

The background of the cover features a dynamic splash of clear blue water against a white background. The water is captured in mid-air, creating a sense of movement and freshness. Several large, semi-transparent blue crosses are overlaid on the water splash, positioned in the upper right, middle right, and lower right areas. The text is positioned on the left side of the cover.

CERMAQ
SUSTAINABILITY
AND GRI REPORT
2011

cermaq

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GRI reporting profile

1. Strategy and analysis

1.1. Statement from the most senior decision-maker of the organisation.

→ CEO's Statement

1.2. Description of key impacts, risks, and opportunities.

→ Risks and Opportunities

→ Corporate Governance: Risk management and internal control

2. Organisational profile

2.1. Name of the organisation

→ Cermaq ASA

2.2. Primary brands, products, and/or services.

→ EWOS

→ Mainstream

2.3. Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.

→ EWOS

→ Mainstream

2.4. Location of organisation's headquarters.

Grev Wedels Plass 5, P.O. Box 144 Sentrum, 0102 Oslo, Norway

2.5. Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.

→ Cermaq - a global leader

2.6. Nature of ownership and legal form.

Cermag ASA is a public company listed on the Oslo Stock Exchange. The Norwegian State is the principal shareholder in Cermaq ASA with a shareholding of 43,5 percent.

→ Shareholder Information

2.7. Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).

→ EWOS

→ Mainstream

2.8. Scale of the reporting organisation.

→ Annual accounts 2011 (Note 3)

→ Key Figures

2.9. Significant changes during the reporting period regarding size, structure, or ownership.

→ Annual accounts 2011 (Note 4)

→ Highlights 2011

2.10. Awards received in the reporting period.

→ Highlights 2011

3. Report Parameters (-)

3.1. Reporting period (e.g., fiscal/calendar year) for information provided.

Cermaq's reporting period follows the calendar year 2011

3.2. Date of most recent previous report (if any).

The previous GRI report is included in Cermaq's Annual Report 2010 published in April 2011.

→ Annual Report 2010

3.3. Reporting cycle (annual, biannual, etc.)

Cermaq's GRI reporting cycle is annual

3.4. Contact point for questions regarding the report or its contents.

Please contact: Lise Bergan, Director Corporate Affairs. Email: cermaq@cermaq.com

3.5. Process for defining report content.

→ GRI Section 3.5

3.6. Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)

→ GRI Section 3.6

3.7. State any specific limitations on the scope or boundary of the report

We consider the boundary for our sustainability reporting (see 3.6) to be sufficient to comply with the GRI completeness principle.

→ GRI Section 3.6

3.8. Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.

Cermaq has in 2011 reported sustainability information for its subsidiaries, joint ventures, and leased facilities within the core business areas. Minority shareholdings are not included in our reporting.

→ Organisational Chart

3.9. Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.

Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.

→ GRI Section 3.9

3.10.Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/acquisitions, change of base years/periods, nature of business, measurement methods).

Adjustments of historical data in the 2010 report due to Cermaq's divestiture of its fish farming operation in Scotland in 2010 has been maintained. In addition the following indicators have been adjusted for historical data: EN3, EN16, EN28, LA4, LA7, SO8, PR2, PR9, CEQ2, CEQ4 and CEQ9

3.11.Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

The most significant change in Cermaq's sustainability reporting for 2011 is that we have included EWOS operations in Vietnam in our reporting. Cermaq has changed its reporting on the following indicators: EN28, SO8, PR2 and PR9

3.12.Table identifying the location of the Standard Disclosures in the report.

The location of standard disclosures is made clear through the links and content in this GRI index.

3.13.Policy and current practice with regard to seeking external assurance for the report.

Cermaq seeks limited external assurance for its 2011 sustainability reporting. The assurance is carried out in adherence to ISAE3000.

→ Auditors review in Cermaq Sustainability Report 2011

4. Governance, Commitments and Engagements (-)

4.1. Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.

→ Corporate Governance: Corporate assembly and BoD composition and independence

4.2. Indicate whether the Chair of the highest governance body is also an executive officer.

The Chairman of the Board of Directors is not also an executive officer of Cermaq ASA.

4.3.For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.

→ Corporate Governance: Corporate assembly and BoD composition and independence

4.4.Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

→ Corporate Governance: General meetings

4.5.Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).

→ Corporate Governance: Remuneration of BoD and Remuneration of the Executive Management

4.6.Processes in place for the highest governance body to ensure conflicts of interest are avoided.

→ Corporate Governance: Equal treatment of shareholders and transactions with close associates
Ethical and corporate responsibility guidelines

4.7.Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.

→ Corporate Governance: The work of the BoD

4.8.Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.

The following codes and guidelines have been fully implemented and widely distributed throughout the Cermaq group and are available at Cermaq.com.

- Cermaq sustainability principles
- Ethical and corporate responsibility guidelines
- Whistle blowing guidelines

4.9. Procedures of the highest governance body for overseeing the organisation’s identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.

As an output to the internal sustainability reporting cycle (see section 3.9), Cermaq’s executive management receive a quarterly sustainability report outlining social and environmental performance for the preceding period and highlighting any emerging issues or concerns. This report is also issued to the Board of Directors on a semi-annual basis. In addition, Cermaq’s quarterly risk analysis framework periodically includes an assessment of sustainability risk (see section 1.2) for the attention of the Board of Directors.

- GRI section 3.9
- GRI section 1.2

4.10. Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, environmental, and social performance.

- Corporate Governance: The work of the BoD

4.11. Explanation of whether and how the precautionary approach or principle is addressed by the organisation.

Cermag follows a precautionary approach to the management of all risk areas (including sustainability) through its routine risk assessment and reporting model. The model allocates responsibility for risk mitigating activities connected with any identified critical or significant risks (see section 1.2). Furthermore, the company’s guidelines for ethical and corporate responsibility explicitly state that “If doubts arise as to whether an activity is permitted or justifiable on the basis of the ethical and corporate responsibility guidelines, the person in question should seek advice from his/her immediate superior”

- GRI section 1.2

4.12. Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.

Cermag is a member of UN Global Compact and of Transparency International, Norway. Cermaq complies with OECD guidelines for multinational enterprises. All Cermaq business units are working towards certification under International standards for quality management, environmental management, occupational health and safety and food safety management. An overview of the status is presented in the indicator CEQ 13. In addition, Cermaq has itself voluntarily developed a set of internal Sustainability Principles that are widely distributed both internally and externally to the organisation.

- Board of Directors’ Report
- CEQ 13

4.13. Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.

Norwegian Seafood Federation (FHL) ; British Columbia Salmon Farmers Association (BCSFA) ; Canadian Aquaculture Industry Alliance (CAIA); International Salmon Farmers Association (IFSA); International Fishmeal and Fish Oil Organisation (IFFO) ; UK: Agricultural Industries Confederation (AIC); European Feed Manufacturers’ Federation FEFAC etc.

4.14. List of stakeholder groups engaged by the organisation.

- Our sustainability approach: Stakeholders

4.15. Basis for identification and selection of stakeholders with whom to engage.

→ Our sustainability approach: Stakeholders

4.16. Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

→ Our sustainability approach: Stakeholders

4.17. Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

More specifically, Cermaq has responded to the following key concerns during 2010:

→ Section 4.17

→ Sustainability (materiality matrix)

5. Management approach

Disclosure of Management approach

→ Management approach

GRI performance indicators

Economic

EC1. Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments

EC2. Financial implications and other risks and opportunities for the organization's activities due to climate change.

N/A

EC3. Coverage of the organization's defined benefit plan obligations.

→ Pension costs and obligations (Note 8)

EC4. Significant financial assistance received from government.

EC5. Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.

Limited to Mainstream Chile.Full

EC6. Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.

N/A

EC7. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.

EC8. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.

N/A

EC9. Understanding and describing significant indirect economic impacts, including the extent of impacts.

N/A

Environmental

EN1. Materials used by weight or volume.

EN2. Percentage of materials used that are recycled input materials.

N/A

EN3. Direct energy consumption by primary energy source.

EN4. Indirect energy consumption by primary source.

EN5. Energy saved due to conservation and efficiency improvements.

EN6. Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.

N/A

EN7. Initiatives to reduce indirect energy consumption and reductions achieved.

N/A

EN8. Total water withdrawal by source.

N/A

EN9. Water sources significantly affected by withdrawal of water.

N/A

EN10. Percentage and total volume of water recycled and reused.

N/A

EN11. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

N/A

EN12. Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

EN13. Habitats protected or restored.

N/A

EN14. Strategies, current actions, and future plans for managing impacts on biodiversity.

N/A

EN15. Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

N/A

EN16. Total direct and indirect greenhouse gas emissions by weight.

EN17. Other relevant indirect greenhouse gas emissions by weight.

N/A

EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved.

N/A

EN19. Emissions of ozone-depleting substances by weight.

N/A

EN20. NO_x, SO_x, and other significant air emissions by type and weight.

N/A

EN21. Total water discharge by quality and destination.

N/A

EN22. Total weight of waste by type and disposal method.

N/A

EN23. Total number and volume of significant spills.

N/A

EN24. Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.

N/A

EN25. Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.

N/A

EN26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

EN27. Percentage of products sold and their packaging materials that are reclaimed by category.

N/A

EN28. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

EN29. Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.

N/A

EN30. Total environmental protection expenditures and investments by type.

N/A

Social: Labor Practices and Decent Work (-)

LA1. Total workforce by employment type, employment contract, and region.

LA2. Total number and rate of employee turnover by age group, gender, and region.

N/A

LA3. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.

N/A

LA4. Percentage of employees covered by collective bargaining agreements.

LA5. Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.

N/A

LA6. Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.

N/A

LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.

LA8. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

N/A

LA9. Health and safety topics covered in formal agreements with trade unions.

N/A

LA10. Average hours of training per year per employee by employee category.

LA11. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

N/A

LA12. Percentage of employees receiving regular performance and career development reviews.

N/A

LA13. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

N/A

LA14. Ratio of basic salary of men to women by employee category.

N/A

Social: Human rights

HR1. Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

N/A

HR2. Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

N/A

HR3. Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

N/A

HR4. Total number of incidents of discrimination and actions taken.

N/A

HR5. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

N/A

HR6. Operations identified as having significant risk for incidents of child labor, and measures taken to con-

tribute to the elimination of child labor.

HR7.Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.

N/A

HR8.Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

N/A

HR9.Total number of incidents of violations involving rights of indigenous people and actions taken.

Social: Society

SO1.Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

N/A

SO2.Percentage and total number of business units analyzed for risks related to corruption.

N/A

SO3.Percentage of employees trained in organization's anti-corruption policies and procedures.

SO4.Actions taken in response to incidents of corruption.

N/A

SO5.Public policy positions and participation in public policy development and lobbying.

N/A

SO6.Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

N/A

SO7.Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.

N/A

SO8.Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

Social: Product Responsibility

PR1.Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

N/A

PR2.Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

PR3.Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

N/A

PR4.Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

N/A

PR5.Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

N/A

PR6.Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

N/A

PR7.Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

N/A

PR8.Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

N/A

PR9.Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

CEQ indicators

CEQ 01 - Fish Mortality

CEQ 02 - Sea Lice

CEQ 03 - Fallow Time

CEQ 04 - Medicine Use

CEQ 05 - Vaccination Program

CEQ 06 - Area Management Agreements

CEQ 07 - Escapes

CEQ 08 - Marine Index and Nutrient Ratios

CEQ 09 - Functional Feeds

CEQ 10 - Supply Chain Auditing

CEQ 11 - Local Community Complaints

CEQ 12 - Whistle Blower Incidents

CEQ 13 - International Management Standards

KEY IMPACTS AND SCOPE OF REPORT

Below, we explain our process for defining the parameters for our sustainability reporting, with special focus on the report scope and boundary. We also outline our approach to stakeholder engagement and give details about key topics and concerns that have been raised and how the organisation has responded.

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Our stakeholder engagement

Our stakeholders show strong interest in Cermaq's sustainability performance. We remain open to dialogue with stakeholders who are directly involved with or impacted by our industry or who constructively engage in seeking industry improvements.

Stakeholder engagement is carried out both at local and the corporate level and our aim is to engage in constructive dialogue based on respect and transparency.

Stakeholder dialogue which takes place in both structured and unstructured ways plays an important role for the materiality of our reporting. Our stakeholders include employees, shareholders, suppliers, customers, indigenous peoples, authorities, local communities, our industry associations, NGOs, and the general public.

Dialogue with our **EMPLOYEES** is continuous, through well-established local management structures and practices. The competence, engagement and efforts of all our employees are crucial to the success of our business. Relations with our employees and unions are described in more detail [here](#).

SHAREHOLDERS, analysts and providers of capital are key stakeholders, and continuous contact with them is important to ensure accurate assessment of our business. During 2011, Cermaq arranged a Capital Markets Day with comprehensive presentation of key topics. As in 2010, we submitted a report to the Carbon Disclosure Project (CDP), providing information on Cermaq's carbon emissions and our assessment of climate change risks and opportunity. (CDP is an investor initiative which collects and publicizes information on enterprises' emissions of greenhouse gases and other climate challenge related information.)

SUPPLIERS of feed raw materials are of utmost importance to EWOS. A particular focus has been on suppliers of marine ingredients where quality, safety and nutrition, as well as sustainability aspects, are addressed. In 2011 Cermaq updated its ethical and corporate responsibility guidelines related to supplier requirements and EWOS adopted a new supplier policy and Code of Conduct for its suppliers. The customers of EWOS are local fish farmers, and all EWOS companies prioritise direct relations with and providing advice to their customers. EWOS also arranges local and regional customer conferences. During 2011, in order to further strengthen customer relations, EWOS did a perception analysis with customers in all of its markets, except Norway which was covered the previous year. For our farming operations the key supplier of feed is EWOS. Mainstream customers include seafood wholesalers, processors and retailers in the main salmon markets. Transparent reporting is a useful instrument in Mainstream customer relations. Mainstream does not market branded products.

AUTHORITIES and politicians are stakeholders at the local, regional and national levels who define the framework conditions for our industry. We believe transparent dialogue is a prerequisite for arriving at good and balanced decisions. We actively reach out to authorities and are always meeting requests for dialogue or information. We will try to further develop and improve the dialogue with authorities and politicians, describing the performance of and challenges to our industry.

Cermaq has continued its dialogue with the **NGO COMMUNITY** during 2011. Examples include the settlement of the OECD complaint leading to a constructive dialogue with ForUM and Friends of the Earth Norway. The organisation Friends

of the Earth has evaluated Cermaq's recent sustainability report. Cermaq has been in dialogue with various Norwegian advocates of wild salmon, and continued open dialogue with WWF, Bellona and others. In Chile Mainstream has focused especially on dialogues with NGOs in the Chiloe area where Olach plays an active role. Mainstream has also been engaged in the project "Together for a Chile free from poverty" supporting micro enterprises in Chiloe. NGOs that constructively seek industry improvements can give valuable input to Cermaq.

Cermaq operates in some areas with a population of **INDIGENOUS** people. The First Nations of British Columbia, Canada, have special titles and rights under Canadian laws and legislation. It is important for the group to be aware of potential challenges our operations might represent, and we therefore acknowledge First Nations as important stakeholders. Based on the renewal in 2010 of a protocol agreement with the Ahousaht First Nation, Cermaq has participated in several conferences on First Nation relations and also increased dialogue with other First Nations. Cermaq's ambition is to have mutual advantageous agreements with First Nations in all the territories in which we operate in British Columbia.

Cermaq sees **INDUSTRY ASSOCIATIONS** necessary for ensuring the framework conditions for the aquaculture industry. Thus, Cermaq is actively participating in the industry association, normally represented by senior executives in the board of the association. In 2011 we have representation in the board of Salmon Chile, BCSFA (Canada), and CAIA (Canada). We also participate in FHL (Norway), AIC (UK), FEFAC (The European Animal Feed Industry Association), IFSA (International Salmon Farmers Association).

Key aquaculture companies in Norway initiated a campaign in 2011 with the objective to build their social license. The campaign uses ads and the media to explain the local value creation and pride in the industry. Cermaq, EWOS and Mainstream participate in this campaign which is funded by the participating companies.

LOCAL COMMUNITIES are important to ensure acceptance for our local operations, support for future growth and recruitment of employees. We contribute to local activity and employment and are a reliable partner for the local communities in which we operate. Dialogues with local communities are addressed mainly through the local stakeholder groups described above.

The **GENERAL PUBLIC** is important for defining the framework conditions and support for aquaculture. Dialogue and transparent reporting are key elements for our engagement with the general public. We seek to be proactive in being the source of information about our operations and to correct misinformation.

GRI Section 4.17

Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those topics and concerns, including through its reporting.

Cermaq remains open to dialogue with stakeholders who are directly involved with or impacted by our industry or who constructively engage in seeking industry improvements. Stakeholder engagement is carried out at a local and a corporate level and our aim is to engage constructively based on respect and transparency.

The table below provides some examples of how Cermaq responded to specific stakeholder concerns during 2011:

Stakeholders	Concerns	Cermaq's Responses
Forum for Environment and Development (ForUM) and Friends of the Earth, Norway	In 2009, ForUM and Friends of the Earth, Norway, filed a formal complaint against Cermaq under the OECD's Guidelines for Multinational Enterprises.	In June, the parties agreed on a joint statement, underscoring the importance of sustainability in aquaculture and determined that Chilean fish farms were not sustainably operated before the ISA outbreak. The parties also agreed that some claims were refuted and furthermore that future cooperation and contacts shall be based on trust and clarification of facts. Cermaq is pleased that this process concluded with constructive dialogue which all parties are set to continue.

US stakeholders; Monterey Bay Aquarium, New England Aquarium, WWF International, Seafood Choices Alliance, and Ocean Trust	General concerns related to salmon farming, visiting Norway to learn more about Norwegian salmon farming.	In September Cermaq invited the group of US stakeholders to EWOS Norway and presented and discussed our sustainability management and reporting, sourcing policy and practices and well as overall company and business information. The meeting was a part of a larger program for the group arranged by the Norwegian Seafood Council. The group perceived the information from all their visits as transparent and consistent. To Cermaq the visit gave valuable input on how the company and the industry are perceived as well as the main concerns from these stakeholders.
WWF Norway	General concerns about the environmental impact of salmon farming	Cermaq has engaged with WWF Norway through a series of meetings during 2011, providing detailed insight as to how Cermaq manages sustainability, and seeking areas of common interest and priorities.
NGOs, politicians, researchers, media, other stakeholders	Increasing interest amongst stakeholders related to Cermaq social and environmental impacts and activities	In 2011, Cermaq launched its integrated annual and sustainability report for 2010 and invited investors and other stakeholders to its sustainability seminar presenting Cermaq's sustainability performance as well as more general discussion on key topics related to sustainability in our operations. Read more about the program and presentations from the event.
Local communities in Finnmark	A survey revealed general concerns related to the salmon farming industry and also limited familiarity to the industry	Mainstream met with local politicians in several municipalities, and arranged events for general public to familiarise the company, and presented information on the regional value creation from its operations.
Investors	Increasing interest related to Cermaq's engagement in fish health and the impact of fish health issues on our operations.	Cermaq's Capital Markets Day provided an update on the fish health situation in Chile and key research initiatives. The arrangement was held at EWOS Innovation facilities in Dirdal and gave all participants an insight into our research through Cermaq's entire value chain.
Norwegian Member of Parliament	Fish farming is an important industry in Norway, but challenges related to sea lice and escapes threaten the further growth of the industry	Cermaq invited the Parliamentary Committee for Business and Industry to our research facility at Dirdal, Norway and presented information related to these main challenges as well as discussed the growth opportunities and sustainability challenges for the industry in general.
LO - the Norwegian Labour Union Organisation	Salmon farming is being criticised and this affects the employees. Sustainability issues must be managed to enable employees to be proud of their work.	Cermaq invited LO (extended fishery committee) to our research facility at Dirdal, Norway and presented our engagement and results related to the concerns raised by LO. The discussion gave valuable insights especially on the importance of the local issues in Norway.
Investors	There is a growing expectation upon companies all over the world to measure, manage, disclose and ultimately reduce their greenhouse gas emissions.	Cermaq reported to the Carbon Disclosure Project in 2010. Cermaq got a significant improvement from 'disclosure score' of 63, to high end 'disclosure score' of 75 indicating "Growing maturity in understanding and managing company-specific risks and potential opportunities related to climate change" and a 'performance score' C (A is 'leading'), indicating that we are "on the journey" and that we have "some activity on climate change".

Cohen Commission, formally named the Commission of Inquiry into the Decline of Sockeye Salmon in the Fraser River	In Canada, since autumn 2009, the Cohen Commission has been reviewing concerns regarding the decline of Sockeye salmon in the Fraser River in 2009. Aquaculture is one of several elements the commission is reviewing which may have factored into the decline.	Cermaq and its subsidiary, Mainstream Canada, has engaged with this enquiry during 2011 and supported the commission with information requests. The Cohen Commissions' final report is expected in June 2012.
Environmental NGO's in the Broughton area in BC, Canada	Concerns related to impact of sea lice on wild salmon in the area, especially out-migrating juvenile salmon	Cermaq and the other farming companies in the area, together with the ENGO Coastal Alliance for Aquaculture Reform and Department of Ocean and Fisheries set up a joint sea lice monitoring program, see www.bamp.ca
The labour Direction in Puerto Aysen, Chile	Need to promote the social dialogue between employers and employees.	Mainstream participated in round table discussions with the salmon industry and Government with the objective to solve labour concerns and problems between the parts.
The government body SENCE Aysén (Servicio Nacional de capacitación y empleo), Chile	Ensure the necessary training for the present and future fish and aquaculture jobs in Aysén, Chile	Mainstream participated in round table discussion to identify the training needs in the industry. The conclusions were presented to the regional government organisation support such training courses.
A neighbour to the EWOS plant in Florø, Norway, and Friends of the Earth, Norway	Odour from the plant and resource use in production at the Florø plant	EWOS invited the neighbour to a meeting at the plant and followed up with detailed written information about measures and performance related to odour and raw materials in that plant.

Report Scope and Boundary

GRI Section 3.5

Process for defining report content

Cermaq's vision is to be one of the global leaders in the aquaculture industry. We are committed to creating value for our shareholders through sustainable aquaculture. This implies practices that do not compromise needs and possibilities for future generations. A successful future for our industry is thus dependent on sustainable conduct from all players engaged in the aquaculture industry.

TARGETS AND DISCLOSURE

Cermaq has defined its social and environmental sustainability principles (available at www.cermaq.com) and has introduced robust systems to manage, improve and report our performance. Careful measurement of our sustainability performance is critical to enable meaningful benchmarking and the setting of appropriate improvement targets within each of our business units.

The 2011 report is a GRI level B+, the same level as 2010. Our focus in 2011 has been on consolidation and internal processes to further improve our system, e.g. introducing a new web-based sustainability reporting system for the group. The external review of this report had special focus on occupational health and safety across all operating companies as a key area for our operations and our sustainability reporting.

RESPONSIBILITY

The operational responsibility for ensuring sustainable business practice ultimately lies with the Managing Director for each of the operations owned by Cermaq. The Board of Directors holds the overall responsibility to ensure that necessary systems and procedures are in place.

Cermaq also recognizes the importance of responsible behaviour from each and every employee, encouraging employees to do their best to ensure that we live up to our standards at all times. This is also integrated in our guidelines for ethical and corporate responsibility.

INTERNAL SYSTEMS

Monitoring and follow-up of sustainability performance is approached at both local and corporate levels.

At the local level, operating companies use international management standards which ensure that key sustainability impacts are addressed through a system of procedures, audits and continuous improvement.

At the corporate level, Cermaq's executive management receive a quarterly sustainability report outlining social and environmental performance for the preceding period and highlighting any emerging issue or concern. This report is also issued to the Board of Directors on a semi-annual basis.

A summary of the performance results are communicated to all employees semi-annually.

Process for defining report content - Materiality, Stakeholder Inclusiveness, Sustainability Context, Completeness

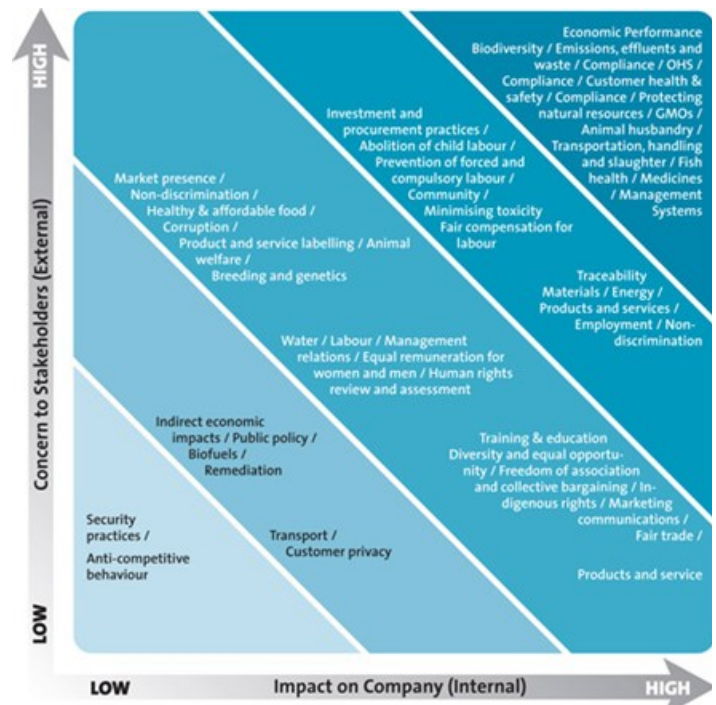
DETERMINING MATERIALITY

In compiling the sustainability report, we cover topics and indicators that reflect the most significant economic, environmental and social impacts from our operations. Cermaq's [Sustainability Principles](#), defined in 2008, clearly sets out our social and environmental ethics for all stakeholders to see. These principles were developed based upon extensive internal dialogue between Cermaq and employees in each of the business areas, to identify areas of key social and environmental impact. Attention was also paid to external sustainability standards, such as the Global Reporting Initiative, and on-going stakeholder dialogues like the WWF Salmon Aquaculture Dialogue and the EU Consensus project. The resulting set of principles provides an important basis for our judgement on the materiality of content included in the sustainability report and also to ensure the completeness of our sustainability reporting.

The materiality analyses behind the sustainability report builds on the materiality analysis carried out by Cermaq during 2011 taking account of known impacts and concerns amongst internal and external stakeholders. Some of the recent external sources which have been relevant for our materiality analyses are; thorough discussion with WWF, the process in the OECD Contact Point, the Cohen Commission debate in BC, Canada, an assessment by Friends of the Earth of Cermaq's previous sustainability report, and the IMR report on risk assessment of environmental impacts of Norwegian aquaculture. Internal changes in our company exemplified by EWOS operation in Vietnam have also been taken into account in our materiality analyses.

Our reporting prioritizes the issues of high concern, like compliance, occupational health and safety, biodiversity and energy use. We also include most issues of medium-high concern like labour relations, corruption risk and indigenous rights. Some issues, like water usage and waste management, have not yet been fully addressed at corporate level. Cermaq aims to prepare performance data in a structured and comprehensive way for future reporting on these and other aspects. The aspects included in our reporting also addresses areas outside the GRI defined scope.

Accordingly, Cermaq reports on a combination of both GRI and customised indicators. The latter have been designed to measure sustainability impacts, such as fish escapes and use of medicines in fish farming, that are specific to our feed and fish farming operations. For consistency, these customised indicators are designed in the same way as the GRI indicators, with a detailed protocol for each indicator, helping to ensure consistency in the way data is compiled by the reporting units. Cermaq would welcome these indicators as formal GRI sector supplement indicators in the future.



IDENTIFYING STAKEHOLDERS AND PRIORITISING TOPICS IN THE REPORT

Many of our stakeholders, NGOs, investors and authorities, show interest in our sustainability performance. We engage with each of these identified stakeholder groups at varying levels of intensity. It is our on-going dialogue with each group that enables us to be sure that we are responding to all reasonable expectations and interests.

It is our hope that our GRI report will facilitate more transparent and constructive dialogues between Cermaq and our stakeholders. As such, we report on social and environmental topics that we know to be of external interest, like medicine use, sea lice, fish escapes and feed materials, for example. Cermaq is well placed to make this judgement based upon the experience of management and through its on-going engagement with industry dialogues and involvement in industry conferences.

GRI Section 3.6

Boundary of the sustainability report

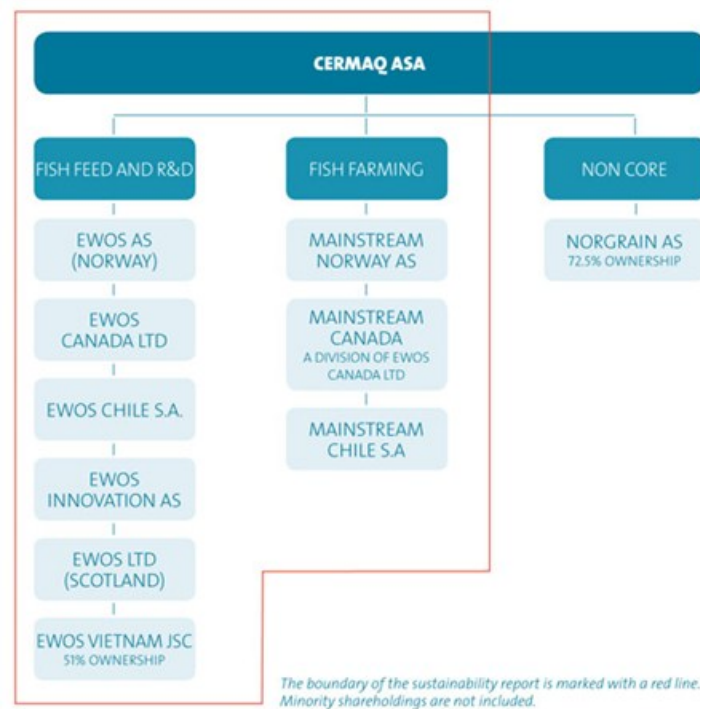
Cermaq sustainability reporting encompasses wholly-owned feed, farming and R&D operations where Cermaq has full financial control and is therefore able to properly manage any significant sustainability impacts. EWOS Vietnam, where EWOS holds 51 per cent ownership, is however also included in the report from 2nd half of 2011 as it is part of our core business operations. Inclusion of figures from EWOS Vietnam is commented for each relevant indicator.

The focus of our sustainability reporting is on EWOS feed and R&D operations and Mainstream fish farming operations. Cermaq head office is included in reporting on certain sustainability indicators like workforce, energy use and OHS.

Cermaq's non-core businesses, such as Norgrain AS and Denofa AS, will be disposed of when the conditions are favourable. Therefore Cermaq does not include its non-core business interests in the sustainability reporting. Some historical data (e.g. absence rate) has changed slightly from the last 2010 annual report and is therefore not comparable to previous annual report.

This report has been prepared in line with the GRI G3 guidelines. Whilst this report includes a summary of our sustainability performance in 2011, the complete GRI report and performance indicators are presented at www.cermaq.com. All together we believe this is a B+ report, which has been confirmed by KPMG.

Cermaq has appointed KPMG to provide a [limited assurance](#) of this report. Our ambition going forward is to continue the external auditing of our sustainability reporting and to further adapt our reporting on individual indicators to address emerging sustainability concerns.



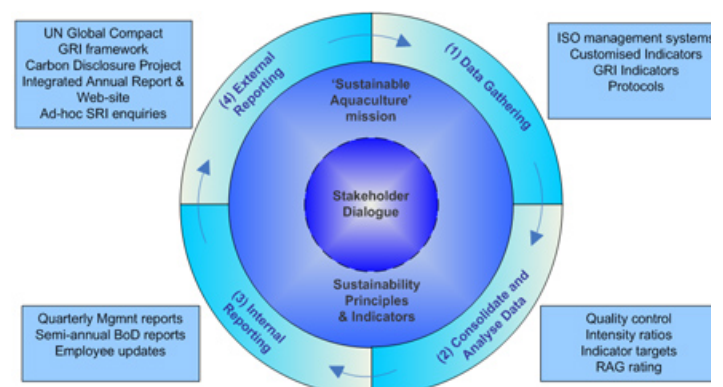
GRI Section 3.9 - Report Scope and Boundary

Data Measurement Techniques

Cermaq has established a system for gathering, consolidating, analysing and reporting non-financial data. This sustainability management system has become critical to the production of regular internal sustainability reports for group management and the Board of Directors. It is also critical to the production of the annual integrated report, including GRI Index, and Cermaq's disclosure to the Carbon Disclosure Project.

The reporting cycle is fundamentally based upon our insights from years of continuous dialogue with [stakeholders](#) like owners, customers, suppliers, employees and NGOs. These insights have been compiled into a set of [sustainability principles](#) at corporate level and also into management standards at local operating level. Surrounding this, Cermaq's reporting cycle has four distinct phases:

- First, sustainability indicators are routinely and consistently applied to measure local sustainability performance on a quarterly basis through a systematic data gathering process (1). The reporting process is well developed with handbooks, definitions and documented audit trails.
- The resulting data is then consolidated and analysed (2) at the corporate level, providing detailed information about sustainability performance throughout the group.
- These performance insights are then reporting internally (3) to group



An overview of the Cermaq sustainability reporting cycle

management, using a simple traffic light analysis to identify areas of concern and any specific issues that may require remedial measures. Every half-year, the internal sustainability management report is presented to the Board of Directors. All employees are also updated every half-year with key outputs from the reporting cycle, through email or newsletters.

- The cycle is concluded with external sustainability reporting (4) which is structured according to the GRI Framework and distributed via channels such as the Cermaq annual sustainability report or our submission to the Carbon Disclosure Project, Global Compact and other ad-hoc stakeholder enquiries.
- Feedback from internal and external sustainability reports is used to inform improvements to the reporting cycle in future, closing the loop between stages (4) and (1).

The non-financial reporting system has been continuously improved and is now well established. In 2011, Cermaq implemented a new web-based sustainability data management system called CRedit360. This solution will further enable Cermaq to manage, aggregate, optimize and report - both internally and externally - on the group's environmental and social performance.

BASES OF CALCULATIONS

We have applied the following key calculations in our sustainability reporting:

Performance Indicator	Units	Calculation
Medicine use	g API / tonne fish produced	Grams of active pharmaceutical ingredient (API) / Tonnes of fish production (Live Weight)
Marine index	% marine ingredients of feed produced % fish trimmings and by-products of marine ingredients	(Tonnes of fishmeal + Tonnes of fish oil) / Tonnes of fish feed produced * 100 (Tonnes of fish trimmings and by-products fish oil + fish meal) / tonnes of marine ingredients*100
Marine nutrient ratio	-	Nutrient Ratio = Marine nutrients consumed by salmon / Marine nutrients produced in salmon
Energy consumption	GJ / tonne produced	GJ energy consumed / Tonnes of material produced (feed or fish (Live Weight))
GHG emissions by weight	kgCO2e	GJ energy consumed by source * GHG emission factors
OHS	Injury frequency rate (H2)	Number of injuries / million working hours
OHS	Lost time injury frequency rate (H1)	Number of lost time injuries / million working hours
OHS	Lost time frequency rate (F-value)	Number of lost days/million working hours
OHS	Absentee days	Absentee days as a % of total work days

DIVERGENCES FROM GRI INDICATOR PROTOCOLS

In the reporting performance data for GRI indicator [LA1](#) (Total workforce by employment type, employment contract and region), total workforce is based on financial reporting. Other employee data in the GRI report is based on reporting specifically made for the sustainability report.

In reporting performance data for GRI indicator [LA7](#), Cermaq has chosen to continue reporting using the OHS formulas listed above, instead of adopting the GRI formulas. This is to ensure consistency in the annual report, compared to previous years, for such an important sustainability indicator.

In reporting performance data for GRI indicator [EN4](#), we have reported intermediate energy purchased and consumed from non-renewable energy sources but we have not yet calculated the corresponding primary energy consumed in the production of indirect energy.

Description of Key Impacts, Risks and Opportunities

Key impacts on sustainability and effects on stakeholder.

Cermaq's materiality analysis identifies the sustainability aspects that management consider to be of greatest impact to the organisation and of greatest concern to stakeholders.

These aspects are taken into the Group's annual risk assessment and reporting model. Our approach is based upon a risk assessment matrix, where management judge the probability and consequence (reputational and thus financial impact) for each material sustainability aspect. The perceived sustainability risk exposure is then categorised into critical (none), significant (four) and insignificant (two) risk areas. The outcome is described below including a description of how these risk areas are being addressed:

Risk Areas	Progress in Addressing these Areas
Sourcing - Significant risk for EWOS	EWOS has an on-going project to improve the sourcing policy and process. In 2011 a new sourcing policy, tender document, supplier code of conduct and self-assessment questionnaire were proposed. The policy, process and documents are in the process of being implemented in all operations. EWOS is performing regular supplier audits and details of the performance are presented under CEQ 10 (customised indicator)
Environmental compliance - Significant risk for EWOS	EWOS focuses on compliance in our sustainability principles and management approach ISO 14001. At year-end 2011, most of the operations had attained this standard except for EWOS Vietnam. Details of non-compliances with environmental regulations are described in GRI indicator EN28 .
Consumer Health & Safety - Significant risk for EWOS and Mainstream	All Cermaq operations are working towards ISO 22000 Food Safety Management Standard, see CEQ 13 . At year-end 2011, most EWOS feed operations (except EWOS Vietnam and EWOS Innovation) had attained this standard. Most Mainstream operations also have this in place with the exception of Mainstream Norway, Details of non-compliances with food safety regulations are described in GRI indicator PR2 .
Corruption - Significant risk EWOS and Mainstream	Cermaq established new operations in Vietnam in 2011. Vietnam is ranked as 112 (out of 182) in Transparency International Corruption Perception Index for 2011, and thus special attention is made to this operation. Cermaq has a zero-tolerance policy for corruption and has defined ethical guidelines on corruption and procedures for whistle blowing. Cermaq also arranged a learning session on corruption at the annual management meeting. In addition we became a member of Transparency International in 2011 and a new e-learning corruption tool is selected and will be implemented in 2012. Details of training for anti-corruption are given in GRI indicator SO3 .
Occupational Health & Safety (OHS) - Insignificant risk for Mainstream and EWOS	All Cermaq operations are working towards OHSAS 18001 Occupational Health & Safety Management Standard. At year-end 2011, the majority of Cermaq's operations had attained this standard, with the exception of EWOS Vietnam. In 2011 an OHS-project was established to analyse our OHS indicators as a basis for improving our results.etails of Cermaq's OHS performance are presented under GRI indicator LA7 .
Biodiversity risk - Insignificant risk	Further details on Cermaq's approach to managing biodiversity impacts are given in the disclosure on environmental management approach and GRI indicator EN12 . All Cermaq operations are working towards ISO 14001 Environment Management Standard. At year-end 2011, the majority of Cermaq's operations had attained this standard, with the exception of Mainstream Norway and EWOS Vietnam.

Cermaq's [management approach](#) towards sustainability reflects a growing interest amongst stakeholders towards the group's social and environmental impacts. In order to manage the long term influence of this on the organisation, sustainability risks and opportunities are systematically managed, as described above.

Our [targets](#) for managing sustainability risks in the coming year are presented in Cermaq's annual report for 2011.

DISCLOSURE ON MANAGEMENT APPROACH

In this section, Cermaq presents its approach towards managing environmental, social and economic aspects of our business.

Environmental Approach

POLICY

Cermaq's approach to the environment, in which we operate and upon which we depend, is set out in the published set of Cermaq Sustainability Principles.

Cermaq's policy is to establish a systematic management of operational risk through management systems which are certified according to ISO standards or equivalent. The individual operating companies are responsible for implementing an Environmental Management System based upon the ISO 14001 standard. The updated status with regard to attainment of this is presented in [CEQ 13](#).

ASPECTS

We include the following material environmental aspects in our sustainability reporting: Biodiversity; Emissions, Effluents and waste; Materials; Energy; Water. Additional material aspects from the food processing sector supplement are; Protecting natural resources, GMOs, Animal husbandry, Transportation handling and slaughter and in addition; Fish health and Medicines.

Biodiversity

Cermaq recognizes the potential for fish farming operations to impact biodiversity, either directly or indirectly. However, in 2011, we have not identified any specific significant impacts of our activities or our products on biodiversity in the areas where we are operating.

In 2009, Professor James S. Diana (BioScience paper - Aquaculture Production and Biodiversity Conservation) examined the status and trends in seafood production and the positive and negative impacts of aquaculture on biodiversity conservation. Diana's ranking of negative aquaculture impacts included the following four areas that we agree to be of high relevance for salmon feed or farming operations: Escapes; Effluents; Resource use; and Diseases or parasites.

Cermaq's performance in these areas is presented under the feed and farming sections of this report and in more detail on www.cermaq.com.

Cermaq believes that present technology for open net pens allows for sustainable aquaculture, and we aim at demonstrating this in our operations.

Closed-containment technology does not currently represent a viable alternative, especially related to energy usage but also escapes remain a risk in closed containment farming.

However, managing environmental impact is key for a sustainable future for fish farming and Cermaq will always try to contribute to development of new methods and technology. Therefore, Cermaq through its R&D company, EWOS Innovation, is currently testing closed containment in cooperation with the producer of the equipment.

Emissions

Cermaq acknowledges the need for reducing global Green House Gas (GHG) emissions and has been measuring ecological footprint (EF) and carbon footprint on EWOS feeds using an EWOS model developed by external experts in the field. The EWOS EF model output shows that the choice of raw materials has a significant impact on the CO₂e/tonne feed produced for example, and by comparison the contribution from feed milling is much smaller.

Cermaq established GHG emissions reporting in 2009 and submitted a disclosure to the Carbon Disclosure Project in 2010 and 2011. This exercise has confirmed



that our operations are not carbon intensive compared to other marine and land based food productions. This was also substantiated by a SINTEF report in 2009 and further confirmed by NOFIMA in 2011. Cermaq will continue reporting to Carbon Disclosure Project.

Effluents and waste

All Cermaq operations are expected to comply with local and national environmental regulations related to effluents and waste. Mainstream sets goals for the management and use of medicines, including antibiotics, in each operating region.

Energy

Goals for the management of energy use per unit of production are set locally by each operating company. All operating companies in the group have material initiatives in place to improve energy usage per unit of production.

Materials

Cermaq does not have organisation wide environmental goals related to the volume of materials used. However, feed is by far the most important cost item. Strong focus on feed management and feed conversion are crucial for the profitability of the farming division. Salmon farming is well known as an efficient farming process, with lower feed conversion rates than farmed land animals (FHL, 2010. Environment Report p.15-17) and with efficient utilisation of valuable nutrients. EWOS has been addressing the use of packaging material, and reduced the packaging materials e.g. through transition from small bags to big-bags and increased bulk transportation of feed.

Water

Cermaq does not have organisation-wide environmental goals related to water. Salmon farming relies upon the availability of clean water; but is generally not consuming water. In cases where water is abstracted for farming operations, it is generally discharged back to source within quality parameters agreed with the local authority.

Feed production needs 0.3-0.9 l of water for each kg feed produced. Because water use is the most energy intensive part of the production, our research is continuously seeking reduction in water usage. It should be noted that water usage is imperative given current available technology to ensure maximum nutrient utilization and thus minimize discharge to farm recipient.

Protecting natural resources

Like all industry activities, aquaculture has an ecological footprint. The footprint must remain within limits that are ecologically acceptable. After on-growing sites have completed a cycle, they will undergo a fallowing period in order to ensure that temporary changes are reversed and safeguard the basis for satisfactory fish health.

GMO

Cermaq is not engaged in GMO-salmon and does currently not see this as a realistic scenario. GMO-ingredients in feed are used in Canada and Chile according to local legislation. In EU/EEA GMO-ingredients are not used in our fish feed in line with customer or consumer preferences.

Animal husbandry and fish health

Good animal husbandry is basis for our operation. Only through good husbandry practices fish health can be well maintained and thus secure good operational results. Key element in our husbandry practices is preventive fish health work which is based on knowledge, not limited to the fish, but concerning all aspects of the conditions under which the fish is farmed.

Transportation, handling and slaughter

Transportation can be stressful to the fish, especially the smolt. We therefore seek to ensure careful transportation and handling to avoid increasing the stress level in the fish. Ensuring good fish health through the entire production cycle is the key to reduce the need for handling of the fish. We use humane, quick and efficient methods to make sure that all fish experience as little pain and stress as possible during harvest.

Medicines

Good animal health with no medicine is the optimal situation. Preventive fish health is our key tool. Antibiotics are used only when strictly needed. When needed, treatment against sea lice is done after protocol and with an evaluation of the efficiency of the treatment. Bath treatments can pose a risk situation and we train on empty pens to ensure that we manage such operations successfully.

Additional information

Cermaq has been engaged with several stakeholders from central functions as well as from operating companies. Cermaq's engagement includes NGOs like WWF Norway, WWF Salmon Aquaculture Dialogue (SAD), FoRUM, Friends of the Earth, and Bellona. These engagements have been useful for our focus with regard to our environmental impacts.

Social Approach - Labour practices and decent work

Cermaq is a large employer providing job opportunities often in rural areas. Our focus is to be a responsible employer and contractor of workforce in the regions in which we operate. Cermaq respects the four fundamental principles and associated rights that are considered fundamental to social justice by the International Labour Organisation (ILO) and included in Global Compact. Furthermore Cermaq also adheres to the OECD's Guidelines for Multinational Enterprises. Cermaq joined UN Global Compact in February 2011.

POLICY

Cermaq has defined policies and standards that apply for the entire group, including: ethical and corporate responsibility guidelines; whistle blowing guidelines; and sustainability principles directly related to labour practices and decent work. These policies are available for download on www.cermaq.com.

Cermaq's policy is to establish a systematic management of operational risk through management systems which are certified according to ISO standards or equivalent, as OHS Management System based upon the OHSAS 18001 standard. The updated status with regard to attainment for the operating companies is presented in [CEQ 13](#).

ASPECTS

We include the following material aspects in our reporting on labour practices and decent work: Occupational health & safety; Employment; Labour/Management relations; Training and education; and Diversity and equal opportunity.

Occupational health & safety

Cermaq shall ensure high level of occupational safety for its employees. We aim to have all operating companies certified according to the OHSAS 18001 standard for occupational health and safety.

Employment, training and education

Employees shall receive systematic training. Cermaq shall facilitate personal and professional development of each employee.

Labour/management relations

Cermaq employees are free to join any trade union. The companies in the group shall facilitate good relations between the management and the employees and unions.

Diversity and equal opportunity

We wish to have an inclusive working environment. Discrimination based on ethnic background, nationality, language, gender, sexual orientation or religious belief is not tolerated. The companies in the group shall promote equal opportunities and fair treatment of all employees.

Additional information

Cermaq expects its suppliers to have responsible standards, and we will work with our suppliers to seek improvements. In 2011, Cermaq updated its ethical and corporate responsibility guidelines, strengthening the requirements to suppliers, and EWOS has developed a supplier policy and code of conduct for its suppliers.

Social Approach - Society

As a large employer and a food and feed producer we impact society in various ways. We contribute to employment, often in rural areas. Our focus is to be a reliable partner in the local communities as well as in the larger society.

POLICY

Cermaq's policies and standards apply for the entire group, including: ethical and corporate responsibility guidelines and sustainability principles directly related to society and local communities stating that;

- We train key employees to avoid corruption in our business.

- We take steps to minimise any problems related to discharge from our feed plants, fish farms and processing plants.

Mainstream Canada has defined its basis for relations with local First Nations communities which have special titles and rights in the regions in which we operate in British Columbia.

ASPECTS

We include the following material social aspects in our reporting: Community and Corruption.

Community

Cermaq will contribute to local activity and employment and will be a reliable partner for the local communities in which we operate.

Corruption

Our ethical and social responsibility guidelines prohibit any form of corruption.

Awareness training on corruption given to all management teams in 2010 was continued in 2011 and special training was given to our new operation in Vietnam. Our zero-tolerance of corruption has been well received, and in Vietnam we have cooperated with NORAD as well as with other companies in addressing this issue.

Additional information

There are strong and diverse views on salmon farming, and some parts of local communities and some groups in society are advocating against our operations. Cermaq recognizes that we must demonstrate our respect for the communities and the environment in which we operate. Dialogue, transparency and public sustainability reporting are some of our tools to demonstrate the quality of our operations.

Mainstream Canada operates within the traditional territories of several First Nations on the British Columbia coast. Our relationship with these communities is important to our vision of sustainable aquaculture and we strive to develop social, economic, and cultural relationships that are mutually beneficial. Cermaq's ambition is to have mutual advantageous agreements with First Nations in all the territories in which we operate in British Columbia.

Within the area of scientific knowledge there are strong and diverse views. Cermaq believes that knowledge must be the basis for our decisions and our operations. Cermaq invests in research and development in Mainstream and in our own research company, EWOS Innovation, while also supporting external research.

Social Approach - Human rights

Cermaq is a member of UN Global Compact and of Transparency International Norway. Cermaq respects the four fundamental principles and associated rights that are considered fundamental to social justice by the International Labour Organisation (ILO). Furthermore Cermaq also adheres to the OECD's Guidelines for Multinational Enterprises.

POLICY

Cermaq has defined policies and standards that apply for the entire group, including: ethical and corporate responsibility guidelines, whistle blowing guidelines and sustainability principles directly related to social aspects. Cermaq's ethical and corporate responsibility guidelines state equal work opportunities, just treatment and a working environment free of discrimination.

ASPECTS

We include the following material human rights aspects in our reporting: Investment and procurement practices; Abolition of child labour; Prevention of forced and compulsory labour; Non-discrimination; and Indigenous rights.

Investment and procurement practices

All major acquisitions are subject to due diligence processes, ensuring that investments fulfil our requirements to compliance, ethical standards and other criteria. EWOS has a pre-approval process for suppliers including a self-assessment form addressing the material aspects of human rights. Human right issues are also included in EWOS supplier policy and code of conduct for suppliers.

Abolition of child labour

We will not accept child labour or young workers exposure to hazardous work in any of the regions in which we operate or in our business partners. In relation to the establishment of new operations in Vietnam, the risk of child labour has been evaluated as part of the risk analysis. Zero-tolerance for child labour has been communicated to suppliers at risk.

Prevention of forced and compulsory labour

As with child labour, we will not accept forced and compulsory labour in any of our operations or in those of our business partners.

Discrimination

The company wide objective is clearly stated as no incidents of discrimination related to race, colour, sex, religion, political opinion, national extraction, or social origin. Cermaq respects and adheres to the freedom of association and collective bargain.

Indigenous rights

Cermaq has a clear goal of no violation of indigenous rights.

We emphasize consultations with First Nations in British Columbia Canada where the rights and titles of First Nations constitute the basis for our operations in the region. Cermaq's ambition is to have mutual advantageous agreements with First Nations in all the territories in which we operate in British Columbia.

Mainstream Canada has identified its basis for relations with First Nation communities, see more:

<http://www.mainstreamcanada.com/sustainability/social-sustainability.php>

Social Approach - Product Responsibility

Although Cermaq's business areas do not sell products directly to consumers, we are producing farmed salmon for direct human consumption. As a player in the food industry value chain, we are subjected to strict laws and regulations in the countries of operation. Due to the complexities related to product responsibility, a set of management tools have been implemented.

POLICY

We rely on the ISO 22000 food safety management standard as a tool to develop methods and procedures in order to achieve the goals we set. All operating companies in the Cermaq group are either certified ISO 22000 or working towards certification. The updated status with regard to attainment of this is presented in [CEQ 13](#).

The EWOS feed operations also rely upon various industry standards for good practice, such as the Universal Feed Assurance Scheme in UK and the Global GAP Compound Feed Manufacturing (CFM) Standard.

ASPECTS

The following material aspects are included in Cermaq's reporting on product responsibility: Customer health and Safety and Product information.

Additional material aspects included in the reporting are; minimising toxicity; and traceability.

Customers' health and safety

All operating companies are to be certified according to ISO 22000 where hazard analysis and critical control points (HAACP) is an integral part. We aim to comply with food safety regulations and to supply safe, healthy and nutritious feed and food products to consumers.

Product information

We comply with laws and regulations pertaining to product information and labelling.

Toxicity

Food and feed safety has the highest priority. Whereas the food authorities are defining regulations to ensure food and feed safety, Cermaq's operating companies have incorporated management systems to ensure that all regulations are adhered to.

Traceability

Cermaq companies have modern traceability systems in place to cover first tier traceability. For feed raw materials we require our suppliers to have traceability systems in place.

Additional information

As Cermaq is engaged in food production, we recognise significant risk arising from any potential incidents impacting consumer health and safety. We believe that we have sufficient procedures in place to mitigate this risk, through the policy that we have described above.

Economic Approach

Cermaq is committed, through its 'Sustainable Aquaculture' mission, to bring sustainable socio-economic benefits to the regions in which we operate.

Organization wide goals relating to this include those described in the Board's Report on Corporate Governance:

- Cermaq's objective is to create value for its owners, employees and society in general through sustainable aquaculture.
- Long term dividend level should be in the range of 30-50 percent of the Company's adjusted profit after taxes.

POLICY

Cermaq has set out its strategy for creating value through sustainable aquaculture. Cermaq's Core Values constitute guidelines for desired attitudes as individuals, companies and group, to achieve long term value creation. Our ethical and corporate responsibility guidelines further ensure that any person acting on behalf of Cermaq acts in an ethically sound way.

ASPECTS

The following material economic aspect is included in Cermaq's reporting:

Economic performance and market presence

Socio-economic benefits are most obviously manifested through payments to suppliers, employees, local authorities and payment of dividends to investors. However, Cermaq also supports local communities with both financial and in-kind contributions.

Cermaq will offer competitive entry wage levels above minimum wage limits. We value skills, competence and seniority in our wage systems.

Mainstream Chile operates in a region and sector where NGOs and other stakeholders have shown specific interest related to conditions for employees in the industry. We would also expect the same concern for Vietnam. To meet this concern we disclose detailed information about the wage conditions in the Chilean and Vietnamese operations.

Additional information

In terms of risk profile, the fish farming industry is characterized by a high level of risk. Cermaq must be able to sustain considerable cyclical fluctuations in profitability as a result of price volatility as well as lower results due to production related challenges. It is also recognized that the salmon industry is a young industry, still in a strong growth phase, and with significant potential for consolidation.

Overview of indicators applied to report on the aspects presented in the management approach

Aspect	GRI Indicator	Customized indicators
ENVIRONMENT		
Compliance	EN 28	CEQ 13
Biodiversity	EN 12	CEQ 2, 6, 7, 8
Emission, effluent and waste	EN 16, EN 26	CEQ 3
Materials	EN 1, EN 26	
Energy	EN 3, EN 4, EN 5, EN 26	
Water		
Protecting natural resources	EN 26	CEQ 3, 6, 7, 8
GMOs		CEQ 10
Animal husbandry		CEQ 1, 2, 3, 4, 5, 6, 7

Transportation, handling and slaughtering	CEQ 1
Fish health	CEQ 1, 2, 3, 4, 5, 6, 7, 9
Medicines	CEQ 4, 5, 9

SOCIAL - LABOUR PRACTICE AND DECENT WORK

Compliance	SO8
Occupational health and safety	LA 7
Employment	LA 1
Labour/management relations	LA 4
Training and education	LA 10
Diversity and equal opportunities	LA1, EC7

SOCIAL - SOCIETY

Compliance	SO 8	
Community	EN 26	CEQ 11
Corruption	SO 3	

SOCIAL - HUMAN RIGHTS

Investment and procurement practices	
Abolition of child labour	HR 6
Prevention of forced and compulsory labour	
Non-discrimination	EC7
Indigenous rights	HR 9

SOCIAL - PRODUCT RESPONSIBILITY

Compliance	PR 2, PR 9	CEQ 13
Customer health and safety	PR 2	
Product information		
Minimising toxicity		CEQ 10
Traceability		CEQ 10

ECONOMY

Economic performance	EC 1, EC3, EC4
Market presence	EC5, EC 7

PERFORMANCE

Below, Cermaq presents detailed sustainability performance indicators in two groups. First, we present the customised "CEQ" indicators that specifically address unique sustainability impacts related to the production of fish feed and farmed fish. Second, we present a set of GRI indicators that we have determined as being material to our operations.

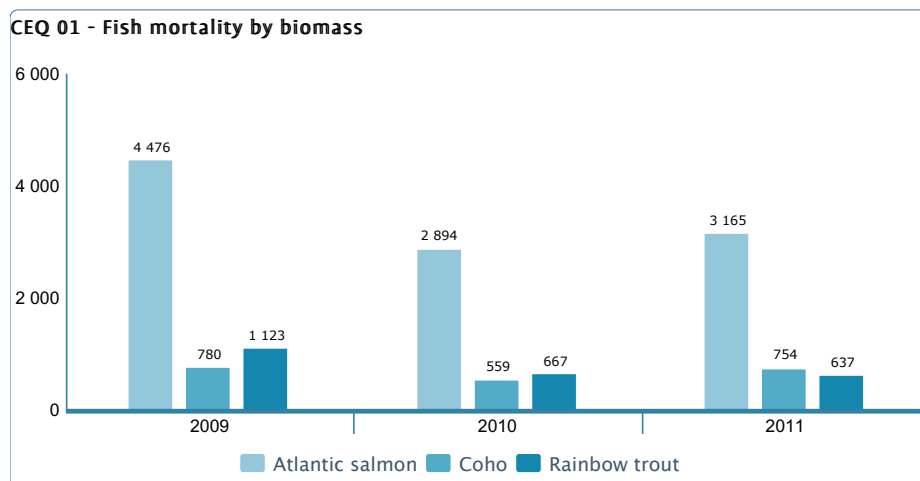
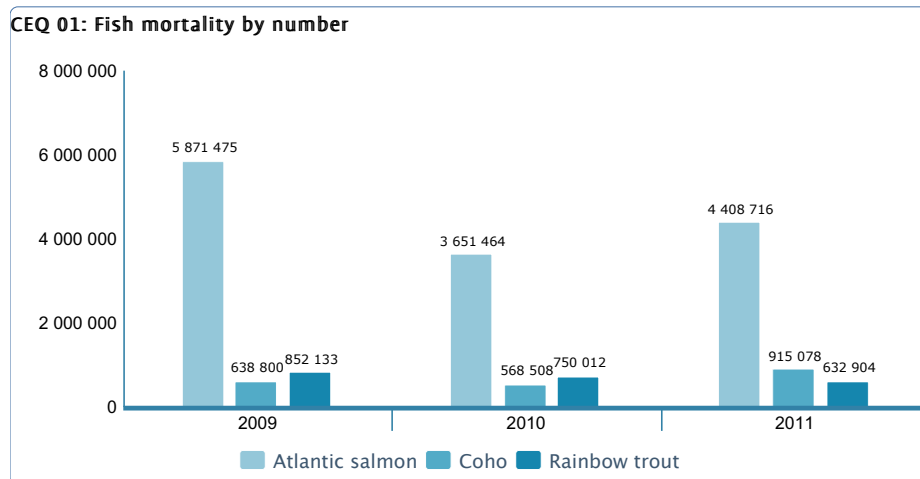
Cermaq Indicators

CEQ 01 - FISH MORTALITY

Fish mortality is a key measure to evaluate fish health in production. The charts below show mortality by number and biomass. The fish mortality by number increased by 20 percent and mortality by biomass increased by 11 percent from 2010 to 2011. The production increased by 14 percent during the same period.

We will introduce a new indicator in 2012 that combines mortality and the number of fish in sea. We believe this will provide better information about mortality in Mainstream.

Reduction in mortality is a key target for Mainstream group.



[Additional information](#)

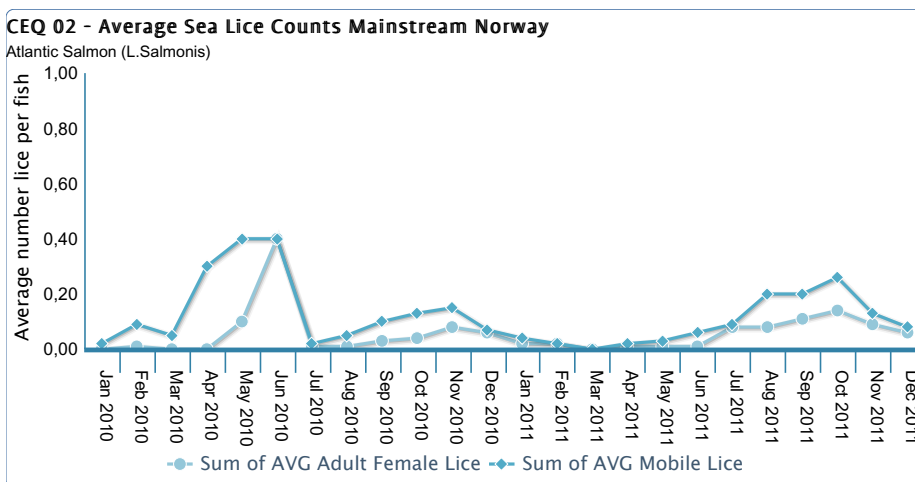
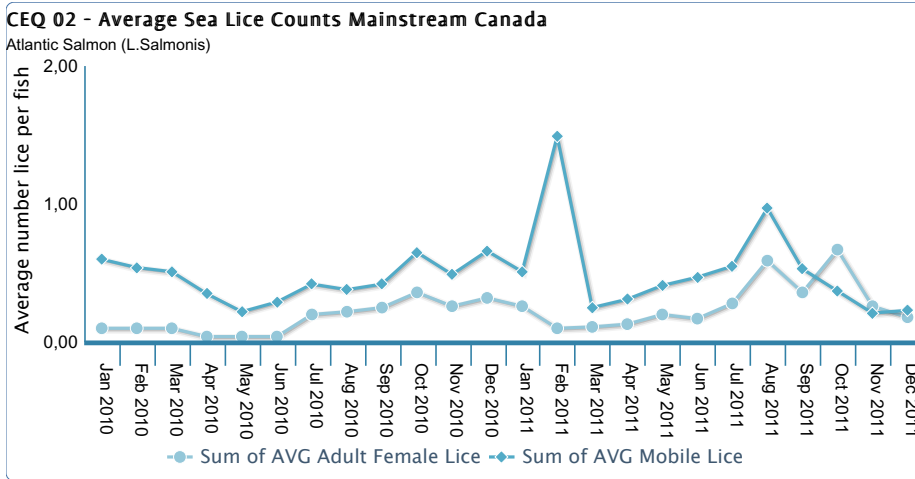
CEQ 02 - SEA LICE

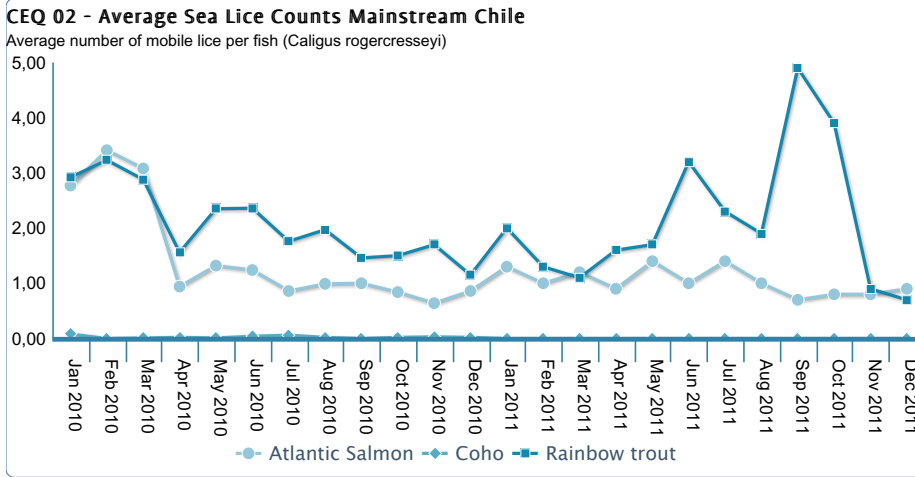
Mainstream has experienced low sea lice levels in 2011. In accordance with local

regulations sea lice were reported regularly, see table of local action levels.

CEQ 02 - Local Action Levels, mean Level of Lice per Fish

	Chile	Norway	Canada
	Mobile	Mobiles	Adult
Jan	6	3	0.5
Feb	6	3	0.5
Mar	6	3	0.5
Apr	6	3	0.5
May	6	3	0.5
Jun	6	3	0.5
Jul	6	3	0.5
Aug	6	3	0.5
Sep	6	5	1
Oct	6	5	1
Nov	6	5	1
Dec	6	5	1





[Additional information](#)

CEQ 03 - FALLOW TIME

All operations fully respected the fallow periods defined in regulations.

CEQ 03 - Average Achieved Fallow Time Between Production Cycles (weeks)

Weeks	Mainstream Canada	Mainstream Chile	Mainstream Norway
Statutory requirements	-	12	8
Internal target	12		
Results 2011	13	12	17
Results 2010	22	23.6	29
Results 2009	14	21.7	26

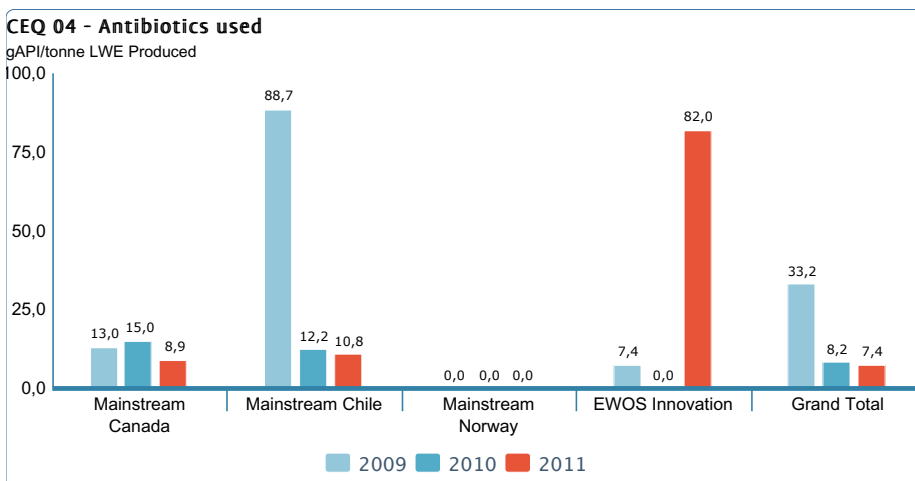
[Additional information](#)

CEQ 04 - MEDICINE USE

Cermaq works systematically with preventive health measures in all three countries. Screening programs for monitoring relevant pathogens, vaccines, functional feeds, stress mapping, less use of antibiotics, improving water quality, and more knowledge are key elements in our approach to ensure better fish health and welfare.

This has given us more tools to better forecast disease events and knowledge to lower the risk of disease outbreaks.

Antibiotics are used only when strictly needed. The use of antibiotics was reduced by 10 percent from 2010 to 2011 measured by g API/tonne of live weight fish produced.



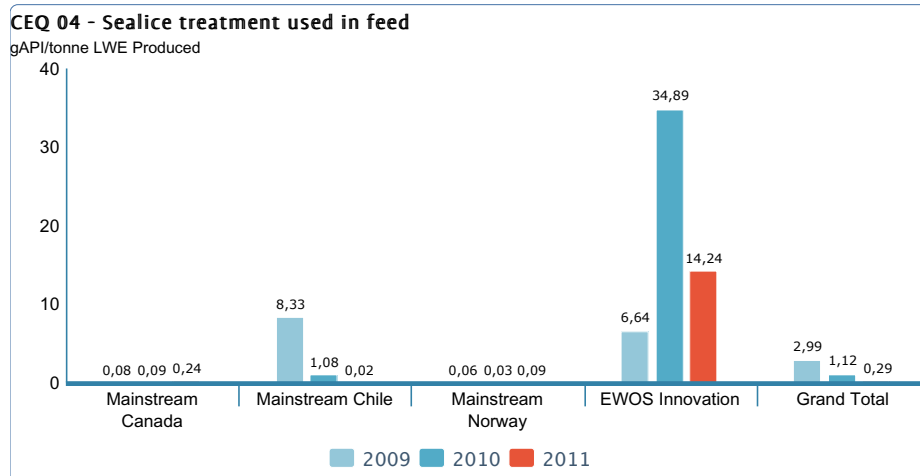
Some historic figures have changed slightly from our last 2010 annual report due to an internal revision of the historic production figures.

Our use of anti-sea lice feed containing API was lower in 2011 than in 2010 per

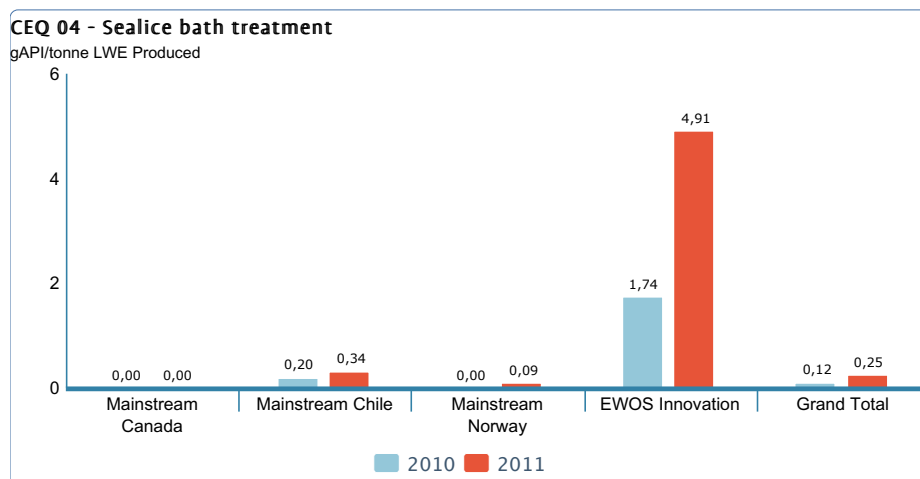
tonne of fish produced, but the use of bath treatment containing API increased per tonne of fish produced. The total sea lice treatment, measured by API/tonnes produced decreased from 2010 to 2011.

All our treatments were done in accordance with local area management plans and without any resistance issues.

Functional feeds are implemented as one of the tools to improve fish health and growth, also in concerning to sea lice.



Some historic figures have changed slightly from our last 2010 annual report due to an internal revision of the historic production figures.



Some historic figures have changed slightly from our last 2010 annual report due to an internal revision of the historic production figures.

[Additional information](#)

CEQ 05 - VACCINATION PROGRAM

Experience from the ISA crisis in Chile have made us work more systematically with preventive health measures in all three countries. Screening programs for monitoring relevant pathogens, vaccines, functional feeds, stress mapping, less use of antibiotic, improving water quality and more knowledge are key elements in our approach to ensure better fish health and welfare. This has given us more tools to better forecast disease events and knowledge to lower the risk for disease outbreaks.

Vaccinations are used when assessed effective for the species and in the region as an integral part of our preventive health measures. Examples of diseases the fish are vaccinated against are: IPN, SRS, Vibriosis, ISA, Furunculosis, Mouth rot, IHN and Enteric Red Mouth.

CEQ 05 - Vaccines component

	Canada	Chile	Norway
SRS	-	X	-
Furunculosis	X	-	X
Vibriosis	X	X	X

Coldwater vibriosis	X	-	X
Winter sore	-	-	X
IPN	-	X	X
ISA	-	X	-
Enteric Red Mouth	X	-	-
Mouth rot	X	-	-
IHN	X	-	-

[Additional information](#)

CEQ 06 - AREA MANAGEMENT AGREEMENTS

An Area Management Agreement is an agreement amongst stakeholders in a defined area. Such agreements are tailored to the local situation and, typically, may include agreement on fallowing and sea lice management strategies, vaccination programmes, containment and contingency plans, catchment management plans and disease control strategies in farmed and wild fisheries.

Area management is crucial for effective, preventive management.

In 2011, 89 percent of our sites were engaged in area management agreements or located in areas fully controlled by Mainstream. This includes all sites in Norway and Chile, and 16 of 27 sites in Canada.

[Additional information](#)

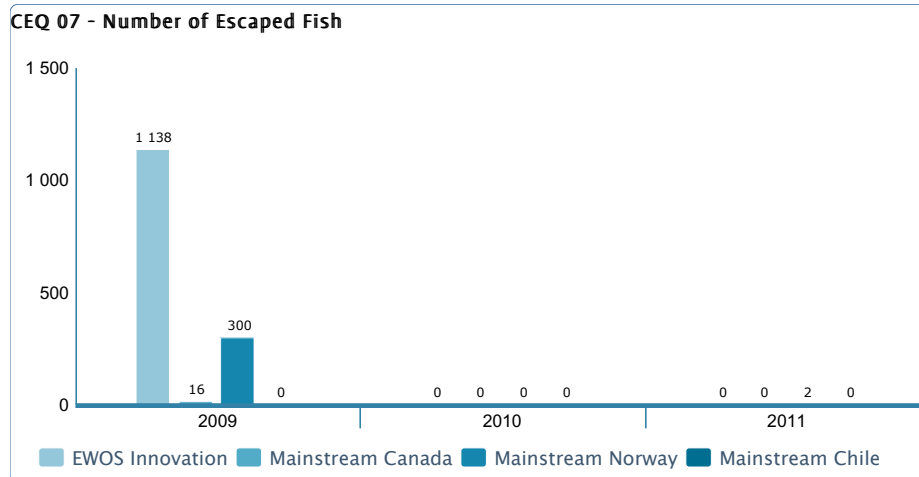
CEQ 07 - ESCAPES

We had no major fish escapes in 2011. The only incident reported was a minor incident of two escaped fish in Mainstream Norway.

For comparison, we had 0 fish escapes in 2010.

The total number of fish in the sea was approximately 44 million at the end of the year.

The good results have been reached through focus on training and technical maintenance on fish farm sites.



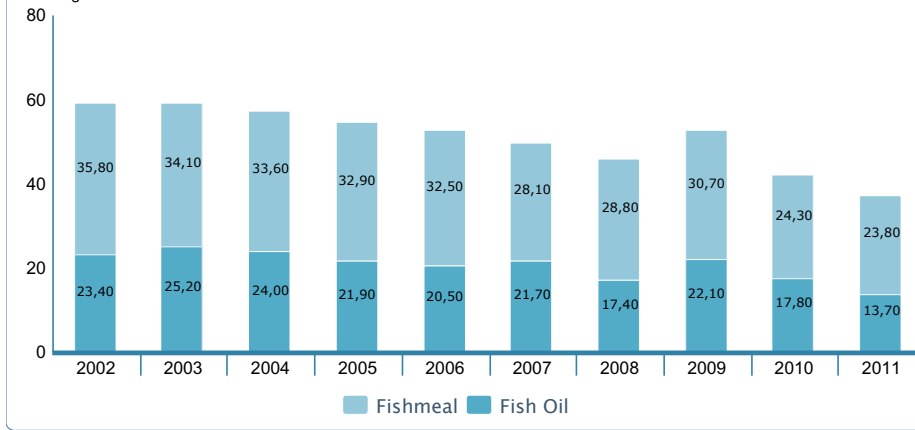
[Additional information](#)

CEQ 08 - MARINE INDEX AND NUTRIENT RATIOS

Forage fishery dependency is a challenge for a growing fish farming industry. In recent years, EWOS has lowered the marine content in its feed and our research into 'marine independence' provides the knowledge for further significant reduction in the future if necessary. The specific content of marine ingredients in EWOS feed varies depending on price and availability of alternative raw materials. In 2011 the marine index for the EWOS group decreased to 37.5% percent (42.1 percent in 2010 and 52.8 percent in 2009).

CEQ 08 - Ewos group Marine ingredient index

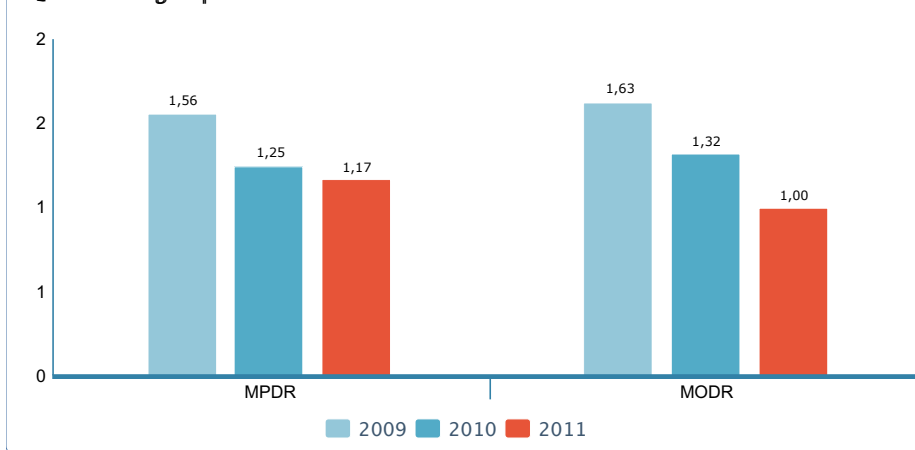
Marine ingredients in feed %



2011 figures are ex. EWOS Vietnam

However, it is the efficiency in the use of marine ingredients that is really of greater relevance than dependency on marine ingredients. Farmed salmon are well known to be very efficient in their conversion of forage fish and seafood by-products into healthy and nutritious farmed salmon. In 2011, we estimate that EWOS used only 1.17 times more marine protein (1.25 in 2010) than protein produced by salmon farmers. For marine oil, the relationship was neutral (1.32 in 2010).

CEQ 08 - Ewos group estimated marine nutrients ratios



Whilst salmon farming is no doubt an efficient use of forage fish that have no established alternative market for human consumption, we recognise that it is also important to use by-products from seafood processing as a source for feed materials. In this regard, EWOS increased its use of marine ingredients derived from seafood trimmings and by-products to 21 in 2010 (18 percent in 2009 and 8 percent in 2008). In 2011, the figure was 18 percent.

CEQ 08 - Overview of fish species used to make fishmeal and fishoil for Ewos feed

Category	Species	Fishmeal and fishoil (tonnes)	Category	Total
Fish trimmings & byproducts	Herring trimmings	29 944	41 %	7 %
	Various species	42 805	59 %	11 %
Fish trimmings & byproducts Total		72 749	-	18 %
Forage Fish	Anchovy	181 774	56 %	45 %
	Capelin	42 573	13 %	11 %
	Sprat	30 630	9 %	8 %
	Sand Eel	31 868	10 %	8 %
	Menhaden	20 050	6 %	5 %
	Various species	18 584	6 %	5 %
	Forage Fish Total		325 479	-
Other Marine Ingredients	Mainly Krill	3 073	100 %	1 %

Other Marine Ingredients	3 073	-	1 %
Total			
Grand Total	401 301	-	-

Species that individually make up less than 5% of the mix have been grouped together under 'various species'. This subset includes: Blue whiting, Jack Mackrell, Hake, Norway Pout, Pilchard, and Sardine.

The following list indicates the countries of origin for many of the fish species used in fishmeal and fish oil purchased by EWOS:

CEQ 08 - Countries of origin

Fish species	Country
Anchovy	Peru. Chile
Capelin	Norway. Iceland
Sprat	Denmark
Menhaden	USA
Herring	Norway. Denmark. Iceland
Blue Whiting	Norway. Denmark. Iceland
Jack Mackrell	Chile

EWOS prioritises the use of feed ingredients that it judges to be sustainable and this judgement is based upon the best available information. Examples of the sources of information used to judge the sustainability of fisheries include: IMARPE and Sernapesca in South America; ICES in Europe; and National Marine Fisheries Service, Gulf States Marine Fisheries Commission, Atlantic States Marine Fisheries Commission in the USA.

EWOS currently do not purchase meal or oil produced from Atlantic Mackerel caught for the purpose of meal- and oil- production due to disagreement between EU, Norway, Iceland and Greenland on setting a common quota.

[Additional information](#)

CEQ 09 - FUNCTIONAL FEEDS

Functional feeds have specialised formulations and/or components which give the feed a positive effect over and above their nutritional value. They are used to support fish well-being and to reduce the risk of disease effects in fish stocks. The EWOS Prebiosa, EWOS Omega HP and EWOS Boost functional feeds are well established in salmon farming regions around the world. In 2011, EWOS launched four new functional feeds in Norway and Scotland; EWOS Robust, EWOS Synergy, EWOS alpha and EWOS Adapt. EWOS Robust makes the fish less attractive to sea lice and will soon be introduced in Chile.

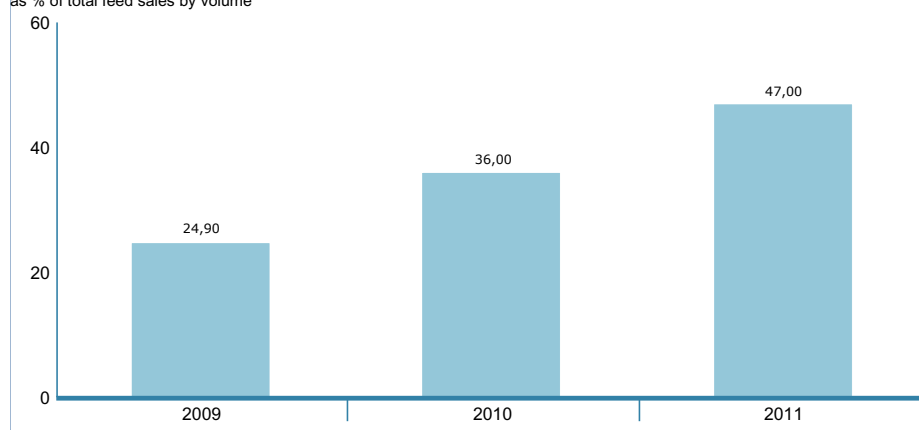
EWOS has for many years put efforts into providing well documented functional feeds for its customers, thereby supporting the sustainability of the aquaculture industry. As a result of this investment, 2011 sales of EWOS functional feeds represented 47 percent of total feed sales by volume, an increase from 36 percent in 2010 and 25 percent in 2009.

EWOS Vietnam does not yet offer any functional feed to Pangasius farmers, but has established a research unit. The ambition is to develop and offer functional feed to farmers in 2012.

Mainstream group uses appropriate vaccines and functional feeds wherever it is considered to be feasible and effective as a preventive fish health approach.

CEQ 09 - Functional Feed Sales in EWOS

as % of total feed sales by volume



2011 figures are ex. EWOS Vietnam

Some historic figures have changed slightly from our last 2010 annual report due to an internal revision of the historic production figures.

[Additional information](#)

CEQ 10 - SUPPLY CHAIN AUDITING

Audits of EWOS's raw material suppliers are planned based upon the results of a risk analysis that considers quality and food safety risks. This indicator is used to measure 'actual' compared to 'planned' supplier audits.

A total of 43 supplier audits were planned in 2011 and 31 audits were completed.

For comparison, a total of 31 supplier audits were planned in 2010 and 30 audits were completed.

EWOS continues to strengthen its program for supply chain diligence through activities that are coordinated by the Quality Management Team and the Sourcing and Purchasing Team. In 2011, new supplier requirements were developed to take into account our Global Compact commitments. As a result, the new requirements focus more on environment, anti-corruption, human rights and labour standards.

CEQ 10 - Number of Supplier Audits Planned and Carried out

	EWOS Norway	EWOS Chile	EWOS Canada	EWOS Scotland	EWOS Vietnam	Total
2010						
Target	12	6	8	5	n/a	31
Actual	14	6	5	5	n/a	30
%	117 %	100 %	63 %	100 %	n/a	97 %
2011						
Target	12	6	10	2	13	43
Actual	8	5	4	1	13	31
%	67 %	83 %	40 %	50 %	100 %	72 %

[Additional information](#)

CEQ 11 - LOCAL COMMUNITY COMPLAINTS

We recognise that our operations impact our neighbours and local communities in various ways, and we take care to register all complaints to our operations in order to address the root cause and make improvements.

CEQ 11 - Local community complaints

	Smell	Noise	Traffic /transport	Other	Total
2009	3	0	0	2	5
2010	3	1	0	1	5
2011	0	0	0	4	4

The total number of community complaints received during 2011 was 4 (5 in

2010 and 5 in 2009).

The 4 complaints were all related to dust from one of our factories in Norway. The factory has implemented new measures to improve the situation.

We did not register any complaints about odour, noise or traffic/transport in 2011.

[Additional information](#)

CEQ 12 - WHISTLE BLOWER INCIDENTS

In 2011, no whistle blowing incidents were reported.

For comparison, there were 3 cases of whistle blowing in 2010.

[Additional information](#)

CEQ 13 - INTERNATIONAL MANAGEMENT STANDARDS

The aquaculture industry is characterised by a high level of operational risk. The greatest risk exposures include fish health, food safety, production related constraints, effects in connection with changes in the climate, environment, and the health, environment and safety of the group's employees and contracting parties.

The group has a policy stipulating that systematic management of operational risk is to be established through management systems that are certified according to International standards. The standards impose requirements with respect to management responsibility, structure, reporting and allocation of responsibility in the organisation, regular risk assessment and action plans for on-going improvement, internal and external communication, and the establishment of procedures and operational controls.

The group has defined the most important areas as being quality (ISO 9001), environment (ISO 14001), food safety (ISO 22000) and occupational health and safety (OHSAS 18001). All subsidiaries have continued working with this in 2011, and the table below shows the certification status at year end.

EWOS Vietnam was established in 2011 and did not have any of the standards in place by year-end. In March 2012, ISO 9001 was obtained, and a plan has been made to get the other standards in place.

CEQ 13 - Management Standards Status at Year End 2011

Business Area	Country	Quality Management Standard ISO 9001	Food Safety Management Standard ISO 22000	Environment Management Standard ISO 14001	OHSAS 18001
Mainstream	Norway	Yes	Pending Q1 2012	Pending Q1 2012	Yes
Mainstream	Chile	Yes	Yes	Yes	Yes
Mainstream	Canada	Yes	Yes	Yes	Yes
EWOS	Norway	Yes	Yes	Yes	Yes
EWOS	Chile	Yes	Yes	Yes	Yes
EWOS	Canada	Yes	Yes	Yes	Yes
EWOS	Scotland	Yes	Yes	Yes	Yes
EWOS	Vietnam	No	No	No	No
EWOS Innovation	Norway	Yes	Pending Q2 2012	Yes	Yes
EWOS Innovation	Chile	Yes	Pending 2012	Yes	Yes

[Additional information](#)

GRI Indicators

EC 1 - DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, INCLUDING REVENUES, OPERATING COSTS, EMPLOYEE COMPENSATION, DONATIONS AND OTHER COMMUNITY INVESTMENTS, RETAINED EARNINGS, AND PAYMENTS TO CAPITAL PROVIDERS AND GOVERNMENTS.

Cermaq supports local communities with both financial and in-kind contributions. However, socio-economic benefits are most obviously manifest through payments to suppliers, employees, local authorities and payment of dividends to investors.

The table presented below quantifies the overall economic value generated and distributed through Cermaq's activities:

EC 1

NOK 1,000		2011	2010	2009
Direct Economic Value Generated				
Revenues		11 634 344	9 990 528	8 971 715
Economic Value Distributed				
Operating costs	Cost of materials	-7 447 360	-6 271 245	-6 028 564
	Other operating expenses	-1 672 836	-1 314 649	-1 401 034
Employee wages & benefits		-828 628	-723 195	-684 207
Payments to providers of capital	Interest expense	-48 989	-55 794	-97 976
	Dividend payment	-428 000	-499 500	-138 746
Payments to government	Income tax expense	-211 862	-428 959	-143 432
Community investments*		-12 776	-7 247	-
Sub total		-10 650 451	-9 300 589	-8 493 959
Economic Value Retained		983 893	689 939	477 756

*Cermaq started to collect this figure in 2010

Note: Dividend payment for 2011 remains subject to AGM approval

EC 3 - COVERAGE OF THE ORGANISATIONS DEFINED BENEFIT PLAN OBLIGATIONS

Information related to this GRI indicator is presented in [note 8](#) to consolidated financial accounts.

EC 4 - SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

The Norwegian State is the principal shareholder in Cermaq ASA with a shareholding of 43.5 percent. The company has laid down in its Articles of Association that the Board of Directors shall withhold its consent for any acquisition that would result in the holding of the Norwegian State falling below 34 percent.

Financial assistance from governments totalled NOKM 13,711 in 2011. Mainstream Chile received the most (40 percent) of this assistance in the form of grants and other financial benefits e.g. government support to businesses that operate in remote areas and supplier training schemes. EWOS Innovation Norway received 31 percent as a result of e.g. research and development grant from the Research Council of Norway .

EC 4 - Significant financial assistance received from government

Category	EWOS	Mainstream	Total
Investment grants, research and development grants, and other relevant types of grants	6 384	4 070	10 454
Subsidies	583	0	583
Tax relief/credits	1 126	850	1 976
Financial assistance from Export Credit Agencies (ECAs)		249	249
Other financial benefits received or receivable from any government for any operation		448	448
Grand Total	8 093	5 617	13 710

The Norwegian State is the principal shareholder in Cermaq ASA with a shareholding of 43.5 percent. The company has laid down in its Articles of Association that the Board of Directors shall withhold its consent for any acquisition that would result in the holding of the Norwegian State falling below 34%.

EC 5 - RANGE OF RATIOS OF STANDARD ENTRY LEVEL WAGE COMPARED TO LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION.

Wage levels, especially in processing plants in Chile, have historically received attention and concern by some groups of stakeholders.

At year end 2011 average monthly wage for all operational level employees in

Mainstream Chile was CLP 345,622, which is 101 percent more than the minimum monthly wage in Chile (CLP 172,000).

The entry level wage bracket begins at CLP 227,484 which is 32 percent above the minimum wage. Mainstream Chile has 15 percent of its employees in that category.

EC 5 - Mainstream Chile

Salary Band (CLP/month)	desde	hasta	% dot. Indef.
PERMANENT EMPLOYEES - ONLY OPERATIONAL LEVEL			
Rem. Total	227 484	300 000	17.9
Rem. Total	300 001	400 000	38.8
Rem. Total	400 001	500 000	17.6
Rem. Total	500 001	mas	25.7

ALL EMPLOYEES - ONLY OPERATIONAL LEVEL

Rem. Total	227 484	250 000	14.87
Rem. Total	250 001	300 000	36.26
Rem. Total	300 001	350 000	5.58
Rem. Total	350001	400000	9.4
Rem. Total	400 001	450 000	15.89
Rem. Total	450 001	mas	18

Since July 2011, the minimum monthly wage in Chile is 172 000 CLP

At year end 2011 average monthly wage for all operational level employees in EWOS Vietnam was VND 3,350,408 which is 88% percent more than the minimum monthly wage in Vietnam (VND 1,780,000).

The entry level bracket begins at VND 2,500,000 which is 40% above the minimum monthly wage. EWOS Vietnam has 53% of its employees in that category.

EC 5 - EWOS Vietnam

Salary Band (VND/month)	Min	Max	% Employees
PERMANENT EMPLOYEES - ONLY OPERATIONAL LEVEL			
Salary band	2 500 000	3 000 000	53 %
Salary band	3 000 001	4 000 000	33 %
Salary band	4 000 001	-	14 %

The legal minimum wage in Vietnam is 1 780 000 VND per month

Cermaq will continue offering competitive entry wage levels and value skills, competence and seniority in our wage system.

[Additional information](#)

EC 7 - PROCEDURES FOR LOCAL HIRING AND PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION.

We base our operations on local recruitment of senior management, and in 2011 the proportion of management hired from local communities averaged 91 percent (93 percent in 2010). Senior management is the management team reporting directly to a Managing Director and people reporting directly to CCMT members.

International assignments are seen as positive for personal development in a multinational organisation like Cermaq, and employees are encouraged to gain international experience to help strengthen knowledge transfer between our operations and to develop our corporate culture.

The proportion of females in management is low, but increased to an average of 15 percent in 2011 (10,5 percent in 2010).

Additional information

EN 1 - MATERIALS USED BY WEIGHT OR VOLUME.

Cermaq recognises the importance of efficiency in use of resources, especially in a world where population growth is significantly increasing the global demand for food. Aquaculture is a very efficient way to transform materials with low or no market for direct human consumption into healthy and tasty fish products. Salmon are very efficient in their conversion of feed and its constituent nutrients, much more so than land animals in fact.

Feed ingredients from both marine and terrestrial origins are procured by EWOS for the production of fish feed. Further detail on the composition and formulation of EWOS's fish feed can be found in a sequence of EWOS SpotLight editions, available for download at www.ewos.com (edition 1, 2010)

The main direct materials used by Mainstream for producing farmed salmon include fish feed and smolts (juvenile fish).

For 2011, we report the materials used by each business area, under the categories outlined in the GRI protocol for EN 1 (excluding energy sources, which are reported under EN 3 and EN 4):

EN 1 - Materials used by weight or volume

GRI Category 1	GRI Category 2	Description	Units	2011 EWOS	2011 Mainstream (incl EI)
Direct Materials	Raw Materials	Feed Ingredients	Tonnes	986 176	-
	Associated Process Materials	n/a	n/a	n/a	n/a
	Semi-manufactured Goods	Fish feed	Tonnes	-	162 529
		Smolt	Tonnes	-	4 899
	Materials for Packaging	Plastic, wood and cardboard	Tonnes	14 956	2 583

Note: Materials for packaging includes both ingoing and outgoing packaging, except for Mainstream Norway that only has provided data for outgoing packaging.

EN 3 - DIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE.

EN 4 - INDIRECT ENERGY CONSUMPTION BY PRIMARY SOURCE.

Total group energy consumption was GJ 1,688,930 in 2011 (GJ 1,368,484 in 2010). This is a 23 percent increase in group energy use. The figure includes the energy consumption of Cermaq's head office and EWOS Innovation.

The main reason for the increased energy use is increased production both in EWOS and in Mainstream. In addition, EWOS Vietnam and the data centre in Florø, were included for the first time in 2011.

EN 3 - 4 - Energy consumption by primary energy source

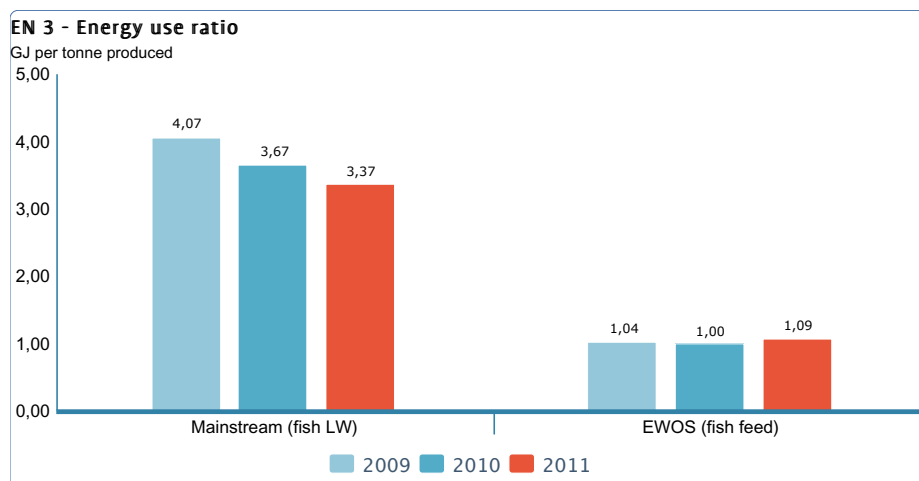
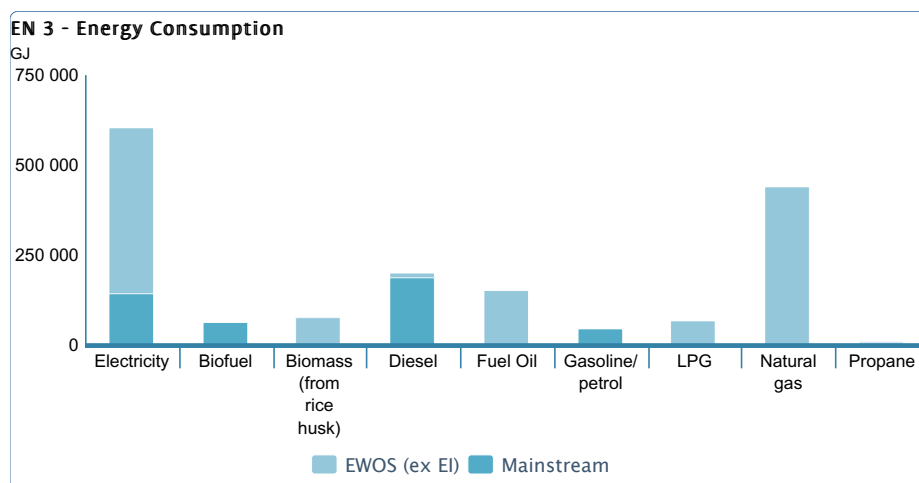
GRI Energy Type	Energy Source	2011 EWOS (ex EI)	2011 Mainstream	2011 Total*	2010 Total	2009 Total
Indirect	Electricity	460 353	145 756	622	540	467
				667	255	036
Direct	Biofuel	0	65 927	65 927	79	77
					641	041
Direct	Biomass (from rice husk)	76 772	0	76 772		
Direct	Diesel	12 114	188 723	203	144	136
				016	141	733
Direct	Fuel Oil	153 995	52	154	55	111
				345	609	846
Direct	Gasoline/ petrol	0	46 203	46 391	43	39
					488	828
Direct	LPG	67 471	0	67 471	60	65
					294	235
Direct	Natural gas	442 833	115	442	405	287
				967	974	923

Direct	Propane	1 569	7 805	9 374	39	65
					081	232
Total direct		754 755	308 825	1 066	828	783
				264	228	838
Divisional %		71 %	29 %			
Δ YoY				23 %	9 %	

* Total includes Cermaq ASA and EWOS Innovation in addition to EWOS and Mainstream. We have not calculated the corresponding primary energy consumed in the production of indirect energy.

EWOS accounted for 73 percent of group energy use, consuming a total of GJ 1,215,108 in 2011 (GJ 911,111 in 2010), an increase of 33 percent. The main energy sources were natural gas, electricity and fuel oil. EWOS Vietnam uses rice-husk burning as primary source of energy. The average energy use per tonne of feed produced increased from 1 GJ/tonne of feed produced in 2010 to 1.1 GJ in 2011 (up by 10 percent). The main reason is that the feed contained more agricultural ingredients than marine ingredients. To process feed from agricultural raw materials require more energy than for marine ingredients.

Mainstream accounted for 27 percent of group energy use, consuming a total of GJ 454,581 (GJ 440,305 in 2010), an increase of 3 percent. The main energy sources were diesel, electricity and biofuel. The average energy use per tonne of salmon produced (live weight) (incl EWOS Innovation) dropped from 3.67 GJ/t in 2010 to 3.37 GJ/t 2011.



Some historic figures have changed slightly from our last 2010 annual report due to an internal revision of the historic production figures.

The primary indirect energy source purchased and consumed by EWOS and Mainstream is electricity.

We have not calculated the corresponding primary energy consumed in the production of indirect energy.

Our direct energy consumption (EN3) and indirect energy consumption (EN4) is shown in the table. Total energy use includes Cermaq head office and EWOS Innovation.

EN 5 - ENERGY SAVED DUE TO CONSERVATION AND EFFICIENCY IMPROVEMENTS.

We estimate that in 2011 Cermaq operations have undertaken proactive efforts to save 36 041 GJ of energy per year. This represents an energy saving of almost 2.2 percent, based on total energy consumption in 2011.

The initiatives mainly include retrofitting of equipment in our production facilities. Brief details of the initiatives are given in the table below.

EN 5 - Energy saved due to conservation and efficiency improvements

Operating Company	Energy Saving Initiative	Energy Saved (GJ)	Status
Mainstream Canada	Replacement of diesel generators at Little Bay Bear Hatchery	2 220	Actual
EWOS Canada	Upgrading to energy saving lighting in the plant	547	Actual
EWOS Norway	Use of heat recovery at the factory	17 984	Actual
EWOS Scotland	Installation of voltage meter and line 1 upgrade	10 026	Actual
EWOS Chile	Energy savings campaign and increased production efficiency	5 264	Actual
Total		36 041	

EN 12 - DESCRIPTION OF SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY IN PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS.

Cermaq recognises the potential for fish farming operations to impact biodiversity, either directly or indirectly. However, in 2011 we have not identified any specific significant impacts of our activities or our products in the areas where we are operating.

In his 2009 BioScience paper (Aquaculture Production and Biodiversity Conservation), Professor James S. Diana examined the status and trends in seafood production and the positive and negative impacts of aquaculture on biodiversity conservation. Diana's ranking of negative aquaculture impacts included the following top-5 in order of decreasing importance as threats to biodiversity:

Perceived Biodiversity Impact Area(Diana, 2009)	Connectivity with Cermaq's Reporting
1. Escapement of aquatic crops and their potential hazard as invasive species.	Escapes are reported under CEQ 07. Mainstream experienced one escape incident of two fish in 2011. In 2010 there were no escapes. Mainstream Canada farms only Atlantic Salmon in an area where the species is not a natural part of the environment and where breeding with native species of Salmon will not occur nor would escapes result in an invasive colonization by escaped fish.
2. The relationships among effluents, eutrophication of water bodies, and changes in the fauna of receiving waters.	All Cermaq operations are expected to comply with local and national environmental regulations related to effluents and waste. Cermaq reports any non-compliances with environmental regulations under EN 28 and is active in Area Management Agreements as described under CEQ 06.
3. Conversion of sensitive land areas such as mangroves and wetlands, as well as water use.	Not applicable to Cermaq and the context of salmon farming.
4. Other resource use, such as fish meal and its concomitant overexploitation of fish stocks.	The use of materials is reported under EN 1. The use of marine resources for the production of fish feed are covered more specifically under CEQ 08. EWOS has in recent years, through its Marine Independence Program, significantly reduced its proportional use of fishmeal and fish oil in salmon feeds. In 2010, a paper by scientists at EWOS

Innovation demonstrates how salmon farming can be a net producer of fish protein and oil.

Our operations in EWOS Vietnam currently do not use fishmeal from Vietnamese fisheries as there are concerns about the sustainability. However, in order to develop sustainable fishing practises, EWOS Vietnam is considering entering a program with IFFO, SFP and also the Prince's Charities (UK) to work with some local suppliers to start to develop more sustainable fishing practises in Vietnam.

5. Disease or parasite transfer from captive to wild stocks.	Mainstream is transparent in its reporting of sea lice counts under CEQ 02, whilst CEQ 04 connects this with the use of medicines for the control of disease and parasites. Mainstream has specific focus on reducing as much as possible the use of treatments and taking a preventative approach to fish health. EWOS Innovation had a pressure from sea lice in two sites in Hordaland in 2011. As a result, a continuous monitoring of sea lice status was introduced in each net pen which is reported to the authorities on a weekly basis. Oral, chemical and biological treatment was used to handle it.
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The table above summarises the linkage between areas of perceived biodiversity impact according to Professor Diana and Cermaq's transparent reporting.

Other impacts of aquaculture on biodiversity conservation, were considered by Diana to be of much lesser importance compared to the above, including: Genetic alteration of existing stocks from escaped hatchery products; Predator mortality caused by, for example, killing birds near aquaculture facilities; and Antibiotic and hormone use, which may influence aquatic species near aquaculture facilities.

EN 16 - TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS BY WEIGHT.

For the reporting period 1st January 2011 to 31st December 2011, Cermaq's global gross GHG emissions increased to 85,984 tonnes of CO₂e (68,642 tonnes of CO₂e in 2010). The increase is mainly due to increased feed production in EWOS, but also the establishment of new production facilities in EWOS Vietnam in 2011.

EN 16 - Total direct and indirect greenhouse gas emissions by weight

Global tonnes of CO ₂ e	2011	2010	2009	2008*
Natural gas	26 718	24264	16 633	21 630
Biomass (from rice husk)	0	0	0	0
Diesel	14 775	10327	9782	12 552
Fuel oil	11 996	4 340	8611	20 713
Biofuel	4 602	5 559	5377	6 918
Propane	572	2 539	-	3 750
Lpg	4 116	3 768	4 345	0
Gasoline/petrol	3 244	3035	2783	3 274
Butane	-	-	-	172
Crude oil	-	-	18	33
Scope 1 (Direct emissions)	66 022	53 832	47 550	69 042
Purchased electricity	19 962	14618	11408	12 767
Scope 2 (Energy indirect)	19 962	14618	11408	12 767
Scope 3 (Other indirect)	-	-	-	-
Total gross emissions	85 984	68 449	58 958	81 809
Intensity: kg of CO ₂ e per tonne of output	72.0	69.6	73.5	-
Intensity: tonnes of CO ₂ e per mNOK revenue	6.6	6.9	7.2	9.4

Some historic figures have been corrected for EN3

*Base year 2008 adjusted

Our reporting is based on the GHG Protocol, the internationally recognised standard for the accounting and reporting of GHG emissions. We have used the

financial control approach to define our organisational boundary and the operational scope for our report includes scope 1 (direct) and scope 2 (energy indirect) emissions. We do not yet collect sufficient data to enable meaningful reporting of scope 3 (other indirect) emissions. Emissions factors for our global operations have been taken from a number of publicly available sources such as: IEA, IPCC, EPA, DEFRA, SSB and BC Ministry of Environment.

The geographic breakdown reveals that our operations in Chile are the largest contributor (54 percent) to our global emissions. Vietnam is the lowest contributor (2 percent).

EN 16 - Emission by Geographic Division 2

Country	2011		2010		2009	
	Scope 1 (Direct Co2 emissions)	Scope 2 (Indirect CO2 emissions)	Scope 1 (Direct Co2 emissions)	Scope 2 (Indirect CO2 emissions)	Scope 1 (Direct Co2 emissions)	Scope 2 (Indirect CO2 emissions)
	Norway	18150	682	15777	614	15205
Chile	32414	13717	22317	10181	20500	9365
Canada	11137	262	12076	253	11277	235
Scotland	4322	3681	3662	3570	4838	1268
Vietnam	0	1620	n/a	n/a	n/a	n/a
Total	66022	19962	53832	14618	51821	11408

Some historic figures have been corrected for EN3

The divisional breakdown reveals that EWOS is the largest contributor (67 percent) to our global emissions, due to the relatively higher scale of feed production compared to fish production.

EN 16 - Emission by Business Division 2

Country	2011		2010		2009	
	Direct Co2 emissions	Indirect CO2 emissions	Direct Co2 emissions	Indirect CO2 emissions	Direct Co2 emissions	Indirect CO2 emissions
	Mainstream	22053	6174	26587	5504	24858
EWOS*	43778	13723	41862	9113	38371	6568
Total	65831	19897	68449	14617	63228	11408

Total EWOS is ex EWOS Innovation

Some historic figures have been corrected for EN3

Our base year is 2008.

We are reporting an intensity measurement based upon 'tonnes of CO2e per tonne of output'. This is a relevant ratio for our industry

Cermaq emissions target is to reduce tCO2e per tonnes of fish and feed produced by 10 percent from 2008 to 2013. Mainstream has reached the target already in 2011 whereas EWOS is still slightly above the target.

We recognise that feed and fish production itself accounts for only a small part of the total carbon footprint for farmed salmon production. Here, we report on the GHG emissions that come from our use of direct and indirect energy sources. Wider GHG emissions in the feed supply chain are not accounted for in these figures, however EWOS has for some time worked with experts from Dalhousie University in Canada to develop an ecological footprint model for fish feed which has helped us to learn more about the environmental impacts of various raw materials used in feed. More information about this work is available in EWOS SpotLight Sustainable Salmon Feed: Marine Ingredients, available for download at www.ewos.com.

EN 26 - INITIATIVES TO MITIGATE ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES, AND EXTENT OF IMPACT MITIGATION.

We seek improvements in our business to mitigate the environmental impacts of products and services. Examples of initiatives taken are listed in the table below:

Initiatives Taken

Materials use	Cermaq reports materials use under EN1. However, the use of marine ingredients in fish feed is of more specific interest to some stakeholders.
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Therefore, the customised indicator CEQ08 explains how EWOS manages the use of marine ingredients in fish feed. In 2011, we estimate that EWOS used only 1.17 times more marine protein (1.25 in 2010) than fish farmers produced through using EWOS feed. For marine oil the relationship was neutral (1.32 in 2010).

Water use	Cermaq does not have companywide environmental goals related to water use. Salmon farming relies upon the availability of clean water but is generally not a heavily consumptive process. In cases where water is abstracted for farming operations, it is generally discharged back to source within quality parameters agreed with the local authority.
Emissions	Cermaq reports GHG emissions under EN16. EWOS Innovation and Canadian researchers have developed a model to measure the eco-footprints of aquafeeds and assist in sourcing more sustainable feed inputs. Raw materials from marine ecosystems have higher footprints than those from terrestrial systems, especially fish from higher trophic levels used for fishmeal and oil. Other drivers for eco-footprinting include the energy used to produce, process and transport feed inputs, along with feed milling.
Effluents	All Cermaq operations are expected to comply with local and national environmental regulations related to effluents and waste.
Noise	Our operations are not especially noisy and this is confirmed by the fact that we received no noise complaints during 2011.
Waste	In 2011, EWOS used 2,800 tonnes of plastic feed packaging (output) (2,941 in 2010). In terms of kg plastic per tonne of feed sold, we used 2.60 kg. This represent a significant decrease since 2010 (3.23kg/tonne).

Cermaq requires all operations to be accredited to ISO14001 Environmental management standard. This ensures that any local negative environmental impacts are identified and managed, in a systematic way, for continuous improvement.

EN 28 - MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS.

Cermaq's point of entry to social and environmental responsibility is to ensure that our operations respect and are compliant with local, national and international laws.

Where breaches do occur, for whatever reason, we take it seriously and investigate at the appropriate level before measures are taken to mitigate the risk of reoccurrence.

In 2011, there were two environmental non-compliances in Mainstream Chile. The two incidents were imposed because Mainstream Chile did not submit sufficient information about the sea lice (*calligus*) treatment program as established in the regulation. These non-compliances resulted in a fine of 4,080 USD.

There are additional four incidents that have been reported in 2011, but have not been concluded or are under appeal. All four relates to Mainstream Chile.

EN 28 - Incidents of non-compliance with regulations

Reporting unit	Environmental regulations	
	Incidents	Fines (USD)
Mainstream Norway	0	0
Mainstream Chile	2	4 080
Mainstream Canada	0	0
EWOS Norway	0	0
EWOS Chile	0	0
EWOS Canada	0	0
EWOS Scotland	0	0
EWOS Vietnam	0	0
EWOS Innovation	0	0
2011	2	4 080
2010 Total	1	n/a

In 2011, Cermaq changed the way we are reporting non-compliances. Previous years figures now include non-compliances in the year they occurred rather than in the year the fine was imposed. As a result, historic figures have changed.

[Additional information](#)

LA 1 - TOTAL WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT, AND REGION.

Our 4 047 employees represent a diverse group both in terms of culture and work conditions.

Still, a common set of core values unite our international and diversified activities.

Recruiting the right people is essential for the future success of our operations. Competent and dynamic human resources management plays a key role in our industry.

Our operations are based on local recruitment of management. In 2011 the proportion of management hired from local communities averaged 91 percent (93 percent in 2010), ranging from 60 to 100 percent.

This is in line with Cermaq's philosophy to trust local employees who best know the local conditions and culture. Possibilities for international assignments contribute to personal development as well as developing our corporate culture.

The proportion of females in management is low, but increased from 10.5 percent in 2010 to 15 percent in 2011. Low female management representation is quite typical for the industry, and Cermaq acknowledges that this represents a challenge as well as an opportunity.

LA 1 - Total workforce by employment type, employment contract and region

	Canada	Chile	Norway	Scotland	Vietnam	Cermaq total	EWOS	Mainstream
Total employees	99 %	94 %	99 %	94 %	100 %	91 %	84 %	100 %
Total supervised workers	1 %	6 %	1 %	6 %	0 %	9 %	16 %	0 %
Total Indefinite or Permanent employees	99 %	56 %	81 %	100 %	94 %	61 %	90 %	58 %
Total temporary or fixed term employees	1 %	44 %	19 %	0 %	6 %	39 %	10 %	42 %
Total Full time employees	100 %	100 %	74 %	97 %	99 %	91 %	99 %	94 %
Total Part time employees	0 %	0 %	26 %	3 %	1 %	9 %	1 %	6 %
Management and administration employees	17 %	7 %	10 %	46 %	10 %	11 %	21 %	5 %
Other employees	83 %	93 %	90 %	54 %	90 %	89 %	79 %	95 %
Female employees	18 %	26 %	26 %	13 %	12 %	26 %	15 %	27 %
Male employees	82 %	74 %	80 %	87 %	88 %	74 %	85 %	73 %

[Additional information](#)

LA 4 - PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS.

Good and constructive relations with employees and labour unions are essential to Cermaq, and are managed through well established local management structures and practices. All employees are free to join any labour union.

Contractors who work on our premises and of which Cermaq is responsible for occupational health and safety are not included in the overview.

- EWOS Vietnam is excluded from the overview as they became a part of Cermaq from April 2011
- Minor injuries are included in Injury rate, but excluded from lost-time injury rate
- Lost day calculation includes only scheduled work days and starts the day after the accident.
- National laws on practices for recording and reporting accident statistics follows the 'ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases' in the regions where Cermaq operates
- 2009 and 2010 figures published in the annual report for 2010 differ slightly from what is published in 2011 because the number of working hours have been corrected for historic numbers.

[Additional information](#)

LA 10 - AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY EMPLOYEE CATEGORY.

Employees receive systematic training to build competence according to their own and the organisation's needs. In 2011 training programmes amounted to an average for all employees of 0.7 percent of total working time.

LA 10 - Average hours of training per year per employee by employee category

	2009	2010	2011
Cermaq	1.4%	1.3%	3 %
EWOS (ex EI)	0.1%	1.0%	1.4%
EWOS Innovation	0.8%	2.4%	2.7%
Mainstream	0.6%	0.8%	0.5%
Total	0.5%	0.9%	0.70 %

[Additional information](#)

HR 6 - OPERATIONS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF CHILD LABOR, AND MEASURES TAKEN TO CONTRIBUTE TO THE ELIMINATION OF CHILD LABOR.

Overall, we did not see any significant risk for incidents of child labour or young workers being exposed to hazardous work in Mainstream or EWOS operations during 2011.

Although child labour is prohibited by law in Vietnam, EWOS Vietnam has checked all staff working permits for ages.

HR 9 - TOTAL NUMBER OF INCIDENTS OF VIOLATIONS INVOLVING RIGHTS OF INDIGENOUS PEOPLE AND ACTIONS TAKEN.

During 2011, there were no reported incidents of violation involving the rights of indigenous people.

[Additional information](#)

SO 3 - PERCENTAGE OF EMPLOYEES TRAINED IN ORGANIZATION'S ANTI-CORRUPTION POLICIES AND PROCEDURES.

Our ethical and corporate responsibility guidelines prohibit any form of corruption.

Awareness training on corruption was given to all management teams in all operating companies in 2010 and repeated at a management meeting in 2011.

A total of 174 managers and administrative employees have received training in 2011 (57 percent of all managers and administrative employees).

The board agreed in February 2011 on a new set of guidelines for ethics and corporate responsibility. The guidelines provide a comprehensive overview of social responsibility in Cermaq, including areas such as trade unions, employees, local society, environment, anti-corruption and integrity.

In 2011, we also selected a new e-learning tool for anti-corruption that will be rolled out to all operating companies in 2012.

[Additional information](#)

SO 8 - MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS.

Cermaq's point of entry to social and environmental responsibility is to ensure that our operations respect and are compliant with local, national and international laws.

Where breaches do occur, for whatever reason, we take it seriously and investigate at the appropriate level before measures are taken to mitigate the risk of reoccurrence.

The following two incidents of non-compliance with social regulations occurred in Mainstream Chile in 2011:

One was related to the authorisation certificate not being available at the farm and the other for farm manager not having signed the attendance register at the farm. These two non-compliances resulted in a total fine of 6,404 USD.

There are additional six incidents that have been reported in 2011, but have not been concluded or are under appeal. All six relates to Mainstream.

SO 8 - Incidents with non-compliance with regulations

Reporting unit	Social regulations	
	Incidents	Fines (USD)
Mainstream Norway	0	0
Mainstream Chile	2	6 404
Mainstream Canada	0	0
EWOS Norway	0	0
EWOS Chile	0	0
EWOS Canada	0	0
EWOS Scotland	0	0
EWOS Vietnam	0	0
EWOS Innovation	0	0
2011	2	6 404
2010 Total	5	79 291
2009 Total	10	31 423

In 2011, Cermaq changed the way we are reporting non-compliances. Previous years figures now include non-compliances in the year they occurred rather than in the year the fine was imposed. As a result, historic figures have changed.

[Additional information](#)

PR 2 - TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES, BY TYPE OF OUTCOMES.

Cermaq's point of entry to social and environmental responsibility is to ensure that our operations respect and are compliant with local, national and international laws.

Where breaches do occur, for whatever reason, we take it seriously and investigate at the appropriate level before measures are taken to mitigate the risk of reoccurrence.

In 2011, there were no non-compliances with food safety regulations.

PR 2 - Incidents of non-compliance with regulations

Reporting unit	Food safety regulations	
	Incidents	Fines (USD)
Mainstream Norway	0	0
Mainstream Chile	0	0
Mainstream Canada	0	0
EWOS Norway	0	0
EWOS Chile	0	0
EWOS Canada	0	0
EWOS Scotland	0	0
EWOS Vietnam	0	0
EWOS Innovation	0	0
2011	0	0
2010 Total	1	0
2009 Total	1	0

In 2011, Cermaq changed the way we are reporting non-compliances. Previous years figures now include non-compliances in the year they occurred rather than in the year the fine was imposed. As a result, historic figures have changed.

[Additional information](#)

PR 9 - MONETARY VALUE OF SIGNIFICANT FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS CONCERNING THE PROVISION AND USE OF PRODUCTS AND SERVICES

Cermaq's point of entry to social and environmental responsibility is to ensure that our operations respect and are compliant with local, national and international laws.

Where breaches do occur, for whatever reason, we take it seriously and investigate at the appropriate level before measures are taken to mitigate the risk of reoccurrence.

There were no incidents of non-compliance with laws and regulations concerning the provision and use of products and services.

PR 9 - Incidents of non-compliance with regulations

Product and service regulations (PR 9)

Reporting unit	Incidents	Fines (USD)
Mainstream Norway	0	0
Mainstream Chile	0	0
Mainstream Canada	0	0
EWOS Norway	0	0
EWOS Chile	0	0
EWOS Canada	0	0
EWOS Scotland	0	0
EWOS Vietnam	0	0
EWOS Innovation	0	0
2011	0	0
2010 Total	0	0
2009 Total	n/a	n/a

In 2011, Cermaq changed the way we are reporting non-compliances. Previous years figures now include non-compliances in the year they occurred rather than in the year the fine was imposed. As a result, historic figures have changed.

[Additional information](#)

ENDORISING GLOBAL INITIATIVES

Cermaq is committed to support global initiatives aiming at improving environmental, social and economic conditions worldwide. We believe our continued business success depends on our ability to continue to integrate sustainable solutions into the way we do business. Global initiatives contribute to creating a sustainable global environment on which we are dependent. Global initiatives Cermaq endorses are:

United Nations Global Compact (UN GC)

Through the membership in UN GC, Cermaq ASA is committed to aligning our operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

In 2011, Cermaq became a member of UN GC. Later in 2011, we also decided to join the Nordic UN GC network.

The ten principles:

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery

The 10 principles, our approach and response are summarized in the table below:

Principle	Approach	Response
HUMAN RIGHTS		
1. Businesses should support and respect the protection of internationally proclaimed human rights.	We support the UN Declaration of Human Rights and have made a commitment to respecting human rights throughout our operations, including in our supply chain.	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Supplier code of conduct • Human rights performance; LA4, LA7, HR6
2. Businesses should ensure that they are not complicit in human rights abuses.	We focus on increasing awareness in our operations where Human Rights are most at risk. In 2011, we did a Human Rights risk analysis at our operations in Vietnam.	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Supplier code of conduct • Human rights performance; HR9, HR6

LABOUR STANDARDS

Information if the various part of this report is tagged according to Global Compact ten Principles. Our hope is the symbols will guide and assist the reader finding the most relevant information

-  GC Principles 1-2
Human Rights (+)
-  GC Principles 3-6
Labour Standards (+)
-  GC Principles 7-9
Fish Health (+)
-  GC Principles 7-9
Environmental Impact (+)
-  GC Principles 10
Anticorruption (+)
-  **Community Engagement (+)**

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	We are committed to dialogue with employees and their unions, and respect collective agreements at all levels.	<ul style="list-style-type: none"> ● Cermaq ethical and corporate responsibility guidelines ● Labour standard performance; LA4, HR6
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	We will not tolerate any form of forced and compulsory labour in our operations or in those of our business partners.	<ul style="list-style-type: none"> ● Cermaq ethical and corporate responsibility guidelines ● Human rights performance; HR6
5. Businesses should uphold the effective abolition of child labour.	We condemn child labour and do not permit such conduct at any of our sites or with our suppliers	<ul style="list-style-type: none"> ● Cermaq ethical and corporate responsibility guidelines ● Supplier code of conduct ● Human rights performance; HR6
6. Businesses should uphold the elimination of discrimination in respect to employment and occupation.	We do not tolerate any form of discrimination or harassment.	<ul style="list-style-type: none"> ● Cermaq ethical and corporate responsibility guidelines ● Labour standard and human rights performance; HR6, EC7

ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges	We are committed to minimize the environmental impacts of our operations. 8 of our 10 operating companies have management systems certified according to ISO 14001 standards. Cermaq has developed own environmental indicators for GRI reporting relevant for our feed and farming operations, which do not yet have globally established GRI indicators.	<ul style="list-style-type: none"> ● Cermaq ethical and corporate responsibility guidelines ● Link to environmental performance; EN26
8. Businesses should undertake initiatives to promote greater environmental responsibility	We have promoted environmental responsibility within our own operations as well as in the industry. We have participated in several initiatives; the Salmon Aquaculture Dialogue (SAD), the Global Aquaculture Alliance (GAA) standard for sustainable salmon farming, and IFFO R/S (International Fish Oil and Fish meal Organisation Responsible Sourcing) standard.	<ul style="list-style-type: none"> ● Cermaq ethical and corporate responsibility guidelines ● Environmental performance; EN 3,4, 5, 12, 26, 28 and all CEO indicators ● IFFO ● SAD ● GAA
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	Through our research unit, EWOS Innovation, we improve feed processing and feed composition. We also, collaborate with providers of new environmentally friendly	<ul style="list-style-type: none"> ● Cermaq ethical and corporate responsibility guidelines ● Environmental Performance; EN 5, 26

technology, and are currently testing a sea-water based closed containment for fish farming.

ANTI-CORRUPTION

10. Businesses should work against all forms of corruption, including extortion and bribery.

Cermaq is member of Transparency International (Norway), and we do not tolerate any forms of corruption including extortion and bribes. In 2011, we conducted a due diligence on corruption in our operations in Vietnam,

and we have trained our management in anti-corruption.

- [Cermaq ethical and corporate responsibility guidelines](#)
- Anti-corruption performance; [SO 3](#)

Transparency International (TI)

Corruption undermines democracy and the rule of law. It also distorts national and international trade. In May 2011, Cermaq ASA became a member of TI Norway. Through the membership we support TI's anti-corruption work. In addition TI is a channel to share our experience with other businesses and draw on other companies experience in the regions where we are present.

Cermaq has implemented a zero-tolerance policy towards corruption within all our operations and we perform regular training of management and other employees in vulnerable positions. In 2011 we selected a supplier of an e-learning anti-corruption tool which will be rolled out in all our operations in 2012.

Carbon Disclosure Project (CDP)

Cermaq acknowledges the need for reducing carbon emissions in order to combat climate change. In support of this, we submitted our carbon emissions to the CDP in 2010 and 2011.

The CDP disclosure process has increased the awareness of our emissions throughout our operations and it has enabled us to better define activities and set targets. Cermaq obtained a CDP score of 75 C in 2011 (based on 2010 emission figures). (CDP's rating is from 0-100, and A-E)

Global Reporting Initiative (GRI)

GRI's Sustainability Reporting Framework enables all companies and organizations to measure and report their sustainability performance. By reporting transparently and with accountability, organisations can increase the trust that stakeholders have in them, and in the global economy. It also makes it possible to compare individual companies' performance. Cermaq started to report according to the GRI standard in 2009 and we disclose our third report in 2011. The 2011 report meets the requirements of a B+ report.

Aquaculture related initiatives

Cermaq is engaged in several industry related international initiatives. The Salmon Aquaculture Dialogue (SAD) aims at defining a standard for responsible salmon farming that will gradually transform the industry, and Cermaq has participated with our knowledge and experience to make the standard an efficient and practical tool.

A parallel process has been the Global Aquaculture Alliance (GAA) also aiming at defining a global standard for sustainable salmon farming. Cermaq has participated actively in this process. In 2011, one of our farming sites in Canada was the first site in the world to be certified according to this GAA standard.

EWOS has been an active supporter of the International Fish meal and Fish oil Organisation's standard for responsible sourcing (IFFO R/S) and in 2011 EWOS supported a special program to assist companies qualifying for certification, and thus increasing the total volumes of certified fish meal and fish oil.