

Sustainability Report 2017




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CEO Message

Perspectives from Cermaq's CEO, Geir Molvik.



The oceans are rising on the global agenda, mainly based on growing concerns. While 95 percent of the oceans are still unexplored, we know that the oceans play a major role for our climate, and that in the future we must produce more food in the oceans.

Aquaculture and salmon farming is a part of the solution, and Cermaq has the ambition to contribute both by producing more high-quality healthy food and by working with others to improve our food systems and ocean management.

BEING A PART OF THE SOLUTION

The UN Sustainability Development Goals, agreed on in 2015, set the agenda for where we want to be in 2030. We are now much closer to 2030 than we are to 2000. To achieve these goals we need to act, we need to change, and we need to improve. And above all; we must all contribute.

In Cermaq, we have identified five of the 17 Sustainable Development Goals (SDGs) where we truly can make a difference. These are first and foremost SDG 14: Life Below Water, but also SDG 2: Zero Hunger, SDG 8: Decent Work and Economic Growth, SDG 12: Responsible Consumption and Production, and SDG 13: Climate Action. For each of these, we have identified actions and priority areas in our operations and in our value chain.

Cermaq's approach is based on the pillars of transparency, partnerships and performance. We believe a company which openly reports its results also has a better overview of its risk and opportunities, a stronger basis for dialogue with stakeholders, and a better ability to actually make progress on material topics. And again in 2017 Cermaq was ranked as the most transparent salmon farming company in the world.

We work in partnerships to achieve the greatest impact in our focus areas. Partnership is crucial to find solutions to the SDGs and make progress on ocean sustainability. These partnerships grow out of our operations, where the closest level is the salmon industry, which cooperates in the Global Salmon Initiative (GSI). The GSI aims to strengthen sustainable operations by sharing good practice and knowledge, improve industry transparency, and collaborate to enhance the ASC certification process.

The second level of engagement is the entire seafood value chain. In Seafood Business for Ocean Stewardship (SeaBOS) ten of the world's largest seafood companies have committed to Ocean Stewardship. For the first time, this initiative has connected the global seafood business to science, wild capture fisheries to aquaculture, and European and North American seafood companies to Asian companies.

Our next level of partnerships in the food value chain, is the FReSH program led by the World Business Council for Sustainable Development (WBCSD) and EAT. FreSH is a gathering of business to transform the global food system in the face of major health and environmental challenges.

The next and final dimension of our partnerships addresses the sustainable use of the ocean. Recently Cermaq was the first company to join the UN Global Compact Action Platform for Sustainable Ocean Business, a new and unique initiative addressing the health of our ocean. For the first time, business will take a leading role in addressing ocean sustainability in the UN. The Platform will engage UN partners, private sector partners, governments, academia, and NGOs. Cermaq remains committed to the UNGC principles and is an active member, engaging both in building local UNGC networks and global initiatives.

Solid performance in a strong market

In 2017, the global salmon supply grew around 7% while prices weakened from the peak at the end of 2016. Still, the overall prices were at a high level for the year in total. The long-lasting market restrictions for farmed salmon to Russia still apply, whereas export from Norway to China is growing, but is still at low volumes. As a global industry, market access and trade agreements are essential for the salmon farming industry. Production cost has increased in all regions in recent years, so cost control is key for long term economic sustainability of the industry.

Cermaq will publish its financial results in the second half of 2018, as the financial year ends 31 March.

The share of ASC certified sites continued growing and the volumes of ASC-certified salmon likewise. In 2017, more than 60 % of the volumes from Cermaq Norway and 55 % of the volumes sold from Cermaq Canada came from ASC-certified sites, whereas in Chile the certified sites have been limited to Region XII. The ASC certification process is continuing in all regions and we expect further increase in ASC certified volumes in all regions.

In 2017, we met our goals on improved health and safety, an area we have highly prioritized over the last years to bring our industry in par with the best industries.

A total of 212,562 fish escaped our operations in Chile in 2017. These incidents should not have occurred. We have identified the root cause and made corrective actions. In Chilean waters there are no native salmon.

Aquaculture is founded on research and innovation.

Cermaq invests significantly in research and new technology development. In 2017, our internal R&D branch was expanded to build competence in technology in addition to fish health, genetics and nutrition.

Cermaq is currently engaged in two applications for development licenses; “iFarm”, a sensor -based technology enabling individualized farming, and “Flexi-Farm” a closed containment system with water treatment against infections.

Research and innovation are basis for improvement in the salmon industry. The current status in Norway, where the salmon industry uses close to zero antibiotics is based on development of effective vaccines. In Chile, the disease SRS requires antibiotic use. Our researchers have shared their findings of isolates of SRS-bacteria with partners who will develop vaccines for this disease. At our R&D site in Chile we have test vaccines in development.

It's all about people

Our farming operations belong in their local communities. That is where our value creation takes place and that is where our employees live. The Cermaq team of dedicated and engaged colleagues makes me proud of all we have achieved and hopeful that we will succeed not only continually improving our production of high quality and healthy food but also working with partners and other stakeholders to improve our food systems and ocean management.

To the management of Cermaq Group AS

Independent Auditor's report on the Cermaq Sustainability Report 2017

We have reviewed certain information in the Cermaq – Sustainability Report 2017, sections Report Foundation, Performance (excl. CDP Report 2017) and CEO Message (in total referred to as "the Report"), presented on www.cermaq.com. The Report is the responsibility of and has been approved by the management of Cermaq Group AS ("Cermaq"). Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews as well as a review on a sample basis of evidence supporting the subject matters. We have performed interviews and meetings with management and individual resources responsible for the preparation of the Report at corporate level. In our work, we have focused in particular on the key indicators (CEQ Indicators) and the energy and greenhouse gas emissions indicators presented in the Sustainability Report 2017 as well as indicators submitted to the Global Salmon Initiative (GSI) for 2017. We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusions

Based on our review, nothing has come to our attention causing us not to believe that:

- Cermaq has applied procedures to identify, collect, compile and validate information for 2017 to be included in the Report, as described in the Report.
- Information presented for 2017 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- Cermaq has applied a reporting practice for its sustainability reporting aligned with the reporting principles set out in the GRI 101 Foundation Standard of the Global Reporting Initiative (GRI) Sustainability Reporting Standards.
- The Report has been prepared in accordance with the GRI Standards – Core option.

Oslo, 18 April 2018
Deloitte AS



Kjetil Nevstad
State Authorised Public Accountant (Norway)



Frank Dahl
Deloitte Sustainability

Key Figures 2017

Below you will find the key figures for the calendar year.

TOPIC	UNIT	2017	2016	2015*	2014	2013	2012	2011
Sales								
Operating revenue	NOK bn	9.4	8	6.4	5.6	5.2	3.3	11.7
Sales volume	GWE '000 tonnes	158	137	163	138	142	121	109
Social								
Employees	#	4177	3352	3928	4130	4357	3239	3038
Fatalities	#	0	0	0	1	2	0	0
Absentee rate	% of total working days	2.2%	2.5%	2.6%	2.0%	2.8%	2.4%	3.0%
Injury rate (H2 value, TRI)	Injuries per million hours worked	8	9	10	18	50	35	35
Lost-time injury rate (H1 value, LTIR)	Lost-time injuries per million hours worked	5	6	7	11	24	13	26
Fish health								
Fish escapes	# of fish	212 562	426	7346	21	63 273	1	2
Fish mortality (ATS)	% mortalities	5.3%	7%	6.3%	6.8%	6.4%	7.3%	8.4%
Sustainable feed use	Feed factor	1.21	1.26	1.31	1.25	1.26	1.23	1.24
Environment								
Biodiversity	Weighted fallow time between cycles (weeks)	21	17	31	13	18	18	14
Energy consumption	GJ	1,073,088	697,185	751,831	724,993	709,270	542,169	456,692
GHG emissions	tonnes of CO ₂ e	80,922	51,995	57,988	54,671	53,481	39,693	32,011
Governance								
Non-compliance with regulations	#	12	10	11	10	7	9	5
Local communities	% of sites committed to an Area Management Agreement	100%	100%	100%	100%	100%	91.30%	88.4 %

10/15/2020

Cermaq | Key Figures 2017

** 2015: 15 months from 01.01.2015 to 31.03.2016 due to change in financial accounting year. Previous years are 12 months calendar year.*

Cermaq indicators

Cermaq reports on a number of indicators considered material for Cermaq and the industry. The performance on these Cermaq-specific indicators in 2017 can be found below, together with an overview of all reported indicators.

Cermaq reports in accordance to a wide selection of sustainability principles. We measure our performance against these principles and seek continuous improvement.

Cermaq reports on topics that have been found material for our operations and to our stakeholders. How we define our material topics is described in further detail in our [Materiality Analysis](#). We use the Global Reporting Initiative (GRI) framework to identify specific indicators to report on for each material topic, and these are presented under [GRI indicators](#). In addition, we have developed a separate set of material indicators which are made specifically for our operations. These can be found on this page.

Below you will find an overview of all Cermaq indicators reported by material topic for 2017, and our performance on each of the Cermaq specific indicators.

Overview of indicators

The list below provides an overview of all indicators reported by Cermaq in 2017, both GRI indicators and Cermaq specific indicators.

FOCUS AREA	MATERIAL TOPIC	INDICATORS
 HEALTHY AND NUTRITIOUS FOOD	<ol style="list-style-type: none"> 1. Product quality, health and safety 2. Fish health and welfare 3. Feed ingredients 	<ul style="list-style-type: none"> • Raw material ingredients • Customer health and safety assessment • Fish mortality • Medicine use • Vaccination program • Sea lice counts • Animal species and breed type • Non-compliance with product health & safety • Fines for product non-compliance
 THRIVING OCEANS	<ol style="list-style-type: none"> 4. Biodiversity and feed sourcing 5. Biosecurity 6. Blue economy 	<ul style="list-style-type: none"> • Feed sourcing and supplier assessment • Raw material ingredients • IUCN red list species with habitats in areas of operation • Wildlife interactions • Vaccination program • Fish escapes • Sea lice counts • Area Management Agreements • Economic value generated and distributed • Country-by-country financial and organizational data
 PEOPLE LEADERSHIP	<ol style="list-style-type: none"> 7. Safety & workplace 8. Community relations 9. Human Rights 	<ul style="list-style-type: none"> • Injuries, lost days, absence • Senior management hired from local community • Local community engagement programs • Local community complaints • Non-compliance with societal regulations • Incidents of violations involving indigenous peoples' rights • Economic value generated and distributed • Country-by-country financial and organizational data
 RESPONSIBLE PRODUCTION	<ol style="list-style-type: none"> 10. Value chain approach 11. Certifications 12. Beyond compliance: Responsible business conduct 	<ul style="list-style-type: none"> • Fallow time/benthic impact • Water withdrawal and recycled input materials • Non-compliance with environmental regulations • Whistle blowing • Training on anti-corruption • Incidents of corruption • ASC certification



13. Adaptation

14. Emissions

15. Innovation

- Financial implications, other risks and opportunities due to climate change
- Energy consumption
- GHG emissions (Scope 1, 2 and 3)
- Energy reduction initiatives

Cermaq indicators

This section presents the sustainability performance of Cermaq's operations in Norway, Chile and Canada in 2017 for each of the Cermaq specific indicators. The table below shows all Cermaq specific indicators reported by material topic in 2017.

MATERIAL TOPIC	INDICATOR	MATERIAL TOPIC	INDICATOR
Fish Health and Welfare	CEQ1 Fish Mortality	Biosecurity	CEQ2 Sea lice
	CEQ4 Medicine use		CEQ6 Area Management Agreements
	CEQ5 Vaccination program	Responsible production	CEQ 3 Fallow time
Feed sourcing and ingredients	CEQ 8 Raw Material Ingredients	Local communities	CEQ 11 Local Community Complaints
Biodiversity	CEQ 7 Escapes	Responsible business conduct	CEQ 12 Whistle Blowing Incidents
	CEQ 17 Birds and Mammals	Economic growth	CEQ 15 Country by Country Financial and Organisational Data
Certifications	CEQ 16 ASC		

CEQ 1 FISH MORTALITY

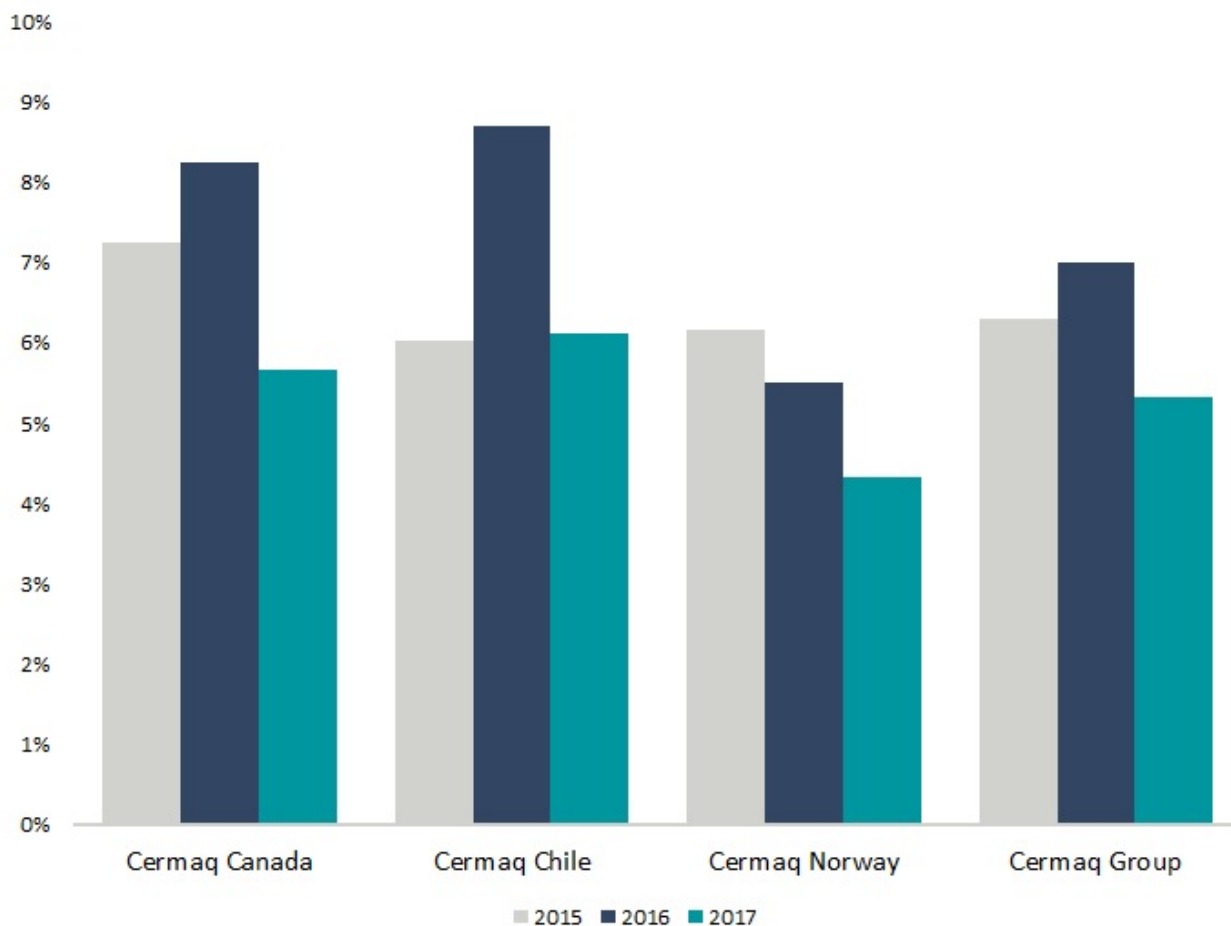
Fish mortality is a key measure to evaluate fish health and welfare. To monitor fish mortality, a 12 months rolling rate was introduced in 2012. The rate measures number of fish mortalities for the

last 12 months as a proportion of an estimated number of fish in the sea the last month. The benefit of a 12-month rolling rate is that long term trends are better represented. The indicator is a precise measure and a better "steering wheel" for management. Reduction of fish mortality is a key target in Cermaq and fish mortality is defined as a Key Performance Indicator. This means that it is followed up closely and reported monthly to the Central Management team and the Board of Directors.

The 12 months rolling fish mortality for Atlantic salmon was 5.3 percent at the end of December 2017 for Cermaq Group, compared With 7 percent in 2016. Cermaq Chile had a significant reduction of mortalities compared with 2016, which was a challenging year due to algae blooms. Mortalities decreased from 8.7 percent in 2016 to 6.1 percent this year. Cermaq Norway decreased mortalities from 5.5 percent in 2016 to 4.3 percent in 2017, with overall good sanitary conditions. Cermaq Canada's mortality rate was 5.7 percent, a decrease from 8.3 percent in 2016. The decrease in mortalities in Canada was largely due to colder water temperatures and more favorable biological conditions compared to 2016.

FISH MORTALITY (ATLANTIC SALMON)

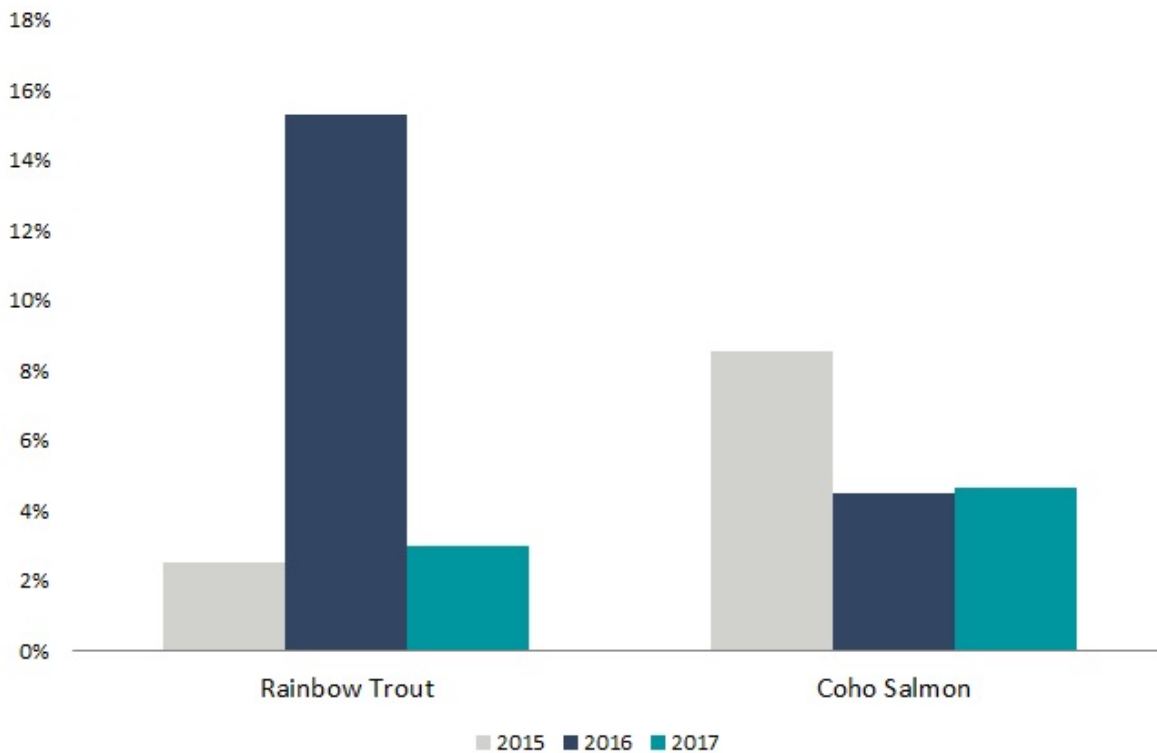
12 months rolling mortality rate - ATS



In addition to Atlantic salmon, Cermaq Chile is farming Coho salmon and Rainbow trout. At year-end 2017, the 12 month rolling mortality rate for Rainbow Trout significantly decreased from 15.3 percent in 2016 to 3.0 percent this year. The rolling mortality rate for Coho increased to 4.6 percent (from 4.5 percent in 2016).

FISH MORTALITY (RAINBOW TROUT AND COHO SALMON)

12 months rolling mortality rate - RBT and COS



Cullings of fish below harvest size are programmed events with the main objective to preserve the fish health situation of a locality, usually triggered by the presence of a disease. Each country has their own set of rules, including the type of disease to be culled and the time schedule to reduce the possibilities of transmission to other farms and companies. Also, when needed, Cermaq’s Fish Health team can propose culling events in order to maintain the general sanitary condition of an area.

During 2017, nine cullings were reported in Cermaq Chile, where the fish were removed and transported to final disposal after rejection during split handling and complying with all local regulations. Cermaq Canada and Cermaq Norway reported no cullings in 2017.

The stocking density is compliant with national regulations, which are for Atlantic salmon 25

kg/m³ in Norway and 17 kg/m³ in Chile. Canada does not have a regulatory limit, however Cermaq Canada’s normal stocking density is 20 kg/m³.

CEQ 2 SEA LICE

Controlling sea lice levels is a high priority in all regions where Cermaq operates because high levels of sea lice negatively impact the immune systems of the fish and directly affects fish health and welfare. Also the skin of the salmon can be damaged by sea lice and the skin is one of the most important barriers against other diseases. It is also a priority to keep lice levels low to ensure they do not negatively impact wild salmon stocks.

Lice occur naturally in the marine environment. There are two species of lice that affect farmed salmon: *Caligus sp.* and *Lepeophtheirus salmonis*. Infestation by either lice species may result in stress and reduced immune competence, making the fish more susceptible to other diseases and health challenges. Therefore, effective lice management is a very important measure in fish health work, and is a pre-requisite for sustainable aquaculture. The best sea lice management is preventive, reducing the parasitic levels in normal farming practices without handling the fish. Preventive measures are less stressful for the fish and do not involve chemical use. Non-medical treatments including lice skirts, cleaner fish, freshwater treatments, and thermal treatments were used in 2017. Chemical treatments include bath and in-feed treatment. Cermaq works continuously to enhance our sea lice management in all regions, with a focus on preventive measures.

LOCAL ACTION LEVELS (MEAN NUMBER OF LICE PER FISH)

In 2017, sea lice counts were controlled below the local action levels for all Cermaq operations. The local action levels in 2017 are provided in the table below.

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

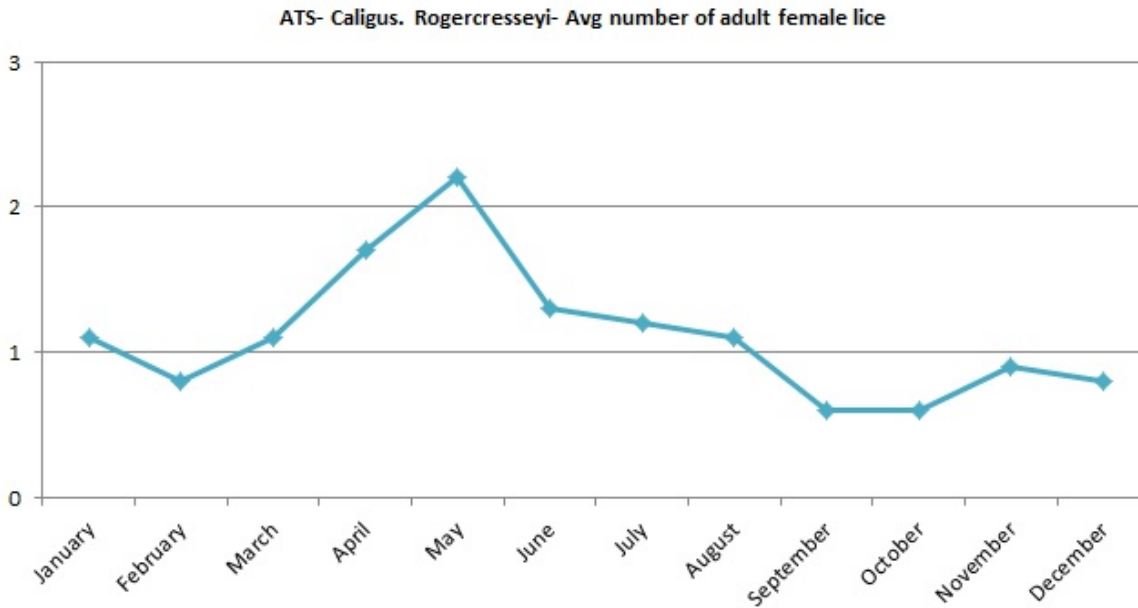
	CHILE	NORWAY	CANADA
	Ovigerous Females	Adult females	Total lice (mobiles + adult females)
2017	3	0.5	3

SEA LICE COUNTS CERMAQ CHILE

In Cermaq Chile the status of *Caligus* for Atlantic salmon and Trout has improved since the peak in

April 2013. For Coho salmon, adult sea lice are not a challenge to the same degree as for Atlantic and Trout and the level has remained low in 2017.

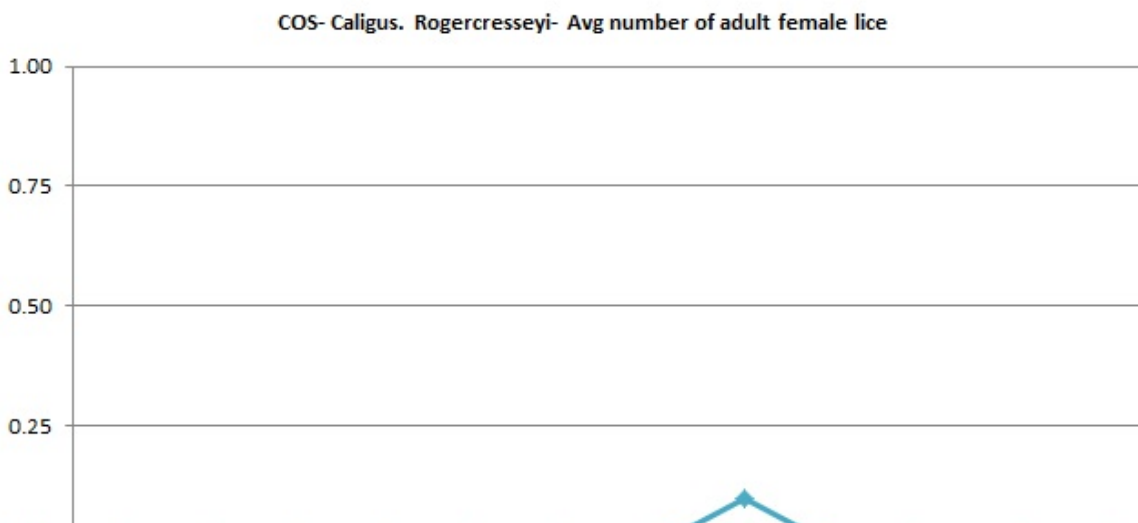
Average Sea Lice Counts Chile - Atlantic salmon

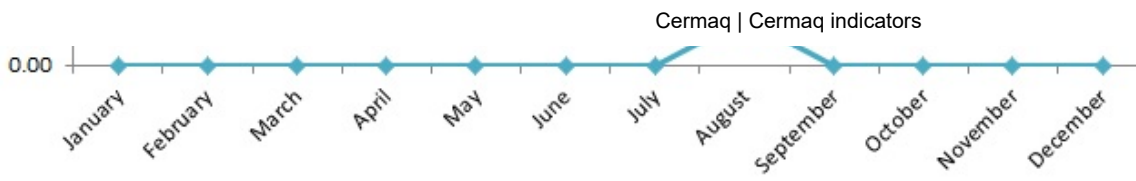


The sea lice counts for Atlantic salmon in Chile were on average 1.12 adult female lice in 2017 compared to 1.36 in 2016.

There were significantly lower counts in Q1 2017 compared to Q1 in 2016 (1.0 vs 2.5), with higher counts from May onwards due to challenging weather conditions and low oxygen levels presenting difficulties for sea lice treatment. The lowest average counts were in September and October 2017, and sea lice counts in October-December 2017 were 0.77 lice per fish, matching exactly with the same period in 2016.

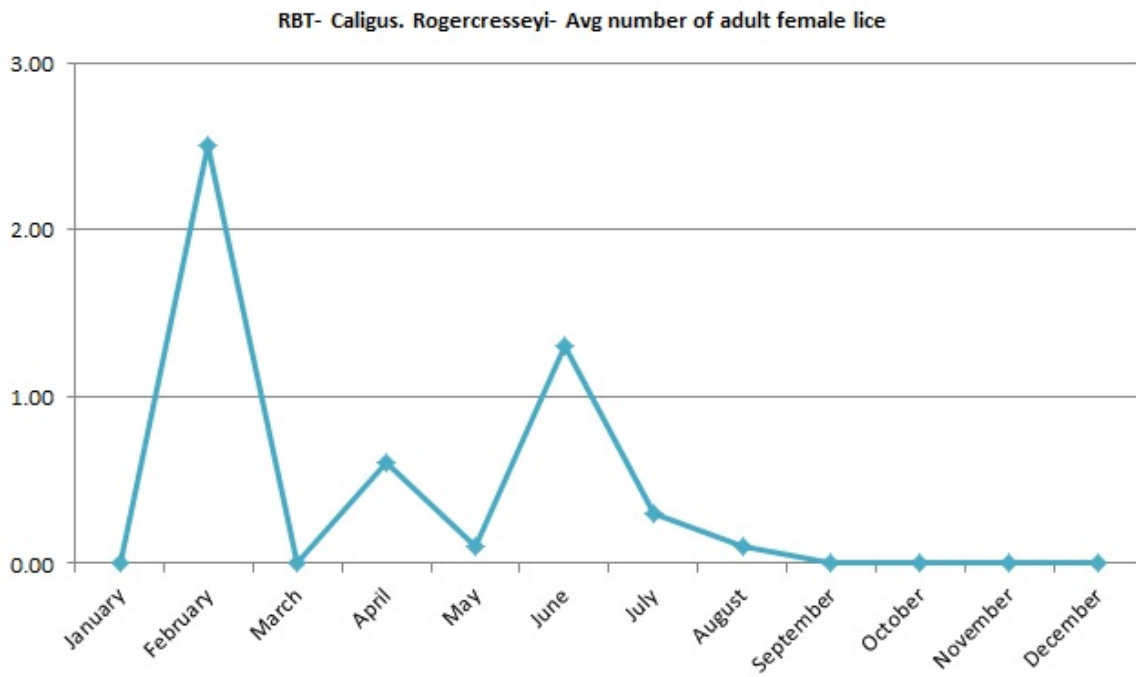
Average Sea Lice Counts Chile - Coho salmon





Coho salmon had zero salmon lice for all months of the year besides August, when 0.10 sea lice were counted.

Average Sea Lice Counts Chile - Rainbow Trout



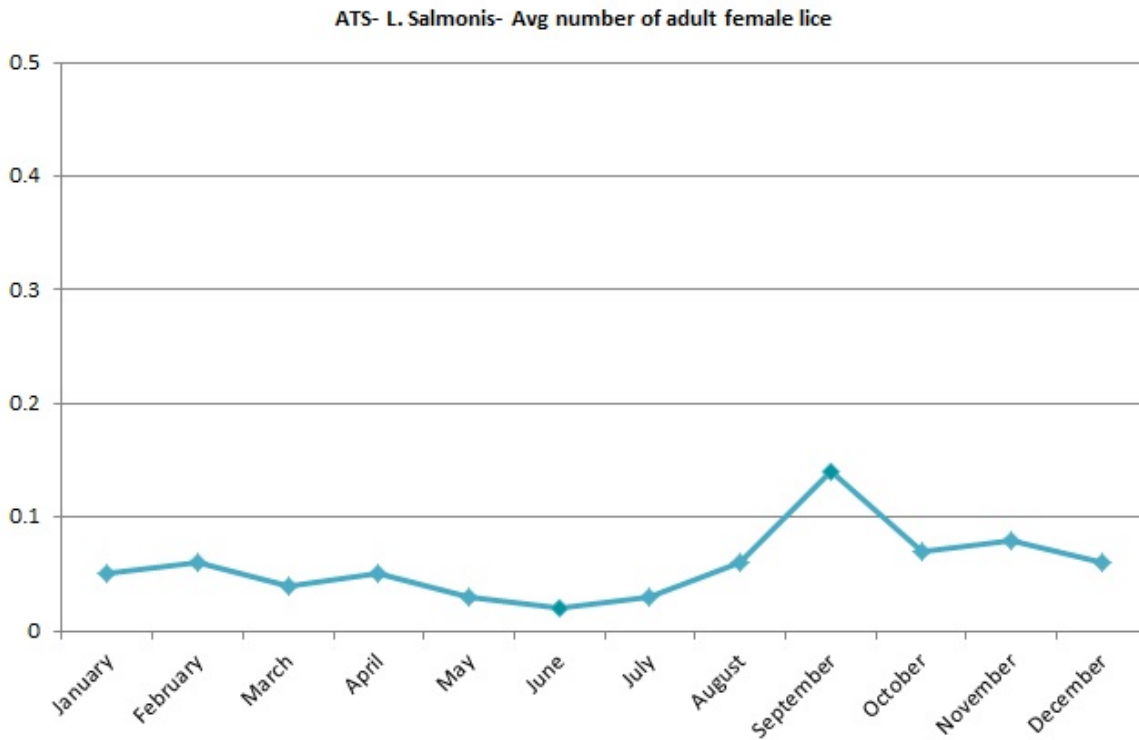
Sea lice counts for rainbow trout decreased from 0.78 adult females in the first quarter due to algae blooms and lack of treatments to 0 in the last quarter of 2017. The average adult female lice count for 2017 was 0.41 lice, vs 1.4 lice in 2016.

Sea lice counts Cermaq Norway

In Norway, the Norwegian Food Safety Authority (NFSA) has introduced ranking of regions according to a traffic light system. The system is based on the average period of time where the sites in the region have had levels above the maximum allowed level of 0.5 adult female lice. Cermaq Norway’s operations are located in regions of Norway ranked as green traffic-lights.

Cermaq Norway’s yearly sea lice counts have further decreased to 0.06 lice per fish in 2017 from 0.09 lice per fish in 2016, both of which are low and well below regulatory limits. Cermaq Norway is now using the preventive sea lice measures of sea lice skirts and cleaner fish whenever possible.

Average Sea Lice Counts Norway - Atlantic salmon

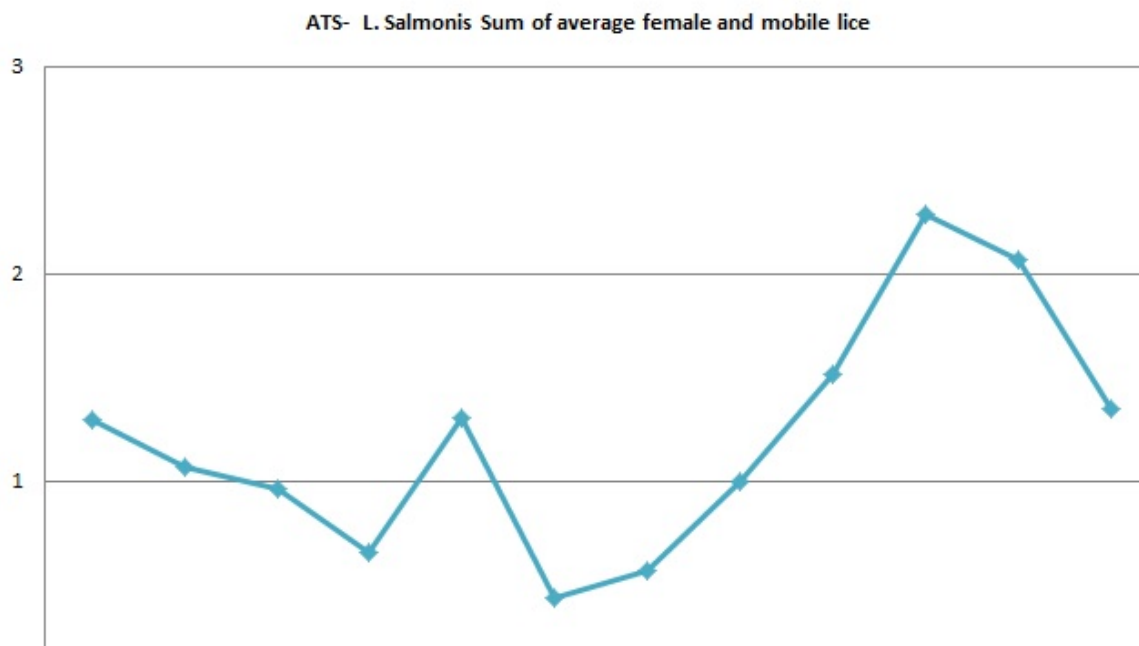


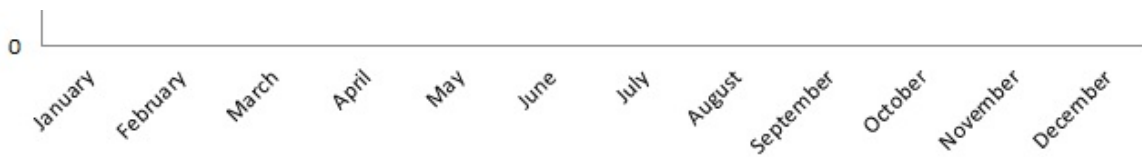
In Q3 2017, high sea water temperatures in Nordland led to higher sea lice counts compared to the same quarter last year (0.08 vs 0.06).

Sea lice counts Cermaq Canada

In Cermaq Canada, the sea lice levels increased in 2017, to 1.2 average adult female lice and mobile lice from 0.86 in 2016 due to environmental challenges.

Average Sea Lice Counts Canada - Atlantic salmon





Sea lice levels in Cermaq Canada were higher overall in the second half of 2017 due to high salinity and high wild salmon presence, however sea lice counts decreased rapidly in December 2017 due to increased rainfall and the end of wild salmon migration.

CEQ 3 FALLOW TIME

Cermaq complies with local and national environmental regulations related to effluents and waste, fallowing time and benthic impact assessment. In 2017, all operations fully respected the fallowing requirements defined in regulations.

Fallowing and benthos assessment is necessary to make sure that fish feces and feed pellets won't build up below or around farm pens, to monitor sea floor status and avoid any longer term or irreversible impacts. We monitor our fish feeding every day with underwater cameras to reduce spill of fish feed and reduce negative impacts of nutrient release, such as Nitrogen and Phosphorus. Also dissolved oxygen is measured on a daily basis at farm level to monitor the environmental condition needed to keep good health and welfare of our fish.

Fallow time is measured per week, from the last fish has been harvested and the first fish stocked in the next cycle. Fallow time respond to local regulations in Chile and Norway. There is no regulatory limit in Canada, but best management practice is used.

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

WEEKS	CERMAQ CANADA	CERMAQ CHILE	CERMAQ NORWAY
Statutory requirements	-	12	8
2010	22	24	29
2011	13	12	17
2012	24	12	17
2013	27	12	14
2014	17	12	10
2015	55	12	25
2016	18	12	21

2017

23

12

29

Local authorities play an important role auditing all salmon farming companies. If a deviation is detected, Cermaq reports the non-compliances with environmental regulations under indicator 307-1.

In the last years Cermaq has performed trials of alternative fish nets that do not require copper based antifouling paint. Cermaq Canada has made trials of brass and metal alloy nets and is currently trialling multiple types of plastic netting including polyester and Kgrid, Chile has used EcoNets for farming and currently Norway has transitioned to using nets made of ultra-high-molecular-weight polyethylene plastic. The main goal is to reduce our impact on the environment, reduce handling of net exchange and prevent predator attacks through stronger net alternatives.

CEQ 4 MEDICINE USE

Cermaq is working systematically with preventive health measures in all countries of operation. Key elements include screening programs for monitoring relevant pathogens from broodstock until harvest size fish, the systematic use of vaccines, feeding with functional feeds, monitoring of water quality, mapping stress in our farmed salmon, and a restrictive use of antibiotics.

The tools developed over several years and the generation of knowledge has allowed for better forecasting of disease events, lower risk of disease outbreaks, and secure fish health and welfare. Despite preventive measures, sometimes treatment with medicine is necessary, and there are strict procedures in place for the use of medicine such as antibiotics and sea lice treatments. These chemical treatments are used strategically and only when strictly needed to avoid also the generation of resistance.

ANTIBIOTICS USE

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:

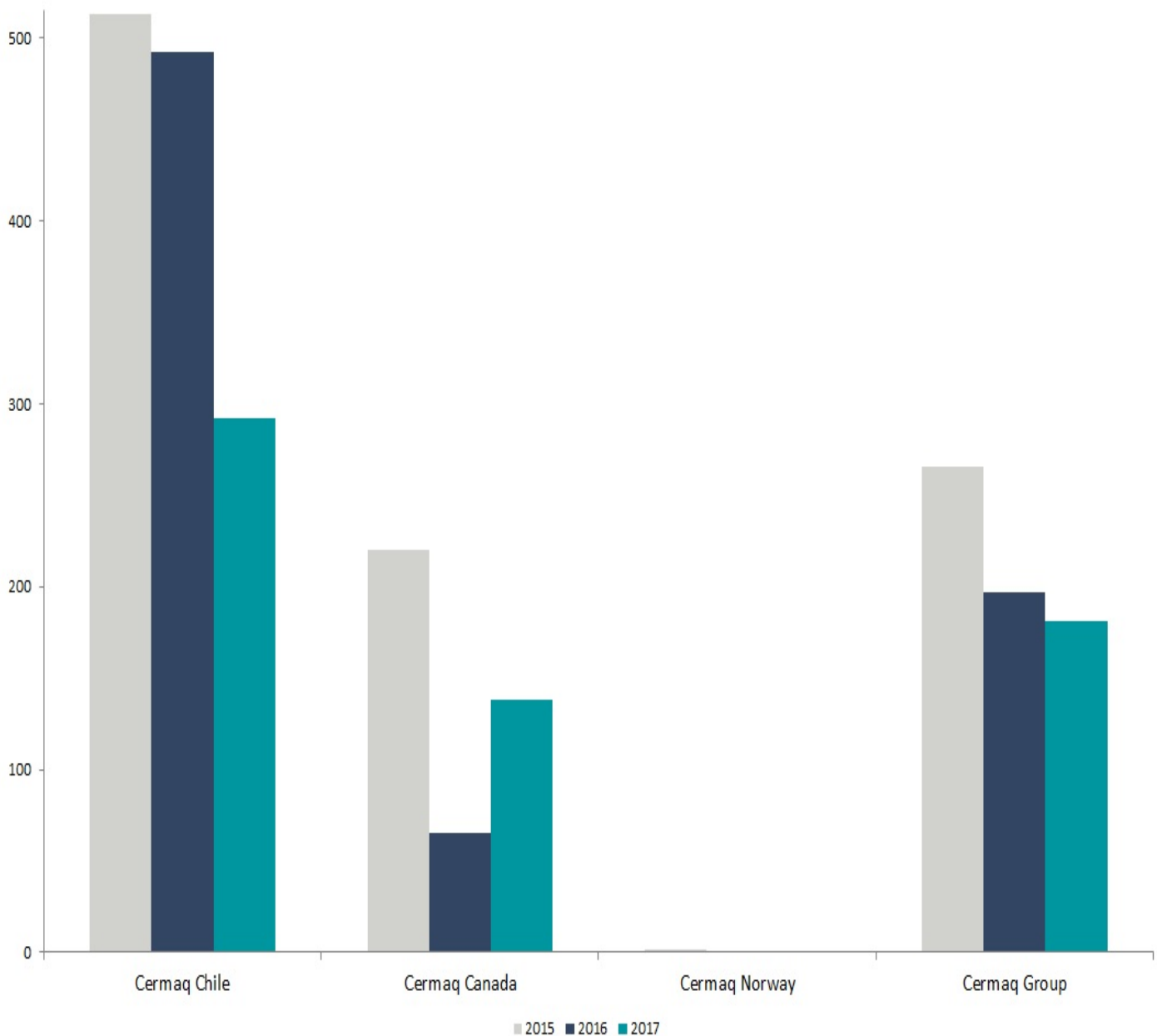
- Animal welfare is threatened by a bacterial disease
- A diagnosis of disease exist with a prescription of antibiotic by an authorized person

- The antibiotic has a proven therapeutic effect against the disease, and
- The antibiotic is approved for use in fish farming

Our calculation of antibiotics use is a ratio between the amount of active ingredients used by tons of live weight of fish produced. This ratio is hence affected by seasonal variations and unpredicted mortality events such as algae bloom mortalities.

CEQ 4 - Antibiotic used

Grams Active Pharmaceutical Ingredients (API) per tonne live weight (LWE) produced



In Cermaq Chile, the use of antibiotics per ton production decreased by 41% in 2017. The reduction

was largely a result of new injection treatment techniques which require less medicine and better environmental conditions. Most of antibiotics delivered were to combat SRS (*Piscirickettsia salmonis*) and BKD (bacterial kidney disease). Finding a solution to the SRS challenge remains a key priority for Cermaq's R&D team and work is underway to find effective vaccines for both diseases.

[1]

In Cermaq Canada, mouth rot and SRS were the primary cause of antibiotic use in 2017. At the present there are few alternatives to treat fish for these diseases and our global R&D team is focusing their efforts to provide more tools and knowledge to find sustainable solutions. During the second half of 2017, unexpected mouth rot and SRS treatments as well as complications related to algal blooms led to an overall increase of antibiotic use of 112% during 2017 compared to 2016. Overall numbers for 2017 were: Q1 2017 51 g/ton live weight equivalent vs 6g in Q1 2016, Q2 2017 30g/ton of live weight equivalent vs 45g in Q2 2016, Q3 2017 362g/ton live weight equivalent to combat SRS and mouth rot vs 201g in 2016, and Q4 150g/ton of live weight equivalent to combat SRS, mouth rot and algal blooms vs 37g in 2016.

As in previous years, the main reason for any use of antibiotics in our Norwegian operations in 2017 was mouth rot. The use has however been minimal, with the aim to ensure fish health and welfare, with only two cages receiving treatment during the entire year. The Cermaq R&D team has been working in partnership with suppliers to develop solutions to control this disease with good results.

[1] The ongoing SRS vaccine benchmark trial in Cermaq Chile's R&D site Colaco will be terminated and the fish will be harvested in January.

The positive development in Cermaq Chile, together with a constant focus on a responsible use of antibiotics, led to an 8% reduction in antibiotics use at a Group level compared to 2016.

Grams Active Pharmaceutical Ingredients (API) per tonne live weight (LWE) produced

	CERMAQ CANADA	CERMAQ CHILE	CERMAQ NORWAY	CERMAQ GROUP
2013	10	230	4	127
2014	9	279	5	147
2015	220	513	1	266

2016	65	493	0	197
2017	138	292	0.5	181
Δ	+112%	-41%	N/A	-8%

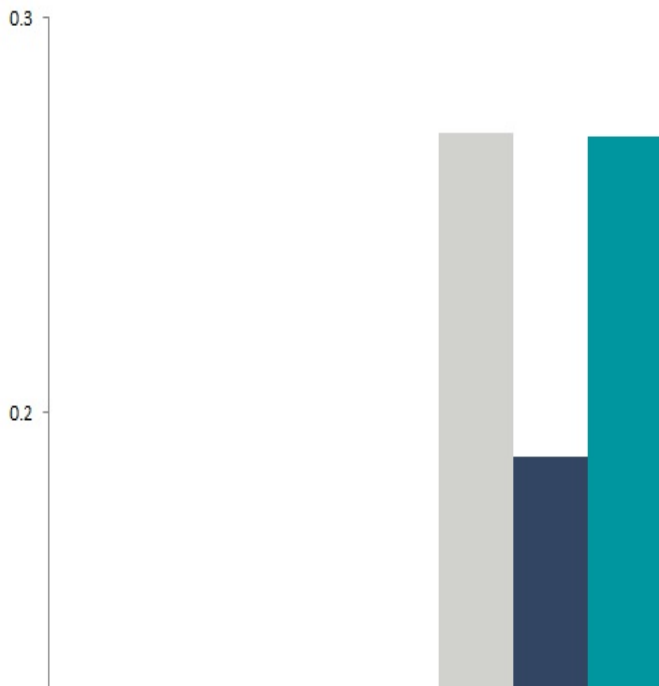
Cermaq also reports antibiotic use online on a quarterly basis. In our quarterly sustainability report we provide the amount of active ingredient of antibiotic used by tonnage harvested, at the moment when the sites are fully harvested (*closed cycle*). This calculation follows the same measure used worldwide in the protein industry to allow for comparison with other protein producers, and hence differs from the calculation presented here (based on LWE produced per calendar year, instead of ton harvested per closed cycle of approximately 18 months).

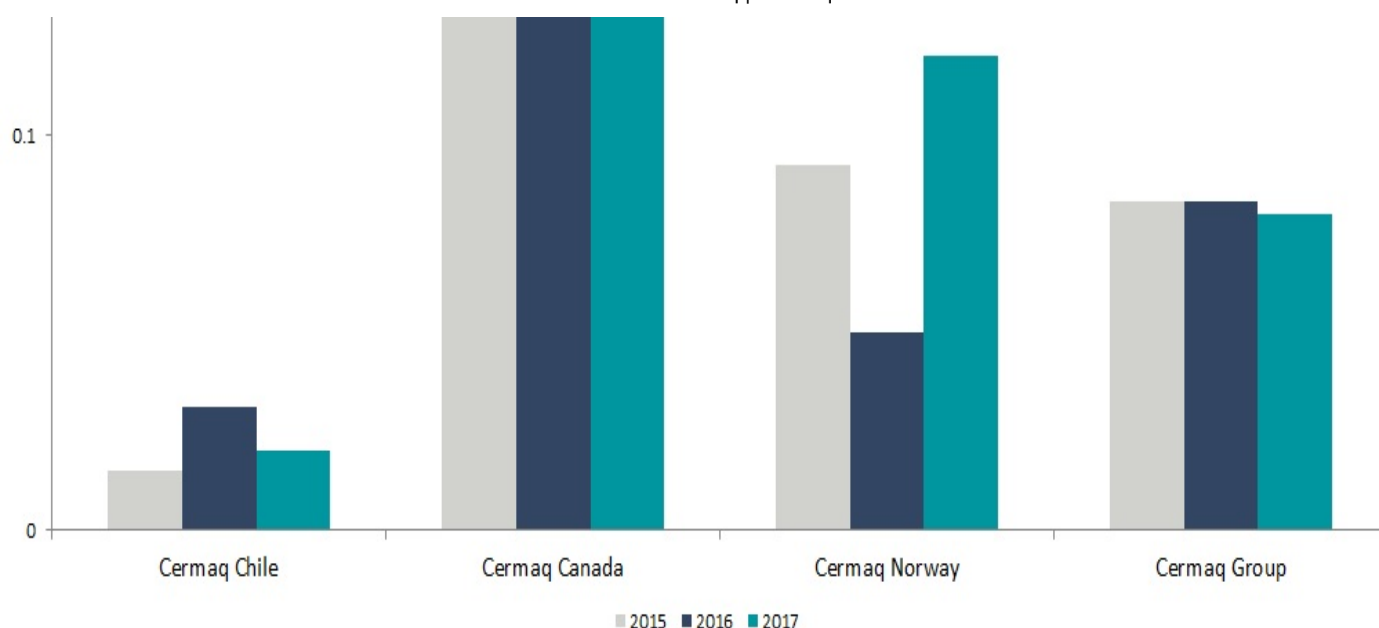
SEA LICE TREATMENT USE

Sea lice is a challenge for the industry worldwide and each country has specific set of requirements with thresholds which determines the proper management. Cermaq has policies and procedures in place to ensure that all treatments are conducted in accordance with local regulations and area management plans. More details can be found under the indicator Sea lice counts (CEQ2).

CEQ 4 - Sea lice treatment used in feed

Grams Active Pharmaceutical Ingredients (API) per tonne live weight (LWE) produced.





In Canada, only in-feed sea lice treatment is approved for use and the amount used increased in 2017. Oral Emamectin is delivered through the fish feed and remains an effective alternative, but research into alternative strategies such as local cleanerfish, physical removal, and peroxide is ongoing. The use of in-feed treatments remained low in Cermaq Chile in 2017, and decreased in use compared to previous years due to better environmental conditions. In Norway, use of in feed treatments was higher than in the previous year.

In 2017, the amount of Active Pharmaceutical Ingredients (grams API) per tonne live weight (LWE) used for in-feed treatment was 0.12 for Norway, 0.02 for Chile and 0.27 for Canada. For Canada and Norway, the use increased by 42% and 140% respectively, compared with 2016. In Chile, the in-feed use decreased by 35%.

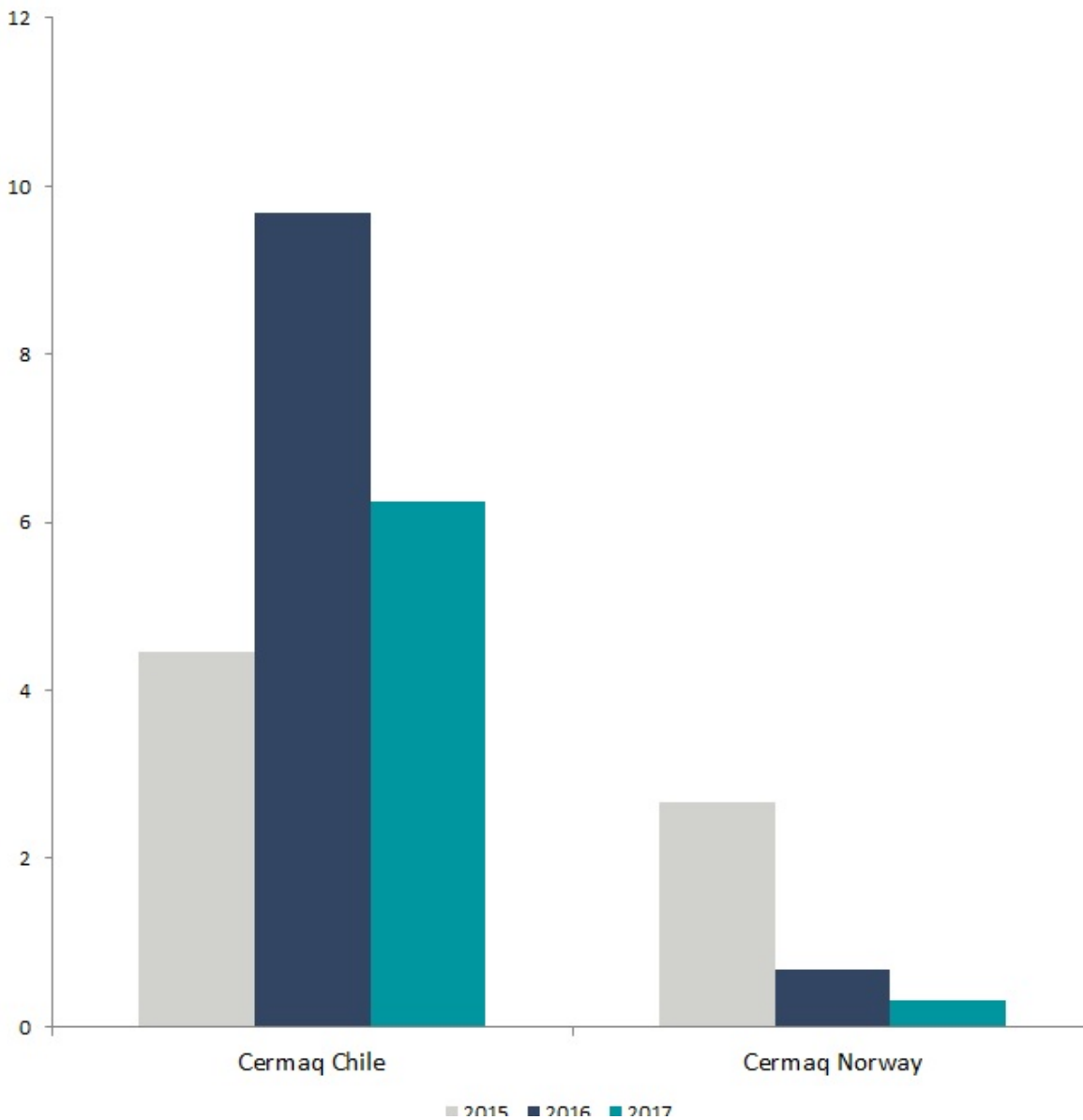
Grams Active Pharmaceutical Ingredients (API) per tonne live weight (LWE) produced.

	CERMAQ CANADA	CERMAQ CHILE	CERMAQ NORWAY	CERMAQ GROUP
2013	0.277	1.749	0.042	0.990
2014	0.139	0.017	0.103	0.063
2015	0.271	0.015	0.092	0.083

2016	0.189	0.031	0.050	0.083
2017	0.270	0.020	0.120	0.080
Δ	+42%	-35%	+140%	-4%

CEQ 4 - Sea lice treatment used in bath

Grams Active Pharmaceutical Ingredients (API) per tonne live weight (LWE) produced



The use of sea lice bath treatment for Chile decreased to 6.24 gAPI/tonne LWE for 2017, which is a significant decrease from 2016, and largely due to a lack of challenging environmental conditions resulting from algae blooms that were present in 2016.

For Norway the sea lice bath treatment use was 0.30 gAPI/tonne LWE, which is an decrease of 55% compared with 2016. Cermaq Norway has expanded its strong focus on preventive sea lice management in the past year, with measures such as cleaner fish and skirts used wherever possible. Also hydrogen peroxide is used, which requires handling of the fish, but where the active ingredients is broken down into water and oxygen and hence has very limited environmental impacts. Increasing sea lice resistance to chemical treatments is a concern for the industry in Norway and for Cermaq Norway it is a goal to strengthen preventive management and non-chemical alternatives further, while maintaining a strong focus on fish health and welfare, including reducing stress on the fish.

Grams Active Pharmaceutical Ingredients (API) per tonne live weight (LWE) produced

	CERMAQ CANADA	CERMAQ CHILE	CERMAQ NORWAY	CERMAQ GROUP
2013	0.00	5.20	0.64	3.04
2014	0.00	6.04	0.98	3.46
2015	0.00	4.46	2.67	3.10
2016	0.00	9.67	0.67	3.95
2017	0.00	6.24	0.30	3.64
Δ	0%	-35%	-55%	-8%

CEQ 5 VACCINATION PROGRAM

Preventive fish health is an effective approach to strengthen animal welfare and resistance to environmental and biological challenges. Preventive measures include broodstock and fish screening for viral and bacterial diseases to reduce transmission, using genetically resistant fish by means of natural breeding techniques (QTL), functional feed and the use of vaccines.

The vaccines available in Norway, Canada and Chile are related to the particular needs of each country. The vaccines used, are those assessed as effective for the species and for the disease in each specific region. Examples of diseases we vaccinate against are IPN, Vibriosis, ISA, BKD, Furunculosis, SRS, IHN and Enteric Red Mouth Disease. Vaccination is delivered mostly in the hatcheries by injectable vaccines. The objective is to protect the fish for the challenges faced during sea water farming. After the vaccination the smolts will have time to obtain immunity and thereby be protected against disease at the moment of stocking.

The fish can also be vaccinated to prevent disease in the fresh water phase or it can receive a booster. The goal of boosters is to increase the first immune response or the first defenses gained by the very first vaccination, allowing for a faster and stronger response against the disease. Cermaq's global R&D team has a particular focus on developing effective solutions for SRS and mouth rot/ Tenacibaculum.

In Chile, Cermaq is conducting ongoing vaccination trials in both late stages for one vaccine and earlier stages for two more vaccines against SRS. An oral BKD vaccine has been approved for use in region XII in Chile. Additionally, Cermaq is researching a vaccine against Tenacibaculum in cooperation with Pharmaq and will begin a new project on reducing tenacibaculosis impact along with Nofima, Pharmaq and the University of Bergen in May 2018.

Vaccination program in Cermaq (2017)

The following figure includes all the diseases for which vaccines are delivered by country of origin.

CEQ5 VACCINATION PROGRAM			
	Canada	Chile	Norway
SRS		X	
Furunculosis	X	X	X
Vibriosis	X	X	X
Coldwater vibriosis	X		X

		X	
Winter ulcer*	X		X
IPN		X	X
ISA		X	
Enteric Red Mouth	X		
IHN	X		
BKD		X	

* Experimental trial for *Moritella viscosa*.

CEQ 6 AREA MANAGEMENT AGREEMENTS

Area based management agreements are of great importance for effective and preventive fish management. Area Management Agreements can be a voluntary measure, such as a best management practice, or it can be a national wide requirement, formalized under a written area management agreement between stakeholders in a defined area.

Regardless of the origin of these agreements, the agreements are tailored to the local situation and, typically, may include topics such as fallowing and sea lice management strategies, vaccination programs, containment and contingency plans, recapture management plans and disease control strategies in farmed and wild fisheries.

In 2017, all Cermaq sites operated under area based management agreements or were located in areas fully controlled by Cermaq.

CEQ 7 ESCAPES

Cermaq has comprehensive procedures for preventing and managing fish escapes. Fish escapes are regarded as serious incidents which receive special attention from Cermaq management and the Board of Directors. Fish escapes may typically occur if nets are damaged, because of weather conditions, after handling of the nets for bath treatments, or as a consequence of predator attacks. An early detection of a fish escape allows to recover the salmon and reduce the impact of the

An early detection of a fish escape allows to recover the salmon and reduce the impact of the escape event.

Measures include fish escape prevention plans in all regions, contingency plans, and monitoring activities. In Cermaq Chile, monitoring is in place for the entire network installation by use of remotely operated vehicle (ROV), to assess the status of nets and detect any holes to prevent escapes. Other measures include regular inspections of infrastructure, reporting to learn from previous escapes, implementation of and training in procedures securing the facility in case of escapes, and recapture of escaped fish. In Norway, Cermaq has an emergency cooperation with farmers in the county of Finnmark in case of an escape. Inspections are performed by the authorities in all regions with regards to escape prevention.

Cermaq Canada is currently testing multiple types of nets, including polyester, high-density polyethylene, and KGrid netting, Cermaq Chile has tested and used rigid plastic monofilament Econets for farming and currently Norway is using nets made of plastic (Dyneema Polyethelyne). These stronger nets prevent larger interaction with predators, ruptures, and possible fish escapes. They also do not use copper based paint to reduce negative impacts on the environment.

Number of escaped fish by region

YEAR	CERMAQ CANADA	CERMAQ NORWAY	CERMAQ CHILE	GRAND TOTAL
2013	0	0	63273	63273
2014	21	0	0	21
2015	2	500	6844	7346
2016	1	425	0	426
2017	0	0	212562	212562

In 2017, there were four fish escapes in Cermaq Chile during Chile's winter storm season, leading to 212562 fish escaping. All escapes were due to adverse weather conditions. In Norway and Canada, no fish escapes were recorded during 2017.

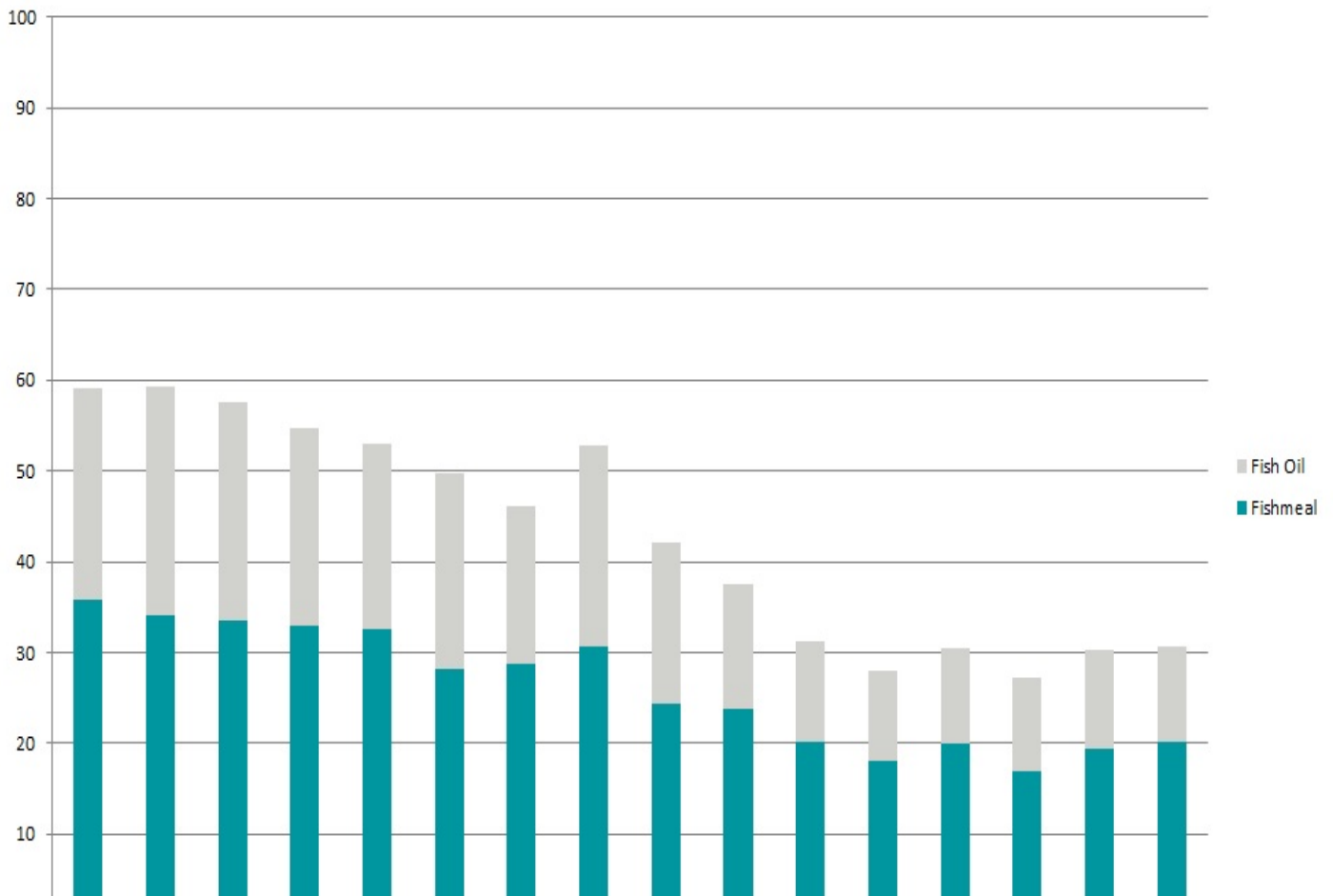
In Norway, Cermaq has introduced DNA traceability for its smolt, enabling to determine whether an escaped salmon is farmed by Cermaq or another company. The first smolt of this kind was transferred to sea in 2015.

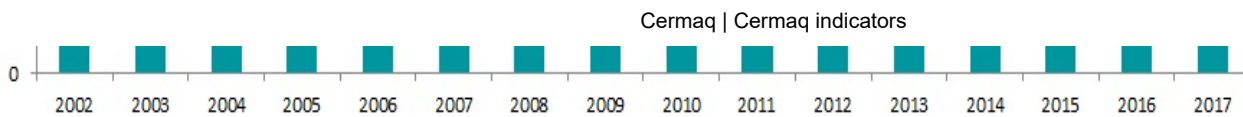
CEQ 8 RAW MATERIAL INGREDIENTS

At a global level, EWOS is the main feed supplier of Cermaq’s farming operations and hence this indicator is based on EWOS data.

Forage fishery dependency has been a challenge for a growing fish farming industry. Salmon needs marine ingredients to grow healthy and to keep a good content of omega-3. The past years, the use of fish trimmings and byproducts in fish feed has increased considerably. In 2017, the marine index for EWOS increased to 30.7 percent from 30.1 percent in 2016. The specific content of marine ingredients in our EWOS feed varies within specified limits depending on price and availability of alternative raw materials.

Marine content in salmonid feeds





Notes: 2011-2017 figures are excl. EWOS Vietnam

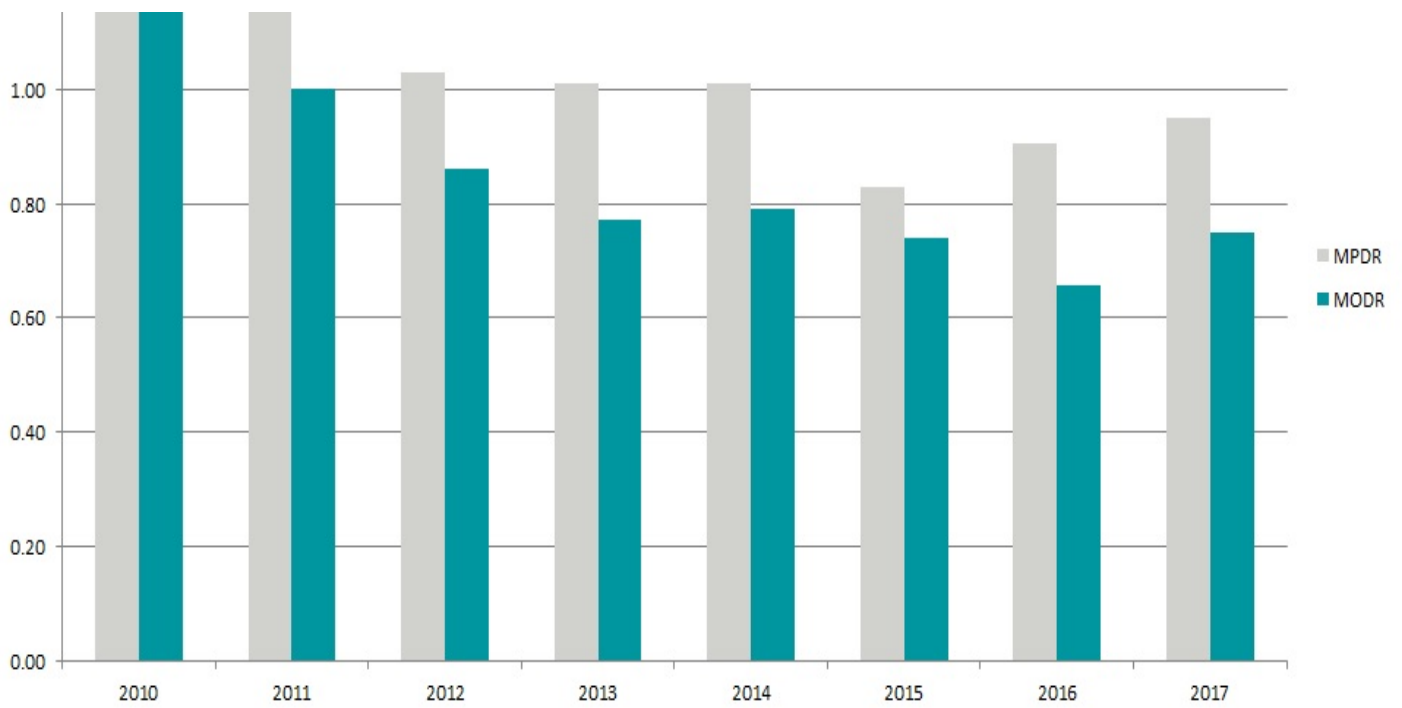
In the FAO report “The State of World Fisheries and Aquaculture 2016” (SOFIA 2016), it is reported that fish meal used in feed for salmon aquaculture has been decreasing for the past 20 years. At the same time aquaculture production at a global level has grown but not the capture production from forage fisheries (SOFIA Figure 1), indicating that the dependency between these two activities are decoupling. Efficient use of marine ingredients, byproducts and replacement with plant ingredients has allowed salmon production to increase while keeping its good quality and the advantages relative to other proteins. Specifically in the past years EWOS and other feed suppliers have introduced new ingredients and lowered the marine content in its feed. Research into 'marine independence' provides the knowledge for further significant reduction in the future if necessary, for example using insects or algae in salmon feed. Under this scenario aquaculture is increasingly decoupled from fishery activities.

The marine nutrient dependency ratio (MNDR) is the ratio of each marine-derived nutrient used to feed salmon divided by the amount of each marine nutrient produced as a result of salmon farming (Crampton et al., 2010). Thus, it estimates the amount of marine protein and oil produced in salmon farming relative to the marine protein and oil consumed in the form of forage fish. The marine protein dependency ratio (MPDR) is the calculation made for proteins and the marine oil dependency ratio (MODR) is for oils and fats. Dietary protein sources and oils or lipids from all capture fish, shellfish or zooplankton are classified as marine sources. (Nofima Report 36/2014).

Efficient use of marine ingredients is important, and farmed salmon is well known to be very efficient in its feed conversion. For example in 2017, EWOS estimated a MPDR of 0.95 (compared to 0.90 in 2016 and 0.83 in 2015), which means that the build-up of marine proteins by salmon has been higher than the amounts received through the feed. For marine oil the development is similar. EWOS used less marine oil in the feed (0.75) than the amount produced by the salmon. For comparison EWOS used 0.66 units of oil in 2016 and 0.74 units in 2015. Farmed salmon is now a net producer of marine protein and oils.

Estimated Marine Nutrient Ratios





Note: The figures are excl. EWOS Vietnam

The following list shows the countries of origin for many of the fish species used in fishmeal and fish oil purchased by EWOS and used in Cermaq’s production.

Country of origin

FISH SPECIES	COUNTRY
Anchovy	Chile, Peru
Blue whiting	Denmark, Faroe Islands, Iceland, Norway
Capelin	Iceland
Gulf menhaden	USA
White Fish trimmings	Denmark, Iceland, Norway
Sand eel	Denmark, Norway
Sardine	Chile
Sprat	Denmark, Norway

Cermaq has strict requirements of its feed suppliers, and encourages certified sources of ingredients. As stated on their web page, EWOS prioritizes the use of feed ingredients that are judged to be sustainable based upon sources such as IMARPE and Sernapesca in South America, ICES in Europe, and National Marine Fisheries Service, Gulf States Marine Fisheries Commission, and Atlantic States Marine Fisheries Commission in the USA. EWOS is a strong supporter of the IFFO Responsible Supply Standards, and in line with Cermaq's requirements, EWOS does not accept IUU/illegal fishing as sources for the fish oil or fish meal they purchase. In 2017, nearly all of EWOS' 700 raw material suppliers signed their Supplier Code of Conduct, which gives expectations to suppliers with respect to key aspects of environmental and social impacts.

EWOS participated in the development of the RTRS and ProTerra standards for responsible soy and also supports the FEFAC guidelines for responsible soy. In 2014, both EWOS and Cermaq signed The New York Declaration on Forests aiming at stopping deforestation and focusing especially on soy and palm oil.

EWOS source soy products from Brazil, their main supplier, that are certified to ProTerra, RTRS or equivalent. Use of soy products from other countries can be approved given evidence that they are responsibly sourced or that the suppliers have development programs in place to achieve credible third-party certification.

The table below shows the fish species and category of raw material used for salmonid feed primarily, but also raw materials used for other fish species like pangasius and tilapia. In 2017, EWOS' use of marine ingredients derived from fish trimmings and by-products was 33 percent (unchanged from 33 percent in 2016).

Overview of fish species used to make fishmeal and fishoil for EWOS group feed 2017

CATEGORY	SPECIES	CATEGORY %	TOTAL %
Fish trimmings & byproducts	Herring trimmings	52.1	17.2
	White fish offal	18.8	6.2
	Atlantic mackerel trimmings	9.7	3.2
	Capelin	3.9	1.3
	Various species	15.5	5.1

Fish trimmings & byproducts Total		100	33.0
Forage Fish	Anchovy	22.1	14.8
	Blue whiting	30.2	20.0
	Capelin	4.6	3.1
	Gulf menhaden	14.8	9.9
	Sand eel	8.2	5.5
	Sardine	10.1	6.8
	Various species	10.1	6.8
Forage Fish Total		100	67.0
Other Marine Ingredients		0	0
Other Marine Ingredients Total		0	0
			100%

Notes: Species that individually make up less than 2% of the mix have been grouped together under 'various species'. Countries making up less than 2% of the total fish meal + fish oil are not listed.

More information on EWOS feed ingredients, sourcing and sustainability management is available in the EWOS sustainability report on their webpage.

CEQ 11 LOCAL COMMUNITY COMPLAINTS

We recognize that our operations impact our neighbors 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. Cermaq operates in remote areas and engages closely with local communities. In order to operate sustainably we need to have a respectful interaction with our local communities for a long term period.

There were no community complaints reported in 2017, unchanged from 0 community complaints reported in 2016.

CEQ 12 WHISTLE BLOWING INCIDENTS

Whistle blowing is regarded as positive in Cermaq Group because we get the opportunity to correct any incidence of wrong doing. Cermaq's current whistle blower channel for external stakeholders was established in 2014, with appropriate routines, procedures and technical specifications. Whistle blowing can be done from our public internet web site.

In 2017, a total of 15 whistle blowing incidents were reported (internal and external). For comparison, there were seven cases of whistle blowing incidents in 2016. The reports were assessed and closed in accordance with procedures.

Below are the whistle blowing incidents recorded in Cermaq by country for the past three years.

	2015	2016	2017
Cermaq Norway	1	1	4
Cermaq Chile	1	4	7
Cermaq Canada	3	2	4
Cermaq Group HQ	0	0	0
Cermaq Group	5	7	15

CEQ 15 COUNTRY-BY-COUNTRY FINANCIAL AND ORGANISATIONAL DATA

Transparency regarding organizational ownership, management and operations, is regarded as important to fight corruption and to demonstrate responsible business conduct. The table below

important to fight corruption and to demonstrate responsible business conduct. The table below shows Cermaq's financial and organizational data for each country in the Group.

COUNTRY	REVENUES BEFORE TAX	INCOME TAX PAID	INVESTMENT	COMMUNITY INVESTMENT	FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT	NUMBER OF EMPLOYEES
Cermaq Group HQ	-49	6	0	0	0.9	41
Cermaq Norway	1105	228	447	16.1	0	558
Cermaq Chile	306	115	306	3.1	26.7	3337
Cermaq Canada	343	90	127	4.4	0	241
Total	1705	439	881	24	28	4177

Numbers in mill. NOK

Period accounted for is 01.01.2017 to 31.12.2017.

CEQ 16 ASC CERTIFICATION

The Aquaculture Stewardship Council (ASC) aims to be the world's leading certification and labelling program for responsibly farmed seafood. The ASC's primary role is to manage the global standards for responsible aquaculture, which were developed by the WWF Aquaculture Dialogues.

As of December 2017, Cermaq had 34 ASC certified sites. Of these 11 were in Norway, 10 in Canada and 13 in Chile.

ASC works with aquaculture producers, seafood processors, retail and foodservice companies, scientists, conservation groups and consumers to:

- Recognize and reward responsible aquaculture through the ASC aquaculture certification program and seafood label.
- Promote best environmental and social choice when buying seafood.
- Contribute to transforming seafood markets towards sustainability.

contribute to transforming seafood markets towards sustainability.

Cermaq aims to certify its farming sites to the salmon standard for responsibly farmed salmon from the Aquaculture Stewardship Council (ASC). Ongoing certifications can also be found on ASC's website. The table below provides an overview of all ASC certified sites in Cermaq as of 31 December 2017.

COUNTRY	SITE NAME	FISH SPECIES	PRODUCTION CAPACITY
Norway	Anevika	ATS	5400
	Nordnes	ATS	3480
	Store Lerresfjord	ATS	3480
	Oksøya	ATS	5400
	Veggfjell	ATS	3480
	Skinnstakkvika	ATS	3120
	Ytre Koven	ATS	3600
	Sommarbuk	ATS	3480
	Rivabukt	ATS	3480
	Tuvan	ATS	3480
	Martnesvika	ATS	5400
Chile	Canal Contreras	ATS	4500
	Punta Laura	ATS	4800
	Punta Laura Norte	ATS	3000
	Unicornio Sur	ATS	3500
	Estero Navarro	ATS	5236

	Isla García	RBT	4500
	Isla Marta	RBT	3750
	Unicornio	RBT	3750
	Punta Darsena	ATS	4000
	Darsena Norte	ATS	3750
	Ensenada Rys	ATS	3060
	Surgidero Furia	ATS	3750
	Aguantao	COS	2621
Canada	Bare Bluff	ATS	2640
	McIntyre Lake	ATS	2640
	Mussel Rock	ATS	2050
	Brent Island	ATS	3000
	Venture Point	ATS	3393
	Raza Island	ATS	2700
	Westside	ATS	2460
	Maude	ATS	2640
	Burwood	ATS	2640
	Sir Edmund Bay	ATS	2640

Note: Production capacity is in tons as maximum allowed biomass by farming site during one

farming cycle. The production capacity is granted from 2015 until 2020, depending on the issue date of the certification

A certified farming site must comply with several requirements, including 150 sustainability criteria such as wildlife interactions, sea lice counts, fish escapes and unexplained loss among others. Some indicators such as wildlife interactions and sea lice counts must be reported and be publicly available. This information is provided in the [Cermaq ASC Dashboard](#).

Advantages of ASC salmon

ASC certification can help consumers make positive environmentally and socially responsible choices when buying seafood. It gives at-a-glance reassurance that the seafood comes from a farm which uses responsible farming methods that minimize environmental and social impacts. It lets consumers enjoy seafood with a clear conscience; they know where it's come from and how it's been produced. It ensures transparency, so that seafood products are traceable from farm to fork.

CEQ 17 BIRDS AND MAMMALS

Cermaq recognizes the potential for fish farming operations to impact biodiversity, either directly or indirectly. We operate in areas with rich biodiversity where several species of plants and animals interacts with our farming activities. Also in Chile salmonids are non-native fish species where our operations could have an impact on biodiversity.

Cermaq does not operate any sites in any protected areas as defined by the International Union for Conservation of Nature (IUCN) or National legislation. Birds and mammals mortalities is reported by accidental and intentional events and has been calculated as a total number of interactions divided by the total number of active sites from January to December 2017, following the definition set by the Global Salmon Initiative (GSI).

	ACCIDENTAL		INTENTIONAL	
	Birds	Mammals	Birds	Mammals
Chile	0.05	0.10	0	0
Norway	2.3	0	0	0

Canada	0.25	0.19	0	0
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A requirement of the Aquaculture Stewardship Council, wildlife interactions on ASC certified sites are covered by public reporting within 30 days of any death of birds or marine mammals, whether unintentional or intentional. ASC requirements also include a requirement of no mortalities of endangered or red-listed marine mammals or birds as defined by IUCN or national endangered species list.

Cermaq will continue to install preventive measures and monitoring to reduce the number of interactions with wildlife. Please consult Cermaq's ASC dashboard for reports of incidents with wildlife on ASC certified sites in each region.

GRI Indicators

Cermaq reports on topics that have been found material for our operations and to our stakeholders, and use the Global Reporting Initiative (GRI) Standards as the framework.

How we define our material topics is described in further detail in our [Materiality Analysis](#). We use the GRI Standards as the framework to identify specific indicators to report on for each material topic, and these are presented on this page. In line with best practice, Cermaq has chosen to use the GRI Standards for the 2017 GRI report, which has been prepared in accordance with the Core level. In addition, we have developed a separate set of material indicators which are made specifically for our industry and our operations. These can be found under [Cermaq indicators](#).

Here you will find the GRI indicators categorized in General Disclosures, Economic, Environmental and Social indicators for our operations in Norway, Chile and Canada for 2017.

GRI General Disclosures

1. ORGANIZATIONAL PROFILE

102-1 NAME OF THE ORGANIZATION

Cermaq Group AS

102-2 ACTIVITIES, BRANDS, PRODUCTS, AND SERVICES

Farming and sales of Atlantic salmon, Coho salmon and trout, under the brands Cermaq, Mainstream and Cultivos Marinos.

102-3 LOCATION OF HEADQUARTERS

Dronning Eufemias gate 16, 0102 Oslo, Norway

102-4 LOCATION OF OPERATIONS

Cermaq has significant operations in three countries, in Norway, Canada and Chile. For more information read about [our organization](#).

102-5 OWNERSHIP AND LEGAL FORM

Cermaq Group AS is a fully owned subsidiary of Mitsubishi Corporation.

102-6 MARKETS SERVED

Cermaq sells its salmon products globally, where the main markets are USA, EU, Norway, Canada, Brazil, Chile, Japan, China and Russia.

102-7 SCALE OF THE ORGANIZATION

Cermaq operates in three countries, subsidiaries and associated companies of significant size are:

- Parent company Cermaq Group AS
- Cermaq Holding AS
- Cermaq Norway AS
- Cermaq Alsvåg AS
- Cermaq Canada Ltd.
- Southern Cross Seafoods S.A.
- Mainstream Chile S.A
- Cermaq Chile S.A.
- Salmones Humboldt SpA

- Agraindustrial Santa Cruz Ltda.

The GRI report covers Cermaq's aquaculture operations.

Key figures

102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS

Workforce

102-9 SUPPLY CHAIN

Cermaq's value chain

102-10 SIGNIFICANT CHANGES TO THE ORGANIZATION AND ITS SUPPLY CHAIN

On 1st of December 2016 Cermaq's Chilean operations were merged with Salmones Humboldt, a salmon farming company fully owned by Mitsubishi Corporation, and the company is operating under the name Cermaq Chile S.A.

No significant changes in the operations or its supply chain occurred in 2017.

102-11 PRECAUTIONARY PRINCIPLE OR APPROACH

Cermaq follows a precautionary approach to the management of all risk areas (including sustainability) through its annual risk assessment process and reporting model. In the model, responsibility and tasks for risk mitigating activities related to any identified material risks are allocated. 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."

Cermaq is closely following up risks in its farming operations through monthly and quarterly reporting, including external sustainability reporting each quarter since 2016. Risks are assessed and followed up by management.

One of Cermaq's five values is 'Long term perspective' supporting the view that long term profit comes before short term gain because Cermaq's success is defined by value creation over time and lasting customer satisfaction.

102-12 EXTERNAL INITIATIVES

Global initiatives

102-13 MEMBERSHIP OF ASSOCIATIONS

Norwegian Seafood Federation (Sigmat Norge); British Columbia Salmon Farmers Association

NORWEGIAN SEAFOOD FEDERATION (Sjømat Norge), BRITISH COLUMBIA SALMON FARMERS ASSOCIATION (BCSFA); Canadian Aquaculture Industry Alliance (CAIA); Salmon Chile, Global Salmon Initiative (GSI); UN Global Compact; Annonsørforeningen (ANFO).

2. STRATEGY

102-14 STATEMENT FROM SENIOR DECISION MAKER

Please see [the CEO comments](#) to the GRI report

3. ETHICS AND INTEGRITY

102-16 VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOR

The following codes and guidelines have been implemented and are widely distributed throughout the Cermaq Group. They are also available on our web page.

[Cermaq values](#)

[Ethical and Corporate Responsibility guidelines](#)

[Whistle blowing guidelines](#)

4. GOVERNANCE

102-18 GOVERNANCE STRUCTURE

The general meeting is the highest governance body in Cermaq Group AS (“Cermaq”). The General meeting of Cermaq elects the shareholder elected directors, the auditor and also approves the annual accounts and the board remuneration. In addition, three directors of the Board are elected by and amongst the Norwegian employees.

The Board sets the strategic direction for the company and resolves budgets, annual goals and guidelines for the operations of the company. Further, the Board monitors the company’s management and operations, resolves matters outside the ordinary course of business and appoints the CEO. The Board established a remuneration committee in 2016 to develop recommendations to the Board in matters concerning remuneration. The Board did not have any other sub-committees in 2017. The CEO is responsible for the daily management and operations of the company and reports to the Board.

Environmental and social topics are followed up by Cermaq’s global Sustainability Functional Team (SFT), which is chaired by the Head of Sustainability and Risk, and which has the Chief Legal Counsel (member of the Cermaq management team) as sponsor. Material issues and sustainability

reports are reviewed by the SFT before providing recommendations to the Cermaq management team, who has the decision making authority.

5. STAKEHOLDER ENGAGEMENT

102-40 LIST OF STAKEHOLDER GROUPS

The stakeholder groups are described under [Stakeholder engagement](#)

102-41 COLLECTIVE BARGAINING AGREEMENTS

[Workplace](#)

102-42 IDENTIFYING AND SELECTING STAKEHOLDERS

The stakeholder identification process is described under [Stakeholder engagement](#)

102-43 APPROACH TO STAKEHOLDER ENGAGEMENT

The approach to stakeholder engagement is described under [Stakeholder engagement](#)

102-44 KEY TOPICS AND CONCERNS RAISED

An overview of key topics and concerns are available under [Stakeholder engagement](#)

6. REPORTING PRACTICE

102-45 ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The GRI report covers Cermaq's aquaculture operations. Entities included are presented under 102-7.

102-46 DEFINING REPORT CONTENT AND TOPIC BOUNDARIES

Materiality assessment and targets for key topics are discussed and reviewed by the Global Sustainability Functional Team and approved by Cermaq management. The data for Cermaq's sustainability report is collected through the consolidation system Intalex.

Each operating company provides its data into the system following the four eyes principle, with separate individuals entering and approving the data. The data is quality assured both at regional level and by Cermaq Group, who consolidates the report. Quality control of key performance indicators is furthermore conducted monthly and quarterly and the reports are reviewed by Cermaq management. Material indicators are subject to external assurance by Cermaq's auditor on an annual basis. For deviations from target, follow up actions are required.

[Cermaq's Materiality Assessment](#)

102-47 LIST OF MATERIAL TOPICS

Cermaq's Materiality Assessment

102-48 RESTATEMENTS OF INFORMATION

Cermaq has decided to continue to publish the GRI report by calendar year also in 2017, while the financial accounts are reported in accordance with the Mitsubishi Corporation fiscal year, from April to March. Please consult the 2017 financial accounts for any further restatements.

102-49 CHANGES IN REPORTING

Cermaq's 2017 GRI report is prepared in accordance with the GRI Standards to a Core level. Until 2015, Cermaq reported in accordance with GRI G4 Comprehensive level.

Since 2016, Cermaq reports its financial accounts in accordance with the Mitsubishi Corporation fiscal year, from April to March, which means that the financial and sustainability accounts are published separately. The GRI report continues to be reported by calendar year to allow for inclusion in benchmarking processes and timely release relative to other industry and sustainability reports.

Cermaq Chile and Salmones Humboldt merged in December 2016. In this GRI report, all data reported also include Salmones Humboldt operations as an integrated part of Cermaq.

102-50 REPORTING PERIOD

Cermaq's GRI reporting period follows the calendar year 2017, from January to December 2017. Since 2016, Cermaq follows the Mitsubishi accounting year from April to March and will release its financial accounts separately. Some parts of the GRI general disclosures hence refer to information that will be released with the financial accounts in Q3 2018.

102-51 DATE OF MOST RECENT REPORT

The previous GRI report was published in April 2017 and is available [here](#).

102-52 REPORTING CYCLE

In 2017, Cermaq follows an annual GRI reporting cycle from January to December.

102-53 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT

Please contact: Lise Bergan, Director Communications and Corporate Affairs. E-mail: post.group@cermaq.com

102-54 CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS

This report has been prepared in accordance with the GRI Standards, Core level.

102-55 GRI CONTENT INDEX

102-55 GRI CONTENT INDEX**GRI Content Index****102-56 EXTERNAL ASSURANCE**

Cermaq is of the opinion that an external assurance process increases the quality and credibility of our GRI report. The GRI report for 2017 is Cermaq's 8th externally assured report. It is assured by Deloitte, our financial auditor in all the operating regions.

We engaged Deloitte AS to conduct a review, in accordance with assurance standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" established by the International Auditing and Assurance Standards Board, to provide a limited level of assurance on the Cermaq AS Sustainability Report 2017. Deloitte has selected a number of indicators subject to assurance based on Cermaq's material aspects. The material indicators are verified each year, whereas less material indicators are assured on a less frequent basis. All regions are included in the Scope of the assurance engagement.

All sustainability indicators are reported in the external sustainability software Intalex. During the assurance process, the operating companies are required to document supporting "evidence" of the reported data into the reporting system. The text commenting on results is subject to assurance as well as the GRI-data in general.

Assurance letter for 2017 report

GRI Economic Indicators

201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

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

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

NOK 1,000	2017	2016*	2015**	2014	2013
NOK 1,000	2017	2016*	2015**	2014	2013

						Restatement
Direct Economic Value Generated						
Revenues		9,436,557	8,003,918	8,198,678	5,616,143	5,155,315
Economic Value Distributed						
Operating costs	Cost of materials	-3,042,347	-3,218,779	-4,674,997	-2,446,471	-2,197,544
	Other operating expenses	-2,500,962	-1,947,827	-2,268,208	-1,705,250	-1,435,628
Employee wages & benefits		-1,001,379	-889,812	-1,001,214	-740,036	-774,381
Payments to providers of capital	Interest expense	-55,576	-116,554	-124,407	-104,752	-129,345
	Dividend payment	- 404,000	0	0	0	-4,884,000
Payments to government	Income tax expense	-438,864	-683,529	15,254	-21,158	-257,416
Community investments		-2,736	-2,549	-3,135	-4,520	-3,850
Sub total		-7445504	-6,859,050	-8,053,572	-5,022,187	-9,682,164
Economic Value Retained		1,991,053	1,144,868	145,106	593,956	-4,526,850

* 2016: 12 months from 01.01.2016 to 31.12.2016. 2016 figures include Salmones Humboldt for 9 months (April-Dec.) except for Community investments and Payments to government.

** 2015: 15 months from 01.01.2015 to 31.03.2016 due to change in financial accounting year. Previous years are 12 months calendar year.

201-2 FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

Climate change has the potential to significantly impact the salmon farming industry, and risks

related to e.g. extreme weather conditions and natural events are assessed as a high risk area for Cermaq Group. Climate change impacts may also affect the industry's feed supply due to a decrease in agricultural production, changes in forage fisheries, replacement of species or changes in amount of inclusion. Climate change adaptation is hence an increasingly important aspect of Cermaq's risk management.

The industry also sees opportunities related to climate change. The results from scientific studies show that farmed fish has a relatively low carbon footprint compared to other protein sources, such as beef and pork (e.g. FAO 2014: "The State of World Fisheries and Aquaculture" and the GSI sustainability report 2017). The world's population is growing and demands more protein. Farmed salmon represents a solution to the challenge of climate change by providing a low-impact protein source.

Below is an overview of key risks and opportunities related to climate change for Cermaq Group, including their implications and management.

PHYSICAL RISKS AND OPPORTUNITIES

Changes in weather patterns

Increased frequency of extreme weather events may cause storms, mudslides and/or flooding, resulting in damage to hatcheries and fish farm sites with sea water cages. This may have consequences related to the safety of employees, increase the risk of fish escapes and influence insurance costs.

In Cermaq's operations, extreme weather such as storms and currents are experienced in all regions quite regularly. Norway experienced a hurricane in February 2015 which resulted in significant material damage (the hurricane "Ole"). In British Columbia, challenging environmental conditions were experienced the past years by rising seawater temperatures, algae presence and low dissolved oxygen. In Chile, several algae blooms were reported in February and March 2016 due to high seawater temperatures, higher solar radiation and sea water salinity, which resulted in a significant loss of biomass in the industry. These events occurred during a strong "El Niño" - Southern Oscillation event, which has an erratic behavior that affects global weather patterns and which also has been reported to be influenced by climate change.

Impacts on feed ingredients

Climate related challenges could impact the availability and price of raw materials (both marine and terrestrial) for feed produced which means higher feed costs for salmon farmers.

Risks related to change in mean (average) temperature

Risks related to change in mean (average) temperature

Warmer seawater temperatures could affect aquaculture in temperate zones, making it impossible to farm some species. The Marine Climate Change Impacts Partnership (MCCIP) publishes information about risks connected to warmer water temperatures, such as an increase in disease-causing pathogens.

Higher temperatures also may lead to the introduction or displacement of new fish species and the risk of new sanitary challenges. Several fish parasites have shorter live cycles in warmer temperatures, which could increase the loads and which in turn may impact fish health and welfare.

Risks related to ocean acidification

Ocean acidification due to increased levels of CO₂ poses a risk to marine life, and may affect the environmental conditions for salmon production and the availability of marine ingredients in the salmon feed. As pointed out in an analysis made by Kroeker et al (2013), in general heavily calcified organisms, including calcified algae, corals and mollusks are the most negatively impacted, whereas crustaceans, fish, fleshy algae, seagrass and diatoms are less affected or may even benefit from acidification. Some fleshy algae and diatoms may benefit, although marginally, from the same conditions. Algae blooms are known to have negatively impacted salmon farming sites in Canada and Chile and pose a risk to fish health and welfare. (Source: *Impacts of ocean acidification on marine organisms: quantifying sensitivities and interaction with warming*, *Glob Chang Biol.* 2013 Jun; 19(6): 1884–1896).

Opportunities related to change in mean (average) temperature

Increasing sea water temperatures could enhance the growing conditions for salmon farming, allowing for faster growth rates and reduced production costs. A report from MCCIP explains opportunities connected to growth and type of species cultivated. Rising sea water temperatures could increase growth rates for some fish species (e.g. Atlantic Salmon), and new species could be cultivated (e.g. Sea Brass and Bream). Increase in water temperature may lead to the displacement of local species or introduction of new species.

Changes in sea water temperatures could allow for new salmonid farming sites located farther north than before.

Financial implications of the physical risks and opportunities

Financial implications related to physical risks are increased fish mortality, physical destruction of aquaculture facilities, loss of stock, spread of disease, higher cost in disease prevention and increased feed costs. Changes in sea water surface temperatures could impact the conditions for

increased feed costs. Changes in sea water surface temperatures could impact the conditions for fish farming. In extreme cases, higher sea water temperatures may cause physiological stress to the fish, reduce seawater oxygen levels and cause harmful algae blooms that increase the risk of mortality and fish health issues, which all have negative financial impacts. Increased water temperatures may also lead to increased sea lice load and hence higher treatment costs. Challenges in the feed supply chain due to climate related issues may lead to lower availability of feed and increased costs.

Higher temperatures in some regions could mean faster growth, which results in decreased production costs for our fish farming operations. However, because the optimal water temperature for growing salmon is 12 to 14 degrees, if temperatures rise above 15 degrees, growing conditions become suboptimal and can increase risk of diseases, prompt algal blooms and lead to longer production cycles.

How we manage the physical risks and opportunities

Risks connected with extreme weather events are mitigated through applying site-specific risk assessments for elements such as weather patterns and temperatures, and implementing specific protocols and climate change adaptation measures.

Changes to sea water surface temperatures are in some ways mitigated by the geographic diversity of Cermaq's operations. Evaluating further expansion potential is a part of the management's yearly strategic process reviews.

REGULATORY RISKS AND OPPORTUNITIES

Emission reporting obligations

There is a general trend towards regulation related to carbon footprint disclosure at point of sale. This may affect all products marketed in the EU.

Carbon taxes

CO2 regulations and increased tax on fossil based fuel and energy represent a risk of higher operational costs.

General environmental regulations

Changes in environmental regulations may pose a risk, such as emissions regulations for production sites, increased taxation on energy and fuel and increased reporting demand.

General environmental regulation opportunities

Any new regulations are an opportunity if the organization is well prepared. Immediate compliance can be a competitive advantage.

Financial implications of the regulatory risks and opportunities

Cermaq expects financial implications on different levels: increased operational costs and resources for reporting and labelling purposes; and possible inability to comply with new legislation. Ultimately this could interfere with the access to international markets for our products.

Investment in time and efforts to comply with new regulations and follow-up and reporting procedures are financial implications of pursuing the opportunities.

How we manage the regulatory risks and opportunities

Regulatory risks and opportunities are monitored and Cermaq’s sustainability functional team discusses new regulations and initiatives and their impact on our business. Compliance with regulations is followed up in the quarterly sustainability reporting process.

202-2 PROPORTION OF SENIOR MANAGEMENT HIRED FROM LOCAL COMMUNITY

Cermaq bases its operations on local recruitment of senior management, and in 2017 the proportion of management hired from local communities averaged 69 percent, up from 65 percent in 2016. Senior management includes the management team reporting directly to a Chief Operating Officer, and people reporting directly to Group Management team.

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

		CERMAQ GROUP AS	CERMAQ NORWAY	CERMAQ CHILE	CERMAQ CANADA	CERMAQ GROUP INCL. CERMAQ AS
2015						
Total size of management group	#	7	8	7	10	32
Number of local hires	#	2	8	7	8	25

Number of female management hires	#	1	1	1	2	5
% of senior management hired from local community %local hires		22%	100%	100%	80%	78%
Proportion of female managers	%	14%	13%	14%	20%	16%

2016

Total size of management group	#	6.	9.	12.	10.	37.
Number of local hires	#	3.	4.	9.	8.	24.
Number of female management hires	#	0.	1.	2.	2.	5.
% of senior management hired from local community %local hires		50%	44%	75%	80%	65%
Proportion of female managers	%	0%	11%	17%	20%	14%

2017

Total size of management group	#	6.	8.	11.	7.	29.
Number of local hires	#	4.	2.	9.	6	20.
Number of female management hires	#	0.	1.	2.	1	4.
% of senior management hired from local community %local hires		66%	25%	82%	86%	69%
Proportion of female managers	%	0%	13%	18%	14%	14%

The proportion of female managers in Cermaq remained at 14 percent in 2017. Note that Cermaq Group AS management team also includes the managing Directors of Cermaq Norway, Cermaq Canada and Cermaq Chile.

205-2 COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

Cermaq's ethical and corporate guidelines are available to all employees and governance body members, and are communicated to all new employees. The Guidelines prohibit any form of corruption. Anti-corruption training is delivered regularly.

In 2017, 86 percent of managers and administrative employees in Cermaq Canada received anti-corruption training, in Cermaq Chile 76 percent received training and in Cermaq Norway 100 percent received training. In Cermaq Group AS, 66 percent of managers and administrative

employees received anti-corruption training.

Anti-corruption expectations to Cermaq's suppliers were also developed through the establishment of the Cermaq Supplier Code of Conduct in 2014, which is communicated and was updated in January 2017 on Cermaq's website.

205-3 CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

There were no confirmed incidents of corruption in Cermaq Group in 2017.

FP 9 PERCENTAGE AND TOTAL OF ANIMALS RAISED AND/OR PROCESSED, BY SPECIES AND BREED TYPE

Gutted weight (GWE) is a measurement of fish production. It is a calculation where the biomass in tons of closing stocks of live fish is added with the biomass in tons harvested, subtracted by the opening stock in tons of live fish for a specific period of time. This biomass determination is corrected by a 1.2 factor in order to determine the live weight of the biomass or LWE.

Our key performance indicators on medicine use in our annual reports are ratios of amount of active ingredients by LWE.

The salmonid species and tonnes produced (LWE) are summarised in the table below.

FISH PRODUCTION 2017	UNIT
Atlantic salmon	<i>Tonnes (LWE)</i>
Cermaq Norway	64,197
Cermaq Chile	96,016
Cermaq Canada	25,093
Total ATS	185,306
Coho salmon	<i>Tonnes (LWE)</i>
Cermaq Chile	31,786
Rainbow trout	<i>Tonnes (LWE)</i>

Cermaq Chile		4,842
Total all species	<i>Tonnes (LWE)</i>	221934

Fish production is the increase of tonnes in biomass produced within a year, which also considers the amount in tonnes of biomass harvested in the same period.

Atlantic salmon production (LWE) increased in Chile and Canada compared with the 2016 production, to 96,016 and 25,093 tons respectively. Production in Norway decreased in 2017 by 600 tons to 64,197 tons. Also during 2017, there was a reduction of Rainbow Trout production of 2404 tons LWE in Chile, while Coho salmon production rose by 19,358 tons for 31,786 tons total produced during the year.

GRI Environmental Indicators

301-1 MATERIALS USED BY WEIGHT OR VOLUME

301-2 RECYCLED INPUT MATERIALS USED

The disposal of products and packaging materials is a steadily growing environmental challenge. Establishing effective recycling and reuse systems to close product cycles can contribute significantly to increase material life cycle, resource efficiency and it can decrease costs.

All Cermaq operations shall comply with local and national environmental regulations related to effluents and waste handling. The waste handling procedures vary with the local infrastructure in place. Recycling and reuse of packaging materials should always consider that human health is first and for Cermaq it is priority to couple smart use of materials with food safety of our final products.

The work to strengthen our reporting in this area will continue going forward. This indicator provides insight into what extent our materials are collected and successfully converted into useful materials for new production processes, as well as to what extent we have designed products and packaging capable of being recycled or reused.

In 2017, 9% of the input materials (by tonnes used) were recycled at a Group level. Input packaging used was 1149 tonnes of materials at a Group level, while for output packaging it was 5928 tonnes.

Cermaq reported input materials used that were recycled, including plastics and wood pallets (used in the transportation of fish feed), cardboard for final product elaboration and wood pallets for storage in processing plants.

Materials used by weight or volume

PACKAGING SOURCE	MATERIAL TYPE	PACKAGING TYPE	TOTAL USED (TONNES)	DESCRIPTION
Output packaging	Plastic	6-PS	2333	Product boxes
Output packaging	Wood	Pallets	616	Product pallets
Output packaging	Paper/cardboard	Paper	970	Box residues
Output packaging	Plastic	4-LDPE	2009	Plastics used in final products
Output packaging	Plastic	7-Other plastics	0	Polystyrene boxes
Input packaging	Plastic	5-PP	159	Supersacs & film feed packaging
Input packaging	Wood	Pallets	770	Feed pallets
Input packaging	Paper/cardboard	Paper	109	Paper for elaboration final product
Input packaging	Plastic	7-Other Plastics	111	Supersacs feed packaging

Recycled input materials used

RECYCLED INPUT MATERIALS USED	CERMAQ NORWAY	CERMAQ CHILE	CERMAQ CANADA
Plastic 5-PP	0%	0%	82%
Plastic 4-LDPE	100%	0%	0%
Plastic 2-HDPE	0%	0%	0%
Other Plastic	100%	0%	0%
Wood	0%	0%	39%
Paper/cardboard	0%	0%	0%

Note: Norway, Chile and Canada report total of materials used by type of packaging for those materials which are in recycling programs.

302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION

The total energy use in Cermaq (including Cermaq Group AS) increased 53.9 percent in 2017 compared with the previous year. This increase in energy use was both due to an increase in overall Fish production and also due to increased use of generators due to environmental conditions.

Energy Consumption by Type (Gj)

	ENERGY SOURCE	2017	2016	2015	2014	2013	2012	2011
Non-renewable fuel consumed								
	Diesel	663,087	421,584	444,214	437,163	406,220	275,985	251,353
	Fuel Oil	2,724	17	20	26	60	17	52
	Crude Oil	780	713	567	561	2,643	286	0
	Gasoline/ petrol	39,299	38,261	51,288	49,305	53,556	44,368	46,203
	LPG	39,639	0	0	0	0	0	0
	Natural gas	148	75	82	64	96	122	115
	Propane	13,375	6,554	6,457	10,104	11,859	8,050	7,805
Total non-renewable consumption		758,827	467,205	502,627	497,224	474,433	328,828	305,529
Renewable fuel consumed								
	Biofuel	5688	4904	4939	4,301	3,282	2,620	3,296
Total renewable consumption		5688	4904	4939	4,301	3,282	2,620	3,296
Electricity purchased for consumption		308,348	225,076	244,265	223,468	231,555	210,720	147,867

Total electricity consumed	308,348	225,076	244,265	223,468	231,555	210,720	147,867
Total energy use (GJ)	1,073,088	697,185	751,831	724,993	709,270	542,169	456,692
Δ YoY	53.9%	-7.3 %	3.7 %	2.2 %	30.8 %	19%	

Note: Total includes Cermaq AS, Cermaq Chile, Cermaq Norway and Cermaq Canada. Diesel energy calculation includes both diesel fuel and 95 percent of biodiesel blend.

Energy consumption and emissions are calculated by country and is not calculated based on fish species in Chile. Norway and Canada only produce Atlantic salmon. In Chile, Coho salmon typically requires less energy use due to a shorter life cycle and consequently less GHG emissions.

Cermaq reports to the Carbon Disclosure Project (CDP) and more details can be found in our CDP reports available on our webpage.

302-2 ENERGY CONSUMPTION OUTSIDE THE ORGANISATION

Feed is the main input when producing salmon and trout and feed costs constitute approximately 50 percent of the purchasing costs related to fish farming in Cermaq. EWOS continues to be our main feed supplier and below is an overview of the energy consumption for EWOS in 2017.

EWOS Energy Consumption by Type (GJ)

		2017	2016	2015	2014	2013	2012	2011
<i>GRI Energy Type</i>								
<i>Energy Source</i>								
Indirect	Electricity	364,783	436,744	474,333	505,043	456,881	537,515	474,800
Direct	Biomass (from rice husk)	-	83,145	119,486	104,290	75,340	66,481	76,772
Direct	Diesel	2,826	2,186	2,644	1,307	3,233	7,921	14,293

Direct	Fuel Oil	144,337	146,254	175,309	197,720	233,992	207,179	154,293
Direct	Gasoline/ petrol		0	0	0	36	94	188
Direct	LPG	69,069	62,895	100,680	70,925	240,741	147,598	67,471
Direct	Natural gas	361,125	282,620	295,878	350,957	232,342	312,292	442,852
Direct	Propane	1,262	1,256	1,266	1,111	1,121	1,115	1,569
Direct	Biofuel (wood)	36,620	49,374	59,914	41,510			
Total direct + indirect		980,022	1,064,474	1,229,511	1,272,863	1,243,686	1,280,194	1,232,238
Δ YoY		-8%	-13%	-3%	2%	-3%	4%	

**Biofuel use is reported by EWOS for the first time in 2014*

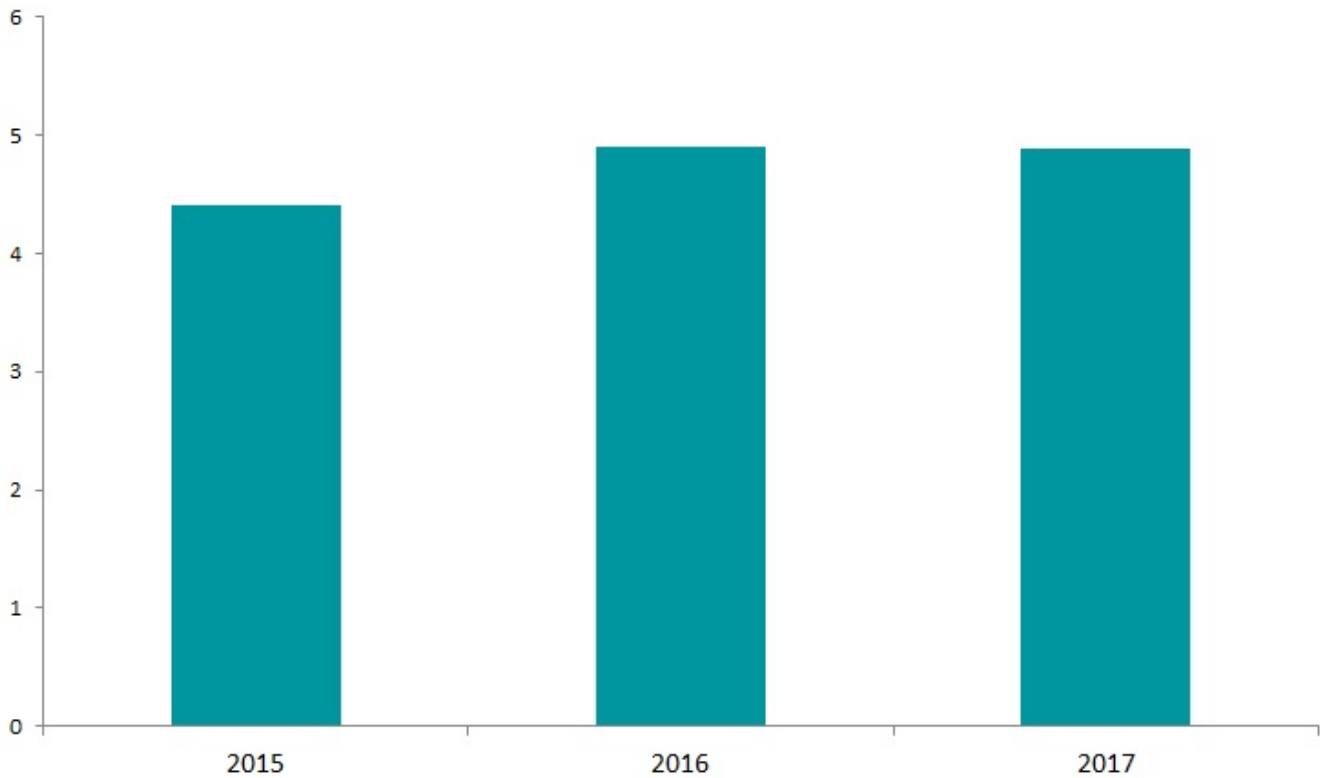
302-3 ENERGY INTENSITY

The most relevant energy intensity ratio within salmon farming is to express the energy used in terms of tons of fish produced (GJ/tonne fish Production LWE). This provides a measure of the energy efficiency within the organization. However, some of the energy use is fixed and does not vary with production (e.g. housing facilities at sea sites and energy used in administrative buildings and processing plants). This means that in years with fewer fish in the sea the energy consumption per ton of production will be influenced in a negative way by the fixed consumption.

All energy sources listed in 302-2 are included in the following graph, where the amount of Gigajoules (GJ) used by tonne fish production (LWE) at a Group level is shown.

Cermaq Group Energy Intensity (GJ per tonne LWE)

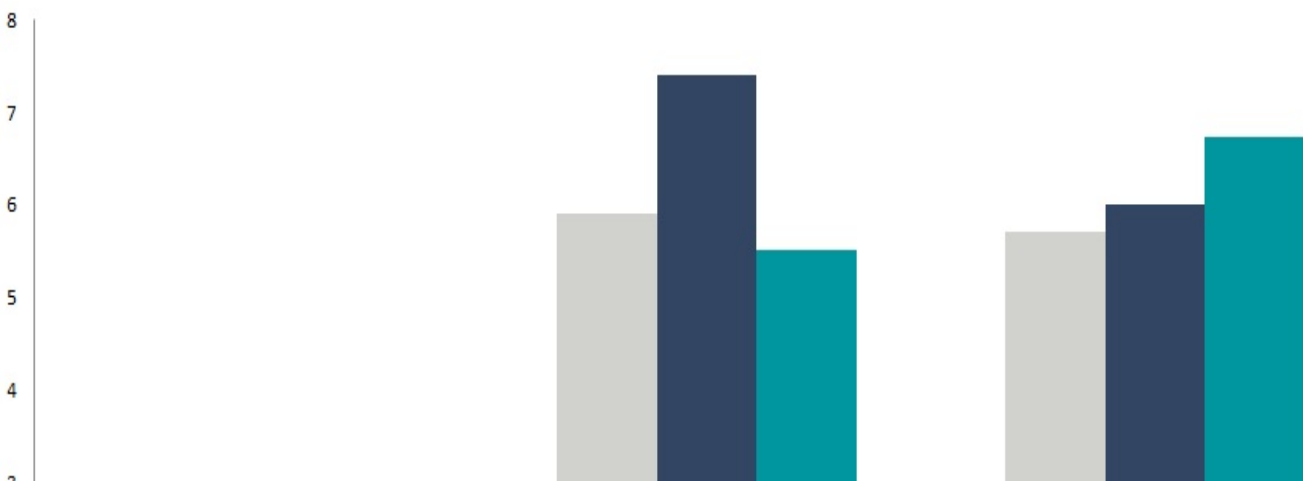
Cermaq Group Energy Intensity (GJ per Tonne LWE)

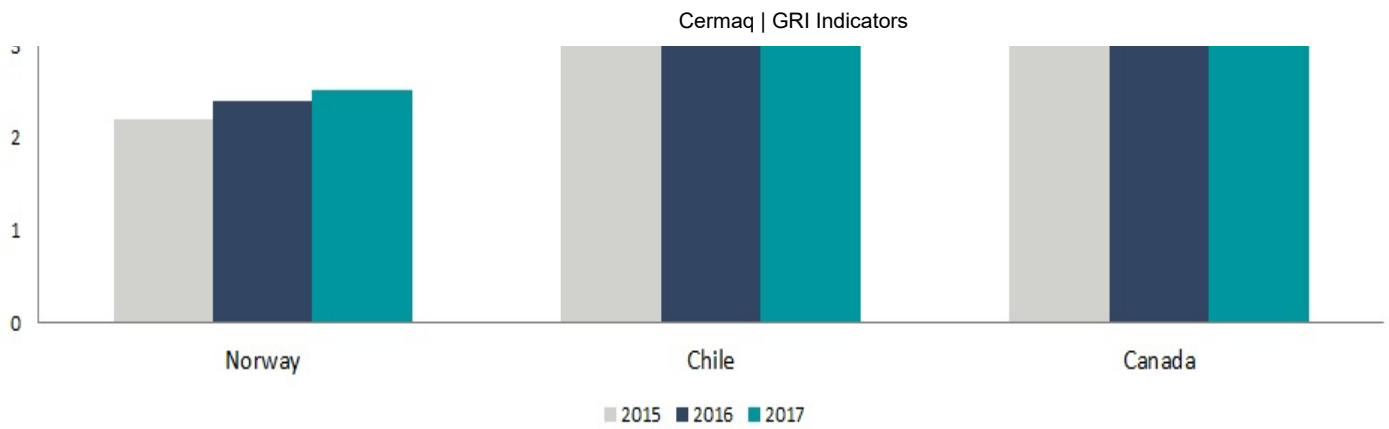


At a group level the energy use decreased to 4.7 GJ per ton of LWE produced from 4.9 GJ per ton produced LWE in 2016, mainly due to an increase in the fish production (LWE) during 2017. Our total energy use increased by 38.6% at a Group level.

The energy intensity by country shows a different trend, where Canada and Norway increased the energy use by tonne of fish produced. Canada increased by 12.3% and Norway by 4.4% and On the other hand, energy use by tonne of fish produced in Chile decreased by 25.6%.

Energy Intensity by country (GJ per Tonne LWE)





302-4 REDUCTION OF ENERGY CONSUMPTION

Cermaq has a number of initiatives to reduce energy consumption, with some examples provided in the table below. Canada’s initiatives this year focus mainly on improving the energy efficiency of its land-based sites both with more efficient technology, lighting changes, and implementation of alternative energy sources. Cermaq Chile has implemented technology upgrades to sea sites and changed fuel sources from diesel to gas, added solar power sources to hatcheries, and given instruction to staff in both freshwater and sea sites on energy saving methods. In Norway, Cermaq has installed heat recovery technology in a hatchery, invested in a hybrid-drive service boat, converted sea sites to grid power, and given personnel instructions on how to drive boats at lower speeds to conserve fuel.

A sample of initiatives per country are provided in the table below.

ENERGY SAVED	TYPE OF ENERGY SAVING INITIATIVE	ENERGY SAVING INITIATIVES
Canada n/a	Installation of energy-saving Equipment and retrofitting systems	<ul style="list-style-type: none"> • Installation of variable frequency drives at three on-grid freshwater facilities (10-20% reduction in Power demand) • lighting retrofit (to LEDs) at all on-grid hatchery sites (5% reduction in power consumption) • Recirculating aquaculture system upgrades at three facilities will result in increased production, lower water demand, reduced pumping and power usage and reduced water disposal. (power use reduction TBA) • replacing diesel generators at Little Bear Bay Hatchery with propane (10% reduction of fuel consumption) • study into potential alternative energy supplies was commissioned and completed; however, ROI period too long to follow through on installing Equipment

Chile	n/a	Conversion and retrofitting equipment, renewable energy installation, energy efficiency training	<ul style="list-style-type: none"> • Lighting system with energy saving installed in pontoons • Use of solar panels to monitor environmental parameters in sea sites • Solar panels used in beacons • Solar panels for lighting (spotlights) in hatcheries • Change to reuse system (water safety) in Collin hatchery • Silage system in sea water area attached to pontoon and/or food platform using only one generator • Change to and preference on gas in outboard motors in boats in region X • Change of LED bulbs in photoperiod system, significantly reducing fuel consumption • On pontoons, desalination plants are being used that use sea water, which is treated and used in the center(washing and hygenic services) - efficiency in water consumption • instruction in freshwater and sea sites on the use of energy saving
Norway	36.000 GJ/year	Heat recovery from water	Freshwater site at Forsan uses recovery systems, to significantly reduce heating in the production of smolt. The system uses the heat of the waste water, to increase the water temperature.
	11.605 GJ/year	Heat recovery from air	Continuation from previous year— Freshwater site at Forsan uses recovery systems from air, to significantly reduce heating in the production of smolt. Systems are implemented to allow exchange of exhaust air with fresh air within the facility, in order to control humidity. Implementation of LED lights in the hatchery for energy consumption reduction.
	29325 liters of fuel/year	Hybrid diesel-Electric service boat	We have invested in a service boat with hybrid technology. This will provide energy savings in fuel consumption as well as a a reduction of 79 tonnes of CO2 and 808 kg of NOX. Implementation is expected during May 2018.
	10938.1 GJ	Conversion from diesel generators to grid power	Connction of sea sites to power grid through sea cables. Estimated savings <ul style="list-style-type: none"> • Oksøy: 384 325 kWh/year • Kråkevik: 614 610 kWh/year • Slettnes: 810 204 kWh/year • Skinnstakkvika: 614 610 kWh/year • Ytre Koven: 614 610 kWh/year • Total: 3 038 358 kWh/year (10 938.1 GJ/year)
	n/a	Recycling	Freshwater site at Forsan uses recycling technology to significantly reduce pump use and freshwater use in the production of smolt.
	n/a	Changes in personnel behavior	Sailing/driving boats at lower speeds to reduce fuel consumption and switching lights in barges.

304-4 IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS IN AREAS AFFECTED BY OPERATIONS

Below is an overview of IUCN red list species in or in the vicinity of Cermaq's operations. Cermaq works continuously to ensure good environmental practices on its farms to minimize negative effects on biodiversity. Any incidents with birds and mammals are publicly reported on Cermaq's ASC dashboard on www.cermaq.com, and in the GSI sustainability report for all Cermaq operations.

CHILE

The Chilean Ministry of Environment provides a list of 3500 species, with the conservancy state by species, of those there are 100 Chilean native mammals categorized critical endangered (CR), endangered (EN), vulnerable (VU), near threatened (NT), least concern (LC), and data deficient (DD). Within this there are 40 cetacean species included, of which half are listed as Data Deficient species.

The following list includes all species of cetaceans, mapped by the Chilean Ministry of Environment and categorized as CR, EN, VU, NT and LC by the IUCN red list, which are located in the regions were Cermaq Chile operates. DD species were not included in the following lists.

Marine mammals

SCIENTIFIC NAME	COMMON NAME	CLASSIFICATION
<i>Balaenoptera borealis</i>	Ballena sei, Rorcual boreal	EN
<i>Balaenoptera musculus</i>	Ballena azul	EN
<i>Balaenoptera physalus</i>	Ballena fin	EN
<i>Cephalorhynchus eutropia</i>	Delfín chileno	NT
<i>Eubalaena australis</i>	Ballena franca austral	LC
<i>Megaptera novaeangliae</i>	Ballena jorobada	LC
<i>Physeter macrocephalus</i>	Cachalote gigante	VU
<i>Tursiops truncatus</i>	Delfín nariz de botella	LC
<i>Ziphius cavirostris</i>	Ballena picuda de Cuvier	LC
<i>Balaenoptera acutorostrata</i>	Ballena minke	LC
<i>Delphinus delphis</i>	Delfín común	LC
<i>Grampus griseus</i>	Falso calderón	LC

Hyperoodon planifrons	Ballena nariz de botella del sur	LC
Lagenorhynchus cruciger	Delfín cruzado	LC
Stenella attenuata	Delfín manchado esbelto	LC
Stenella coeruleoalba	Delfín listado	LC
Steno bredanensis	Delfín de pico áspero	LC
Cephalorhynchus commersonii	Commerson's dolphin	LC
Ziphius cavirostris	Ballena picuda de Cuvier	LC

The next list provides the Carnivorous mammals with habitat in the sea or fresh water where Cermaq Chile operates.

Carnivorous mammals

SCIENTIFIC NAME	COMMON NAME	CLASSIFICATION
Arctocephalus philippii	Juan Fernandez fur seal	LC
Lontra felina	Chungungo	EN
Lontra provocax	Huillín	EN
Ommatophoca rossii	Foca de Ross	LC
Otaria flavescens	Lobo marino común	LC
Mirounga leonina	Elefante marino	LC
Hydrurga leptonyx	Foca leopardo	LC
Arctocephalus tropicalis	Lobo fino subantártico	LC

Birds

SCIENTIFIC NAME	COMMON NAME	CLASSIFICATION
<i>Anas platalea</i>	Pato cuchara	LC
<i>Anas specularis</i>	Pato anteojillo	NT
<i>Ardea cocoi</i>	Garza cuca	LC

<i>Asio flammeus</i>	Nuco	LC
<i>Asthenes anthoides</i>	Canastero del sur	LC
<i>Calidris canutus</i>	Playero ártico	NT
<i>Coscoroba coscoroba</i>	Cisne coscoroba	LC
<i>Cygnus melanocoryphus</i>	Cisne de cuello negro	LC
<i>Gallinago paraguaiæ</i>	Becacina	LC
<i>Gallinago stricklandii</i>	Becacina grande	NT
<i>Heteronetta atricapilla</i>	Pato rinconero	LC
<i>Ixobrychus involucris</i>	Huairavillo	LC
<i>Larosterna inca</i>	Gaviotín monja	NT
<i>Larus modestus</i>	Gaviota garuma	LC
<i>Merganetta armata</i>	Pato cortacorrientes	LC
<i>Numenius borealis</i>	Zarapito boreal	CR
<i>Pelecanoides garnotii</i>	Yunco	EN
<i>Phalacrocorax bougainvillii</i>	Guanay	NT
<i>Phalacrocorax gaimardi</i>	Lile	NT
<i>Pluvianellus socialis</i>	Chorlo de Magallanes	NT
<i>Pterodroma externa</i>	Fardela blanca	VU
<i>Puffinus creatopus</i>	Fardela blanca	VU
<i>Rallus antarcticus</i>	Pidén austral	VU
<i>Spatula platalea</i>	Pato cuchara	LC
<i>Spheniscus humboldti</i>	Pingüino de Humboldt	VU
<i>Spheniscus magellanicus</i>	Pingüino de Magallanes	NT
<i>Eudyptes chrysocome</i>	Pingüino de penacho amarillo	VU
<i>Eudyptes chrysolophus</i>	Pingüino macaroni (VU)	VU
<i>Pygoscelis papua</i>	Pingüino papúa	LC
<i>Strix rufipes</i>	Concón	LC

<i>Sula variegata</i>	Piquero	LC
<i>Tachyeres patachonicus</i>	Quetru volador	LC
<i>Tachyeres pteneres</i>	Quetru no volador	LC
<i>Thalassarche chrysostoma</i>	Albatros de cabeza gris	EN
<i>Thalassarche melanophris</i>	Albatros de ceja negra	LC
<i>Anas bahamensis</i>	Pato gargantillo	LC
<i>Chloephaga melanoptera</i>	Piuquén	LC
<i>Chloephaga rubidiceps</i>	Canquén colorado	LC
<i>Fregata minor</i>	Ave fragata grande	LC
<i>Fregetta grallaria</i>	Golondrina de mar de vientre blanco	LC
<i>Fulica cornuta</i>	Tagua Cornuda	NT
<i>Fulica gigantea</i>	Tagua gigante	LC
<i>Larus serranus</i>	Gaviota andina	LC
<i>Laterallus jamaicensis</i>	Pidencito	NT
<i>Nesofregetta fuliginosa</i>	Golondrina de mar de garganta blanca	EN
<i>Pandion haliaetus</i>	Aguila pescadora	LC
<i>Phoenicoparrus andinus</i>	Parina grande	VU
<i>Phoenicoparrus jamesi</i>	Parina chica	NT
<i>Plegadis chihi</i>	Cuervo de pantano	LC
<i>Plegadis ridgwayi</i>	Cuervo de pantano de la puna	LC
<i>Pterodroma defilippiana</i>	De Filippi's Petrel	VU
<i>Pterodroma longirostris</i>	Fardela Blanca de Más Afuera	VU
<i>Vultur gryphus</i>	Cóndor	NT

Fish

SCIENTIFIC NAME

COMMON NAME

CLASSIFICATION

<i>Micropogonias manni</i>	Huaiquil	LC
<i>Mugil cephalus</i>	Lisa	LC

In Chile, Cermaq uses predator nets at farms to avoid marine mammals and birds entering into the farm site and to prevent attacks that are stressful for the fish. In Chile, farming companies are required to report immediately to The Undersecretary of Fisheries and Aquaculture (Subpesca) the culling of any marine mammal at the farm.

Stronger nets have been tested in order to reduce the interaction with wildlife, including stainless steel nets and PET monofilament nets. Both nets are more resistant to strain and to external forces, keeping their shape and reducing the risk of accidental entrapment. Nets for birds are installed at the farm sites to protect the fish, which are constantly assessed to check their structural function.

NORWAY

In Norway, several species are included on the IUCN red list. From all species a total of 13 birds, 1 mammal, 9 fish, 4 algae, 2 mollusks, 1 vascular plant and 3 coral species appear on the national conservation list with habitats in our area of operations. Of them the 13 species of birds and 1 Mammal species are considered to interact closely to our farming sites. The 14 species are categorized as critical endangered (CR) with 1 species, 5 endangered (EN), 3 vulnerable (VU) and 5 near threatened (NT).

The lists below provide the common name, scientific name and the risk category classification for each species.

Birds

SCIENTIFIC NAME	COMMON NAME	CLASSIFICATION
<i>Uria aalge</i>	lomvi	CR
<i>Rissa tridactyla</i>	krykkje	EN
<i>Uria lomvia</i>	polarlomvi	EN
<i>Alca torda</i>	alke	EN
<i>Sterna hirundo</i>	makrellterne	EN

<i>Fulmarus glacialis</i>	havhest	EN
<i>Cepphus grylle</i>	teist	VU
<i>Fratercula arctica</i>	lunde	VU
<i>Gavia adamsii</i>	gulnebbblom	NT
<i>Larus canus</i>	fiskemåke	NT
<i>Somateria mollissima</i>	ærfugl	NT
<i>Oceanodroma leucorhoa</i>	stormsvale	NT
<i>Stercorarius parasiticus</i>	tyvjo	NT

Mammals

SCIENTIFIC NAME	COMMON NAME	CLASSIFICATION
<i>Lutra lutra</i>	oter	VU

CANADA

In Canada, there are 146 species related to the general geographical location of Canadian operations, the ocean and/or farming operations. Of them, 15 are mammals, 5 reptiles species, 4 fish and 126 birds. Many of the species have a broad distribution in the environment and may not interact directly with the facilities, however they were included into this mapping.

The list below include the scientific name, the common name and the risk category for the species which are in the Endangered, Near threatened and Vulnerable categories in the vicinity of Cermaq Canada's operations (Least concern and Data deficient were not included with a total of 87 bird species).

Marine mammals

SCIENTIFIC NAME	COMMON NAME	CLASSIFICATION
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<i>Enhydra lutris</i>	Sea otter	EN
<i>Spilogale gracilis</i>	Western spotted skunk	LC
<i>Callorhinus ursinus</i>	Northern fur seal	VU
<i>Eumetopias jubatus</i>	Steller sea lion	NT
<i>Zalophus californianus</i>	California sea lion	LC
<i>Mirounga angustirostris</i>	Northern elephant seal	LC
<i>Balaenoptera borealis</i>	Sei whale	EN
<i>Balaenoptera musculus</i>	Blue whale	EN
<i>Balaenoptera physalus</i>	Fin whale	EN
<i>Megaptera novaeangliae</i>	Humpback whale	LC
<i>Eschrichtius robustus</i>	Gray whale	LC
<i>Physeter macrocephalus</i>	Sperm whale	VU
<i>Tursiops truncatus</i>	Common bottlenose dolphin	LC
<i>Delphinus delphis</i>	Short-beaked common dolphin	LC
<i>Globicephala macrorhynchus</i>	Short-finned pilot whale	DD

Reptiles

SCIENTIFIC NAME	COMMON NAME	CLASSIFICATION
<i>Caretta caretta</i>	Loggerhead Sea Turtle	EN
<i>Chelonia mydas</i>	Green Sea Turtle	EN
<i>Dermochelys coriacea</i>	Leatherback Sea Turtle	VU
<i>Lepidochelys kempii</i>	Kemp's Ridley Sea Turtle	CR

Lepidochelys olivacea

Olive Ridley Sea Turtle

VU

Fish

SCIENTIFIC NAME	COMMON NAME	CLASSIFICATION
<i>Thunnus alalunga</i>	Albacore Tuna	NT
<i>Acipenser medirostris</i>	Green Sturgeon	NT
<i>Acipenser transmontanus</i>	White Sturgeon	LC
<i>Sockeye Salmon</i>	Oncorhynchus nerka	CR

Birds

SCIENTIFIC NAME	COMMON NAME	CLASSIFICATION
<i>Chen canagica</i>	Emperor goose	NT
<i>Gavia adamsii</i>	Yellow-billed loon	NT
<i>Phoebastria immutabilis</i>	Laysan albatross	NT
<i>Phoebastria nigripes</i>	Black-footed albatross	NT
<i>Pterodroma inexpectata</i>	Mottled petrel	NT
<i>Ardenna griseus</i>	Sooty shearwater	NT
<i>Calidris pusilla</i>	Semipalmated sandpiper	NT
<i>Melanitta fusca</i>	White-winged scoter	EN
<i>Brachyramphus marmoratus</i>	Marbled murrelet	EN
<i>Clangula hyemalis</i>	Long-tailed duck	VU
<i>Phoebastria albatrus</i>	Short-tailed albatross	VU

<i>Ardenna creatopus</i>	Pink-footed shearwater	VU
<i>Ardenna bulleri</i>	Buller's shearwater	VU
<i>Synthliboramphus hypoleucus</i>	Xantus's murrelet	VU

In Canada, Cermaq uses bird and predator nets at all farms throughout the production cycle to deter marine mammals. In Canada, farming companies are also required to report immediately to Fisheries & Oceans Canada (DFO) the culling of any marine mammal at the farm.

In British Columbia, the industry is not having a negative impact on the populations of marine mammals. Harbour seal numbers have been stable since 2000, and are likely controlled by transient killer whales. In contrast, Steller and California sea lions are continuing to increase according to experts. More information can be found at [the BC Salmon Farmers Association Website](#).

305-1 DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)

305-2 ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)

305-3 OTHER INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 3)

For the reporting period 1st January 2017 to 31st December 2017, Cermaq's global gross GHG Scope 1 emissions totaled 55 528 tons of CO₂e (30 672 tons in 2016). Scope 2 emissions were 25 411 tons of CO₂e in 2016 compared to 17 905 in 2016. Scope 1 emissions are higher and electricity increased in 2017 and together with an increase in Scope 2 led to a increase in emissions by 28944 tonnes of CO₂e. Details on Cermaq's energy consumption can be found under Energy Consumption (indicators 302-1, 302-2 and 302-3).

Our reporting is based on the GHG Protocol, the internationally recognized standard for the accounting and reporting of GHG emissions. We have used the financial control approach to define our organizational boundary and the operational scope for our reporting of scope 1 and 2. Emissions factors for our global operations are based on sources including IEA, IPCC, SSB, EIA, RE-DISS, Green-e and BC Ministry of Environment.

Feed is the main input when producing salmon and trout and feed costs constitute approximately 50 percent of the production costs related to farming in Cermaq. EWOS continued to be our main feed supplier in 2016 and Scope 3 emissions consists of EWOS estimated CO₂ emissions in 2017. Please see the EWOS sustainability report for further details. GHG emissions reported below

includes CO₂-emissions only and all types of energy sources used.

GLOBAL TONNES OF CO ₂ E	2017	2016	2015	2014	2013	2012	2011	2010
Crude oil	57	53	42	41	195	21	0	0
Diesel	48,873	30,672	32,348	31,958	29,720	20,047	18,197	15,336
Biofuel	352	303	305	266	203	162	204	246
Fuel Oil	189	1	1	2	4	1	4	57
Gasoline/ petrol	2,729	2,652	3,560	3,421	3,718	3,078	3,196	2,997
LPG	2,507	0	0	0	0	0	0	0
Natural Gas	8	4	4	4	5	7	6	4
Propane	813	405	403	627	740	492	473	2,394
Scope 1 (Direct emissions)	55,528	34,090	36,664	36,319	34,586	23,807	22,080	21,034
Purchased electricity	25,411	17,905	21,325	18,352	18,896	15,886	9,931	8,846
Scope 2 (Energy indirect)	25,411	17,905	21,325	18,352	18,896	15,886	9,931	8,846
Total gross emissions (Scope 1 and 2)	80,939	51,995	57,988	54,671	53,481	39,693	32,011	29,879
Scope 3 (EWOS direct and indirect)	47,872	50,942	61,444	57,457	62,610	59,366	57,753	41,862

305-4 GREENHOUSE GAS (GHG) EMISSIONS INTENSITY

Cermaq is reporting an intensity measurement based upon “tons of CO₂e per ton of fish produced

(LWE)". This is a relevant ratio for our industry.

As can be seen below, the CO₂ emissions per ton of fish produced for Scope 1 and Scope 2 decreased by 2.2% from 2016 to 2017.

	2017	2016	2015	2014	2013	2012	2011	2010
Intensity: kg of CO ₂ e per tonne of fish produced (LWE)	352	360	334	258	259	212	205	217

Although an increase in absolute energy consumption for Cermaq Group was largely driven by environmental conditions with challenging environmental conditions requiring higher energy inputs using generation equipment, an increase in production on a group-wide basis led to a decrease of emissions per unit of fish produced. Accounting absolute emissions in tonnes of CO₂ shows that Cermaq Canada increased the absolute emissions by 1840 tonnes CO₂, while Cermaq Chile emitted 26 804 tonnes more CO₂ compared to 2016. Cermaq Norway increased the emissions by 598 tonnes. At a Group level, a total of 28 944 tonnes more CO₂ was emitted to the environment during 2017 (Scope 1 + Scope 2).

Further details about energy consumption can be found under Energy consumption (indicators 302-1,302-2 and 302-3).

307-1 NON-COMPLIANCES WITH ENVIRONMENTAL LAWS AND REGULATIONS

Cermaq works actively to ensure that our operations respect and are compliant with local, national and international laws. If any non-compliances occur, we take it seriously and investigate at the appropriate level to correct the issue before measures are taken to mitigate the risk of re-occurrence.

In 2017, there were eight cases of environmental non-compliances closed with a fine.

REPORTING UNIT	TOTAL MONETARY VALUE OF SIGNIFICANT FINES (USD)	TOTAL NUMBER OF NON-MONETARY SANCTIONS	CASES BROUGHT THROUGH DISPUTE RESOLUTION MECHANISMS
Cermaq Norway	0	0	0
Cermaq Chile	212805	0	0
Cermaq Canada	0	0	0

2017

212805

0

0

GRI Social Indicators

403-2 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, ABSENTEEISM AND NUMBER OF WORK RELATED FATALITIES

All employees should be safe at work in Cermaq, and a number of measures have been taken to strengthen the attention on safety and risk reduction in our operations. Cermaq has had a high focus on safety in our operations, with visible results the past few years.

Dedicated and competent employees are fundamental; likewise are robust management systems and procedures to manage risk and assessment of all relevant aspects of our operations. Visible leadership on OHS is important in Cermaq, and health and safety is also reflected in our Leadership Principles. The first principle explicitly states that “Health and safety of people are always first”. Measures include sharing of good practice between regions, encouraging a strong safety culture through various activities, the use of adequate safety equipment and adherence to OHS routines.

In 2017, there were encouraging results in all our regions. In Cermaq Canada, there were zero lost time injuries (H1) in 2017. In Cermaq Chile, the OHS performance continued to improve from 2016 and showed good results and decreasing trends in lost time injury rate (H1) and injury frequency rate (H2). In Cermaq Norway, there has been a good trend in the injury frequency rate, which decreased from 11.8 in 2016 to 10.1 injuries per 1 million working hours in 2017. There were no fatalities in Cermaq Group in 2017.

In 2017, the Group absence rate was 2.2 percent, and it remains low throughout the group. The lost time injury rate was 5 in 2017 which continues the positive trend and further reduction from a lost time injury rate of 6 lost time injuries per million working hours in 2016. The injury frequency rate decreased from 18 in 2014 to 10 in 2015 and continued further down to 9 in 2016 and 8 in 2017. At the same time, the lost time frequency rate was 89 at a Group level in 2017, which is a decrease from the 184 recorded in 2016.

To reduce the number of diving accidents, a high risk area, several measures have been introduced in Cermaq Chile the past years which show promising results. Initiatives include investment in ROVs to monitor the nets and the testing of new predator nets of stainless steel and PET monofilament to reduce the number of dives required. A training program was started in 2013 and is ongoing, with special attention to technical and practical diving issues and activities. In

is ongoing, with special attention to technical and practical diving issues and activities. In addition, assessment of diving skills and training is an ongoing activity.

During 2017, the absence rate for female employees was 3.6% which is somewhat higher than the male rate, while lost time injury rate and injury frequency rate was lower among female employees.

RATES OF INJURY BY REGION

	NUMBER OF FATALITIES	ABSENTEE RATE	LOST TIME INJURY RATE (H1)	INJURY FREQUENCY RATE H2	LOST TIME FREQUENCY RATE (F-VALUE)	OCCUPATIONAL DISEASE CASES	OCCUPATIONAL DISEASE RATE (ODR)
Cermaq Group HQ	0.	2.5%	0	0	0	0.	0
Cermaq Norway	0.	4.8%	5	10	91	0.	0
Cermaq Chile	0.	1.9%	5	7	97	0.	0
Cermaq Canada	0.	1.7%	0	8	0	0.	0
Cermaq Group incl. Cermaq Group HQ	0.	2.2%	5	8	89	0.	0

RATES OF INJURY BY GENDER

ALL EMPLOYEES BY GENDER	NUMBER OF FATALITIES	ABSENTEE RATE	LOST TIME INJURY RATE (H1)	INJURY FREQUENCY RATE H2	LOST TIME FREQUENCY RATE (F-VALUE)	OCCUPATIONAL DISEASE CASES	OCCUPATIONAL DISEASE RATE (ODR)
Female	0.	3.6%	3	5	53	0.	0

Male 0. 1.9% 6 18 98 0. 0

Note on calculation methods:

Lost time injury rate (H1) = Lost time injuries per million working hours

Injury frequency rate (H2) = Injuries per million working hours

Lost time injury rate (F-value) = Number of lost days per million working hours

Occupational disease rate (ODR) = Number of lost days by occupational disease per million working hours

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. Contractors are not included in 2017 figures. Cermaq reports OHS data using units that are consistent with Cermaq's previous reporting practices, rather than adopting any new GRI Standards formulas. Lost time frequency rate (F-value) only includes lost time from injuries up to one year and does not include lost time from occupational disease cases. Total work hours includes overtime related to workers working on sites (excluding management and administrative employees).

411-1 INCIDENTS OF VIOLATIONS INVOLVING RIGHTS OF INDIGENOUS PEOPLES

During 2017, there were no reported incidents of violation involving the rights of indigenous peoples in the Cermaq Group.

TOTAL NUMBER OF INCIDENTS OF VIOLATIONS INVOLVING RIGHTS OF INDIGENOUS PEOPLES							
	2014	2015	2016	2017	2018	2019	2020
Cermaq Norway	#	0	0	0	0	0	0
Cermaq Chile	#	0	0	0	0	0	0
Cermaq Canada	#	0	0	0	0	0	0

For the past 5 years no incidents of violations involving right of indigenous peoples has been recorded in any country were Cermaq operates.

413-1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS

Cermaq wants to be a responsible partner in the local communities where it operates, with a long term perspective. Establishing and maintaining good relationships based on dialogue, transparency and mutual understanding is a priority.

All Cermaq operations have local community engagement and development programs in place. Engagement activities include sponsorships of sports teams, clubs, foundations and schools in regions where Cermaq operates. Cermaq regularly conducts community meetings and engage in dialogue with a wide group of organizations on relevant topics, and openly share information about its operations to stakeholders.

