>
8. Governmental grants		
China	-	9,981
	<u>-</u>	<u>9,981</u>
9. Other income		
Audit Training	27,650	38,150
	<u>27,650</u>	<u>38,150</u>
10. Employee expenses		
Wages and salaries	428,964	342,490
Social security charges	65,043	51,486
Pension costs	35,535	29,113
Other personnel expenses	285,529	177,487
	<u>815,071</u>	<u>600,576</u>
<i>Other personnel expenses</i>		
Temporary workers	179,913	77,684
Travelling expenses	98,974	95,610
Canteen costs	1,228	158
Education allowance and training costs	5,414	3,014
Recruitment and selection expenses	-	1,021
	<u>285,529</u>	<u>177,487</u>
Staff		
During the 2016 financial year, the average number of employees converted into full-time equivalents, amounted to 10 (2015: 6).		
11. Amortisation and depreciation		
Intangible fixed assets	3,320	3,320
Tangible fixed assets	5,197	5,098
	<u>8,517</u>	<u>8,418</u>
Book result	108	-
	<u>8,625</u>	<u>8,418</u>

Stichting Aquaculture Stewardship Council Foundation, Utrecht

	Balance 2016	Balance 2015
	€	€
12. Other operating expenses		
Accommodation expenses	57,351	41,031
Office expenses	21,638	19,828
Selling and distribution expenses	134,587	144,097
General expenses	115,678	130,553
	<u>329,254</u>	<u>335,509</u>
13. Financial income and expenses		
Interest and similar income	3,978	6,836
Translation differences	-40,056	-2,772
	<u>-36,078</u>	<u>4,064</u>

Utrecht, July 12, 2017

Mr. C. Ninnes, Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To: the Directors of Stichting Aquaculture Stewardship Council Foundation

A. Report on the audit of the financial statements 2016 included in the annual report**Our opinion**

We have audited the financial statements 2016 of Stichting Aquaculture Stewardship Council Foundation, based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Aquaculture Stewardship Council Foundation as at 31 December 2016, and of its result for 2016 in accordance with the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2016;
2. the profit and loss account for 2016;
3. the notes comprising a summary of the accounting policies and other explanatory information.

Material uncertainty with respect to the going concern assumption

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the notes to the financial statements concerning the company's ability to continue as a going concern. The company is reliant on a comfort letter from the board of the related party companies. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Aquaculture Stewardship Council Foundation in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The director's report;

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

By performing these procedures, we comply with the requirements of the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The directors are responsible for the preparation of the director's report in accordance with the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board and other information as required by the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements**Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board. Furthermore, the directors are responsible for such internal control as the directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the directors are responsible for assessing the fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, the directors should prepare the financial statements using the going concern basis of accounting unless the directors either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so. The directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, July 12, 2017

Crowe Horwath Foederer B.V.

H.J. Verhaar RA

Signed for identification purposes:

