

Our Performance Q2 2019

CERMAQ CANADA April - June 2019

Cermaq Canada had an absence rate of 2.9 percent and lost time injury rate of 0 injuries per million working hours. There were two fish escapes during the quarter due to sea lion attacks, where a total of 37 fish escaped, while there were no non-compliances. Average sea lice levels are 1.02 adult female and mobile lice versus 6.60 female and mobile lice during the same quarter last year. 0.5 grams active ingredient per ton of live weight fish produced of in-feed treatment was used during the quarter compared to 0.3 grams active ingredient per ton produced in the same quarter last year.

The rolling 12 month fish survival rate decreased compared with the same period last year, with a rolling survival rate of 90.0 percent; the use of antibiotics by closed cycle decreased by over 70% this quarter compared to the previous year. We describe our guidelines for antibiotic use at the end of this report below.

CERMAQ CANADA				
INDICATOR	Unit	Q2 2019	Q2 2018	Calendar year 2018
FISH HEALTH				
Survival rate in our fish farming (Atlantic salmon)	12 months rolling rate	90.0%	90.4%	93.4%
Use of antibiotics	gAPI/t harvested	9	35	118
Use of treatments against sea lice (in feed)	gAPI/t LWE produced	0.5	0.3	0.2
ENVIRONMENT				
Escapes	Number of fish escaped	37	0	10
Sea lice counts	Average adult female and mobile lice	1.02	6.60	3.8
SOCIAL				
Non-compliances	Number of non-compliances closed with a fine	0	0	0
Absence rate	Absentee days as a % of total work days	2.9%	2.2%	2.5%
Lost time injury rate (H1)	Lost time injuries per million working hours	0	0	4
Injury frequency rate (H2)	Injuries per million working hours	15	14	13
Lost time frequency rate (F-value)	Lost time from injuries per million working hours	456	0	65

CERMAQ CHILE April - June 2019

Occupational health and safety performance continued to be good in our Chilean operations this quarter. The absence rate of 2.2 percent matched the absence rate in the same quarter last year, while the lost time injury rate, injury frequency rate, and lost time frequency decreased. Zero non-compliances were closed with a fine this quarter. Sea lice Counts increased compared with the same period last year at 1.13 lice per fish versus 1.00 lice per fish while sea lice treatment decreased. There were no fish escapes in Cermaq Chile this quarter.

The survival rate for Atlantic Salmon, Coho Salmon and Rainbow Trout improved this quarter compared to the same period last year, with rolling survival rate of 96.3 percent for Atlantic Salmon, 96.4 percent for Coho Salmon and 98.0 percent for Trout. This quarter we had a decrease in our measure of antibiotic use compared to the same quarter last year, with a use of 70 grams active ingredient used per ton harvested compared With 482 grams per ton during Q2 2018. The main reasons for antibiotic use were control of Piscirickettsiosis (SRS), yersinosis, and furunculosis. We describe our guidelines for antibiotic use at the end of this report below.

Cermaq has a strong commitment to finding a sustainable solution for SRS, which currently can be partially controlled by traditional vaccination and managed by the use of antibiotics. For the last five years Cermaq's R&D team has worked actively with industry and academic partners to develop new and effective vaccines to fight SRS, promote vaccine innovation and their proper use. Cermaq Chile will continue to work on initiatives to reduce SRS during the farming stage, by encouraging the development of new vaccine prototypes, development of novel vaccination strategies and the use of these vaccines in Cermaq Chile sites.

INDICATOR	Unit	Q2 2019	Q2 2018	Calendar year 2018
FISH HEALTH				
Survival rate in our fish farming (Atlantic salmon)	12 months rolling rate	96.3%	93.6%	95.9%
Survival rate in our fish farming (Coho)	12 months rolling rate	96.4%	95.5%	97.2%
Survival rate in our fish farming (Trout)	12 months rolling rate	98.0%	97.8%	98.7%
Use of antibiotics	gAPI/t harvested	70	482	283
Use of treatments against sea lice (bath)	gAPI/t LWE produced	6.7	8.4	8.3
ENVIRONMENT				
Escapes	Number of fish escaped	0	21584	27868
Sea lice counts	Average adult female lice (Caligus)	1.13	1.00	1.0
SOCIAL				
Non-compliances	Number of non-compliances closed with a fine	0	5	10
Absence rate	Absentee days as a % of total work days	2.2%	2.2%	2.0%
Lost time injury rate (H1)	Lost time injuries per million working hours	2	7	7
Injury frequency rate (H2)	Injuries per million working hours	4	10	8
Lost time frequency rate (F-value)	Lost time from injuries per million working hours	53	159	78

CERMAQ NORWAY April - June 2019

Absence rate was 3.2 percent this quarter in Cermaq Norway, a decrease from 4.1 percent in the same period in 2018 while the lost time injury rate and lost time frequency rate also decreased. There were

zero non-compliances this quarter, while there were regrettably two fish escapes from Cermaq Norway during the quarter where a total of 20 smolt with an average weight of 65 grams escaped. 19 smolt escaped due to a pumping error in Finnmark and a further 1 smolt escaped during a data sampling procedure.

In terms of environmental performance, sea lice counts were 0.06 adult female lice per fish, up from 0.03 adult female lice per fish during the same period in 2018, while sea lice bath treatment was not used. The majority of farms have very good sanitary conditions and overall lice counts are maintained well below the regulatory limit of 0.5 average adult female lice per fish.

The rolling fish survival rate decreased compared with the same period last year, with a rolling survival rate of 89.3 percent this quarter due to mortalities from an algae bloom in one region in Nordland county, while other areas had high survival rates. There was use of 0.6 grams of antibiotics by closed cycle for salmon harvested this quarter in Cermaq Norway as 6 pens of fish were treated for mouthrot at one site in Finnmark in November 2017. All other fish harvested this quarter received no antibiotics.

CERMAQ NORWAY				
INDICATOR	Unit	Q2 2019	Q2 2018	Calendar year 2018
FISH HEALTH				
Survival rate in our fish farming (Atlantic Salmon)	12 months rolling rate	89.3%	93.4%	93.9%
Use of antibiotics	gAPI/t harvested	0.6	0	0.5
Use of treatments against sea lice (in bath)	gAPI/t LWE produced	0	0	0.3
ENVIRONMENT				
Escapes	Number of fish escaped	20	0	6929
Sea lice counts	Average adult female lice	0.06	0.03	0.1
SOCIAL				
Non-compliances	Number of non-compliances closed with a fine	0	0	1
Absence rate	Absentee days as a % of total work days	3.2%	4.1%	4.0%
Lost time injury rate (H1)	Lost time injuries per million working hours	4	12	6
Injury frequency rate (H2)	Injuries per million working hours	4	12	11
Lost time frequency rate (F-value)	Lost time from injuries per million working hours	24	272	180

How each indicator is measured

Fish health

Fish survival: The welfare status of farmed fish is of interest to a range of industry stakeholders. In Cermaq, we continuously strive to improve fish welfare through a range of measures and initiatives.

Survival can be used as one simple measure to gain an overview of the fish health situation. The indicator is a rolling 12 month measure which calculates survival number for the last 12 months as a proportion of the estimated number of fish in the sea in the last 12 month of the year (adjusted for harvest and mortalities). This is to adjust for short term variations and to enable to show longer term trends.

Antibiotic use: Medicines is a necessary tool in all kinds of animal farming to ensure animal welfare. In salmon farming, some geographical regions or companies have been able to significantly reduce their use of antibiotics over time, whilst others are relatively high users. This measure is useful to gain an overview and control of the antibiotics use in the operations, and ensure that our antibiotic policy is adhered to. We measure the total use of antibiotics divided on the biomass harvested within a quarter. We have chosen this measure as we consider that it gives the best indication of the sustainability of our production and product safety. Also this measure gives a good relation between antibiotic use and stock treated by period and provides better association between treatments and final products.

In Cermaq it is important that antibiotic treatments are held to a minimum, only when strictly needed to restore fish health and welfare. Our policy for the use of antibiotics is to limit the use to cases where:

- Animal welfare is threatened by a bacterial disease
- A diagnosis of disease exist with a prescription of antibiotic by an authorized person
- The antibiotic has a proven therapeutic effect against the disease, and
- The antibiotic is approved for use in fish farming

Sea lice treatment: This indicator seeks to quantify the amount of different types of sea lice treatment used by Cermaq. Bath treatments and in-feed treatments are included in the indicator,

where the most significant by region is published. Preventive methods are not included in the reporting; only treatments to ensure that sea lice levels are in compliance with regulatory set limits. A summary of non-pharmaceutical and preventive measures used in Cermaq, can be seen [here](#). In Canada, only treatment in feed is used, while in Norway and Chile, bath treatments are most common are hence reported here. Treatments with hydrogen peroxide is not included in this figure.

Escapes: Our goal in Cermaq is zero escapes. Escapes may pose negative effects through possible interaction between the escaped salmon and wild salmon including the risk of compromising genetic integrity and increase competition in the freshwater environment. For fish farmers, escapes also represent a loss of valuable assets. Preventing escapes is a high priority and in the case of any incidents of escape, we work intensively to recapture as many fish as possible. This indicator aims to quantify the number and extent of fish escape incidents and what action has been taken to prevent recurrence, to minimize the risk of similar incidents in the future.

Environment

Sea lice counts: Sea lice represent a continuing challenge across operations in many regions. Control of sea lice in a sustainable way is critical to the future sustainability and growth of the salmon farming industry. We are therefore closely monitoring the sea lice counts in each region to gain an overview of the lice situation in Cermaq. Counts are made for each site, and the number reported here represents an average of each Cermaq operating company. The lice counting for each country is linked to the sea lice levels triggering treatment in the different salmon farming areas.

Non-compliances: Our clear goal is to comply with all applicable laws and regulations in our countries of operation. The level of any non-compliances within our operating companies also helps indicate our ability to ensure that operations conform to expected performance parameters. From an economic perspective, ensuring compliance helps to reduce financial risks that occur either directly through fines or indirectly through impacts on reputation. This indicator seeks to measure the compliance with environmental, social, and product regulations in our operations. It refers to final non-compliances closed with a fine.

OHS

Cermaq employees shall be safe and secure at work. Occupational health and safety initiatives are integral parts of the Group's risk management. The OHS challenges are differing between the operating companies. Each operating company identifies its own relevant and suited initiatives to reduce the level of injuries and absence due to illness. Operating companies also engage regularly in the sharing of best practices to manage and mitigate common challenges, including the definition and measurement of a set of common OHS indicators reported monthly to the management.

Absence rate: This indicator measures absence related to employees' health including sickness, lost time from injuries (at work or outside work), or occupational disease.

Lost time injury rate (H1): This indicator measures injuries among our employees that lead to lost time direct per million working hours.

Injury frequency rate (H2): This indicator measures the total number of injuries among our employees per million working hours.

Lost time frequency rate (F-value): This indicators measures lost time from injuries among our employees per million working hours.