CERMAQ CANADA

Cermaq Canada is committed not only to sustainable salmon farming operations on Vancouver Island, but to supporting the local communities in its areas of operation. A major part of that commitment is community sponsorships and donations.

Cermaq Canada focuses on:

- Youth
- Aboriginal partnership communities
- Health and Wellness
- Sports events
- Education
- Community fundraising and special events
- Employees

Cermaq Canada sponsors community sports in communities all around Vancouver Island, and on the West Coast of the Island, the company also regularly provide sponsorships to aboriginal sports teams.

In 2017, sponsorship included support to the Pacific Sport Vancouver Island's IGNITE program in Campbell River. Identification and development of athletes both on the national, provincial and more regional level is a critical focus for this program, which provides training and educational opportunities for athletes, bringing professional trainers to the communities where the athletes live.

As a science-based business, sponsorships that educate and inform people are important to Cermaq Canada. A key sponsorship this year was funding for the development of a website for a non-profit salmon enhancement facility, to educate and promote conservation and enhancement of wild salmon habitat.

Health is another main focus. For many years, Cermaq Canada has sponsored fundraisers for Cystic Fibrosis Canada, which funds research into the disease. The company is also an annual gold sponsor for the Howie Meeker Golf Classic in Support of Special Olympics, which raises money for local Special Olympics athletes.

Cermaq Canada is also supporting small-scale health programs, and is again sponsoring the Junior Chef Program at Phoenix Middle School, a program which teaches tweens how to cook and be creative in the kitchen.

As producers of a healthy food product, Cermaq Canada looks for sponsorships that match its values, and promote sports, science, and health. Cermaq Canada is proud to be able to give back to the communities where it operates, and where its employees live, work and play.

CERMAQ CHILE

Our local operations actively engage with the local community and stakeholders to ensure we become part of the community and support their development.

To highlight our commitment to working with local communities, please find below a short description of the sort of interactions we have.

Cermaq Chile is committed to supporting local communities and is continuously engaged in activities with a wide group of partners and stakeholders, including local trade unions, schools, and indigenous peoples.

Through Cermaq Chile's established Corporate and Social Responsibility (CSR) committee, regular meetings were held in 2017 between Cermaq and union representatives, discussing key topics. Participants included the Chief Operating Officer from Cermaq Chile, company representatives from Human Resources; the Environmental department, CSR, the Product Quality team as well as five representatives from the unions.

In 2017, Cermaq Chile continued its "Cermaq Puertas Abiertas" program, which involves opening its facilities to all surrounding communities, including indigenous peoples, to allow them to learn more about Cermaq's activities. During 2017 the activities included visits from students, open seminars, visits from local authorities to show and learn how Cermaq Chile operates

seminars, visits from local authorities to snow neighbours now Cermaq Norge operates.

CERMAQ NORWAY

Our local operations actively engage with the local community and stakeholders to ensure we become part of the community and support their development.

To highlight our commitment to working with local communities, please find below a short description of the sort of interactions we have.

Cermaq Norway aims to be a responsible community partner in its areas of operation, and actively engages in local activities and community development. Establishing and maintaining good relationships based on dialogue, transparency and mutual understanding is a central part of Cermaq Norway's community engagement.

In 2017 Cermaq Norway sponsored multiple sports events and local NGO's as well as contributed with funding and data to various research projects.

In 2017, Cermaq Norway engaged in activities with different stakeholders from local communities including municipalities, anglers' associations, suppliers and customers. Cermaq Norway met with local administration and politicians in most of the municipalities where the company has operations to discuss current and planned activities and opportunities for development. Cermaq also conducted open meetings addressing people's concerns and answering questions about Cermaq's operations, including a meeting with neighbors who are or may be impacted by the construction of a new processing plant in 2018.

Cermaq Norway also engaged with R&D institutions. Cermaq contributed financially and with data and or infrastructure such as boats and people to several research projects such as Marine Surveillance (NCE project) of the fjords where we operate; a project determining the overall status of the fjord systems as a whole, not directly related to the production. It also continued to fund the surveillance of salmon wild stocks in cooperation with Varpa River system. In Finnmark we were a partner in research projects looking at interbreeding success of escaped salmon in the Alta river.

To be open about performance, Cermaq Norway provided information on the environmental status of its operations on its website. Reporting included information about e.g. sea lice, wildlife interactions and any escapes to ensure easy access and to provide the public with updated information about ASC certified sites.

In 2017 Cermaq Norway took in youth as summer temps to have work experience and to address our common need to keep our beaches clean from plastics. Our operations in Nordland engaged 40

youth, many between 15 and 18 years, in various parts of our operations and the lion's share was dedicated to cleaning the beaches in the region.

416-1 ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF PRODUCT AND SERVICE CATEGORIES

100 percent of our product categories are assessed for health and safety impact improvements. This is part of the ISO 22000 standard, which is fully implemented in all three countries. Further details about Cermaq's management standards are given in indicator CEQ 13 Management Standards.

416-2 INCIDENTS OF NON-COMPLIANCES CONCERNING THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES

Cermaq works actively to ensure that our operations respect and are compliant with local, national and international laws. If any non-compliances occur, we take it seriously and investigate at the appropriate level to correct the issue before measures are taken to mitigate the risk of re-occurrence. Cermaq has comprehensive certifications and management systems in place to ensure that the highest standards are met and complied with.

In 2017, there was one non-compliance with the health and safety requirements of products and services in Cermaq Chile for an untimely reporting of an antibiotics treatment.

REPORTING UNIT	TOTAL MONETARY VALUE OF SIGNIFICANT FINES (USD)	TOTAL NUMBER OF NON- MONETARY SANCTIONS	CASES BROUGHT THROUGH DISPUTE RESOLUTION MECHANISMS
Cermaq Norway	0	0	0
Cermaq Chile	3309	0	0
Cermaq Canada	0	0	0
Total	3309	0	0

419-1 NON-COMPLIANCES WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AREA

Cermaq works actively to ensure that our operations respect and are compliant with local, national and international laws. If any non-compliances occur, we take it seriously and investigate at the appropriate level to correct the issue before measures are taken to mitigate the risk of re-occurrence.

Compliance with social regulations includes occupational health and safety, including adherence to national legislation related to e.g. working hours and working conditions. In Norway and Canada, there were no incidents of non-compliance with social regulations in 2017. In Chile, there were a total of three social non-compliances closed with a fine, totaling 12 635 USD.

REPORTING UNIT	TOTAL MONETARY VALUE OF SIGNIFICANT FINES (USD)	TOTAL NUMBER OF NON- MONETARY SANCTIONS	CASES BROUGHT THROUGH DISPUTE RESOLUTION MECHANISMS
Cermaq Norway	0	0	0
Cermaq Chile	12635	0	0
Cermaq Canada	0	0	0
2017 Total	12635	0	0
2016	26956	2	0
2015	73340	6	0
2014	20550	5	0
2013	29331	4	0
2012	74612	7	0

Note: This disclosure corresponds with SO8 and PR9 under the G4 GRI Standard, which were merged under 419-1.

SCREENING AND ASSESSMENT OF FEED SUPPLIERS

All Cermaq's feed suppliers have been assessed taking into account environmental, labour, human rights and anti-corruption criteria as specified in Cermaq's Supplier Code of Conduct and Cermaq's

Supplier Code of Conduct – Feed suppliers. The main sub-suppliers to Cermaq’s feed suppliers are fish meal and fish oil processing companies and other raw material providers, such as companies supplying e.g. soy proteins, rapeseed oil, wheat and wheat gluten. Cermaq’s main feed supplier EWOS has developed a supplier policy and Code of Conduct based on the UN Global Compact 10 principles, the same principles that are the foundation of Cermaq’s Supplier Code of Conduct. Raw material suppliers must sign a self-assessment form and EWOS performs regular supplier audits. In addition, EWOS supports and encourages suppliers of marine ingredients to qualify as certified IFFO Responsible Sourcing. This practice is in line with Cermaq’s expectations to feed suppliers laid out in our Supplier Code of Conduct and our Feed Supplier Policy.

EWOS continued to be Cermaq’s main supplier of fish feed in 2017 in all Cermaq’s countries of operation. However, Cermaq has entered into agreement with two additional feed suppliers, Skretting and Biomar, which both have comprehensive standards in place. Environmental, social and governance criteria outlined in Cermaq’s Supplier Code of Conduct are evaluated before entering into any new feed agreement. In addition, Cermaq’s Supplier Code of Conduct- Feed suppliers specifies more detailed sustainability requirements to new and existing feed suppliers.

414-1, 308-1, 412-3 SCREENING OF NEW FEED SUPPLIERS

All new feed suppliers to Cermaq in 2017 were screened using environmental criteria, human rights and labor practices criteria as well as criteria for impacts on society. Specific requirements assessed can be found in the Cermaq Supplier Code of Conduct and the Cermaq Supplier Code of Conduct – Feed suppliers.

414-2, 308-2 NEGATIVE IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN

Cermaq is constantly working on developing its supply management practices, and acknowledge the complexity of our supply chain. In 2017, no significant actual and potential negative impacts were identified in the supply chain concerning human rights impacts, labor practices or impact on society. Some key environmental issues within feed processing are to ensure that the raw materials used are not overexploited and that the ecological and carbon footprints are minimized. As our main feed supplier, we present EWOS indicators concerning marine and terrestrial raw material use under the indicator CEQ8. More information about EWOS energy use and CO₂ emissions can be found in indicator 302-2. More details can also be found in the EWOS Sustainability Report.

We will continue our work to identify and mitigate risks in our supply chain.

Workforce

Employment in Cermaq

Our 4 177 employees represent a diverse group both in terms of culture and type of work. Still, a common set of core values unite our international and diversified activities.

Cermaq promotes equal work opportunities and just treatment of all its employees. Strict standards for health, safety and environment are set to ensure high level of safety. All employees are expected to contribute to a work environment free of discrimination.

LEAN AND OPERATIVE CENTRAL MANAGEMENT

All operating companies are represented in Cermaq's Corporate Management Team. The team visits all of Cermaq's operating companies each year. This hands-on involvement is important to acknowledge the effort made by all employees and brings in-depth insight about everyday life in our different areas of operation.

EMPLOYMENT

As of 31 December 2017, Cermaq employed 4 177 people, an increase of 291 employees since the end of 2016. There are strong seasonal variations in employment in farming, especially related to the harvesting and processing plants. Chile is the largest region in terms of employment and the number of employees reported includes Salmenes Humboldt employees. Approximately 80 percent of all Cermaq employees were located in Chile by year end 2017.

Recruiting the right people is essential for the future success of our operations. Our operations are based on local recruitment of management. In 2017 the proportion of management hired from local communities averaged 69 percent (65 percent in 2016). 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.

102-8 Information on employees and other workers per 31 December 2017:

	CERMAQ GROUP AS		CERMAQ NORWAY		CERMAQ CHILE*		CERMAQ CANADA		TOTAL	
Total employees	41	100%	558	100%	3337	100%	241	100%	4177	100%
Total supervised workers	0	0%	0	0%	2	0%	0	0%	2	0%
Total - Workforce	41	100%	558	100%	3339	100%	241	100%	4179	100%
Total Indefinite or Permanent	41	100%	498	89%	2323	70%	241	100%	3103	74%

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total temporary or fixed term employees	13	32%	118	21%	575	17%	40	17%	746	18%
female	13	32%	118	21%	575	17%	40	17%	746	18%
male	28	68%	380	68%	1748	52%	201	83%	2357	56%
Total temporary or fixed term employees	0	n/a	60	100%	1014	100%	0	0%	1074	100%
female	0	n/a	20	33%	418	41%	0	0%	438	41%
male	0	n/a	40	67%	596	59%	0	0%	636	59%
Total Full time employees	39.75	100%	498	100%	3334	100%	241	100%	4112.75	100%
female	12.75	32%	118	24%	987	30%	40	17%	1157.75	28%
male	27	68%	380	76%	2347	70%	201	83%	2955	72%
Total Part time employees	2	100%	60	100%	3	100%	2	100%	67	100%
female	2	100%	20	33%	3	100%	2	100%	27	40%
male	0	0%	40	67%	0	0%	0	0%	40	60%
Management and administration employees	41	100%	30	100%	267	100%	43	100%	381	100%
Other employees	0	0%	0	0%	0	0%	0	0%	0	0%
Female employees	13	32%	8	27%	44	16%	22	51%	87	23%
Male employees	28	68%	22	73%	223	84%	21	49%	294	77%

*Including Salmenes Humboldt

Note: During high season (November until February), Chile and Norway typically has a high proportion of temporary workers to assist with processing of harvested fish.

DIVERSITY

Cermaq promotes equal work for all its employees. Still, gender is a challenge we continue to face. Whereas 28 percent of our employees are female, women have a significantly higher representation amongst the seasonal workers in the processing plants.

At year end 2017 Group management team comprised of six members. Two members of Group management were Chilean citizens and four Norwegian. There were no women amongst the Group's managing directors. In total 23 percent of the Group's managerial groups are women (including all managers that report to the Managing Directors in the Group's companies). Despite a declining trend the past three years, it is an aim to

increase the percentage of female managers in Cermaq. One means of achieving this is through in-house talent development.

Some of Cermaq's operations are located in areas inhabited by indigenous peoples. In Canada the protocol agreement with Ahousaht First Nation sets ambitions for employment from Ahousaht, and also provides service opportunities. In Chile and Norway indigenous people are employed in line with employees in general, while Cermaq is aware of a history of discrimination against indigenous people. In Chile most of the indigenous people are Mapuche while in Norway are Sami people.

UNION RELATIONS

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

COLLECTIVE BARGAINING AGREEMENTS

Below is an overview of Cermaq employees covered by collective bargaining agreements. It is important to note that collective agreements do not necessarily reflect the actual participation in unions.

102-41 Collective bargaining agreements

	2010	2011	2012	2013	2014	2015	2016	2017
Cermaq Group AS	0%	15%	13%	20%	0%	0%	0%	0%
Cermaq Norway	78%	93%	93%	94%	86%	82%	85%	88%
Cermaq Chile	18%	19%	25%	24%	31%	30%	26%	45%
Cermaq Canada	0%	0%	0%	0%	0%	0%	0%	0%
Cermaq Group (excl. AS)	27%	27%	34%	31%	36%	36%	36%	48%

Note: Employees covered by collective bargaining agreements are calculated as a percentage of all employees, both temporary and permanent employees.

Cermaq's materiality analysis

The concept of materiality is the foundation of Cermaq's sustainability reporting.

We conduct a materiality analysis to prioritize reporting on aspects that are material to us and our stakeholders, and to communicate Cermaq's sustainability impact and select indicators for more frequent follow-up.

Our starting point is to report on topics where we have the largest impact and where stakeholder request for information is high. From 2016, we have aligned our material topics with specific UN Sustainable Development Goals (SDGs) that we can significantly impact.

Materiality process

Determining materiality

In defining material interests, Cermaq identifies its economic, social and environmental impacts and identifies the topics that have the greatest influence on stakeholder assessment and decisions. The topics identified as material both to Cermaq and to Cermaq's stakeholders provide the basis for the selection of indicators that we measure our performance against. A part of the process is furthermore to identify material indicators that should have targets – for measuring and improving performance over time. These form the basis of our sustainability reporting and the results are presented in our annual report.

The materiality assessment is subject to an annual review by our global Sustainability Functional Team with representatives from all regions and across disciplines. This is to ensure that we report on material aspects for the organization as a whole and measure our performance against the right indicators. At certain intervals, we perform a thorough stakeholder analysis to inform our materiality assessment process. In 2013, Cermaq invited all its external stakeholders (e.g. shareholders, NGOs, local communities, media, and analysts) to participate in a survey and perform a ranking of 32 sustainability aspects.

Focus areas established in 2016



**Healthy and
nutritious food**



**Thriving
oceans**



**People
leadership**



**Responsible
production**



**Climate
action**

In 2016, a broader process was conducted to inform and update our materiality analysis from a customer perspective and by integrating the UN SDGs. We reviewed the targets and indicators and identified five specific SDGs for special consideration in our stakeholder assessment, based on our perceived ability to make a significant impact: SDG2 Zero hunger, SDG8 Decent work and economic growth, SDG12 Responsible consumption and production, SDG13 Climate action and SDG14 Life below water.

In addition, we conducted a benchmark study to incorporate customers' sustainability expectations into our analysis. The study was based on publicly available information from sustainability branded food retailers, collected in April-August 2016, with an emphasis on requirements to sustainable salmon farming and aquaculture. This analysis was incorporated into our materiality assessment. Cermaq's sustainability framework, which incorporate the five focus areas and the materiality analysis, was based on input from all Cermaq regions and across relevant functions, and was reviewed and approved by Cermaq's central management team and the Board in the Fall of 2016.

Our five focus areas provide the structure for a set of 15 material topics with relevant indicators. Cermaq specific indicators are reported internally to Cermaq's central management team and the Board on a monthly and quarterly basis. Starting in 2016, key figures are also reported publically on our web page on a quarterly basis. Relevant GRI indicators are reported annually and are available together with the Cermaq specific indicators in our annual sustainability report.

It is Cermaq's ambition that through transparency and open reporting on material topics, we will further strenghten the constructive dialogue between Cermaq and its stakeholders.

Follow up of performance

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.

Monitoring and follow-up of sustainability performance is conducted at both local and corporate levels. A set of sustainability KPIs are reported and evaluated monthly by the central management team. Each quarter, the local and central management as well as the Board of Directors receive a comprehensive sustainability report and assess the organization's sustainability performance. For the material indicators, Cermaq has set yearly targets and the performance is evaluated in accordance with established risk management procedures. Corrective actions are taken for indicators which deviate from the set targets.

All the material aspects listed above as material are material to the whole organization except for Cermaq Group AS that is not involved in fish farming in an operational way.

Material topics and indicators

The material topics are listed below and are explained in further detail in the Management Approach.

FOCUS AREA	MATERIAL TOPIC	INDICATORS
HEALTHY AND NUTRITIOUS FOOD	<ol style="list-style-type: none"> 1. Product quality, health and safety 2. Fish health and welfare 3. Feed ingredients 	<ul style="list-style-type: none"> • Raw material ingredients • Customer health and safety assessment • Fish mortality • Medicine use • Sea lice counts • Animal species and breed type • Non-compliance with product health & safety • Fines for product non-compliance
THRIVING OCEANS	<ol style="list-style-type: none"> 4. Biodiversity and feed sourcing 5. Biosecurity 6. Blue economy 	<ul style="list-style-type: none"> • Feed sourcing and supplier assessment • Raw material ingredients • IUCN red list species with habitats in areas of operation • Wildlife interaction • Fallow time/benthic impact • Vaccination program • Fish escapes • Sea lice counts • Area Management Agreements • Economic value generated and distributed • Country-by-country financial and organizational data
PEOPLE LEADERSHIP	<ol style="list-style-type: none"> 7. Safety & workplace 8. Community relations 9. Human Rights 	<ul style="list-style-type: none"> • Injuries, lost days, absence • Senior management hired from local community • Local community engagement programs • Local community complaints • Non-compliance with societal regulations • Incidents of violations involving indigenous peoples' rights • Economic value generated and distributed • Country-by-country financial and organizational data

**RESPONSIBLE
PRODUCTION**

- 10. Value chain approach
- 11. Certifications
- 12. Beyond compliance:
Responsible business conduct

- Water withdrawal and recycled input materials
- Non-compliance with environmental regulations
- Whistle blowing
- Training on anti-corruption
- Incidents of corruption
- ASC certification

**CLIMATE
ACTION**

- 13. Adaptation
- 14. Emissions
- 15. Innovation

- Financial implications, other risks and opportunities due to climate change
- Energy consumption
- GHG emissions (Scope 1, 2 and 3)
- Energy reduction initiatives

Stakeholder engagement

Stakeholder engagement activities are carried out both at a local and global level in Cermaq, and our aim is to engage in constructive dialogue based on respect and transparency.

In Cermaq, we work with key stakeholder groups to share knowledge, information and enhance our performance. Our stakeholders show strong interest in Cermaq's sustainability approach and 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.

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Approach to stakeholder engagement

Identification of stakeholders for engagement

Cermaq's approach to stakeholder engagement is to concentrate on entities or individuals that reasonably can be expected to be significantly affected by the organization's activities, products, and/or services; and whose actions reasonably can be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives.

Stakeholders may have rights under national laws as well as under international conventions. Important international conventions related to indigenous rights are ILO Convention 169 and the UN Declaration of Indigenous Peoples (UNDRIP). Other central conventions include the eight ILO core conventions of the "Declaration of Fundamental Principles and Rights at Work" and the International Bill of Human Rights, including the right to freedom of association, collective bargaining and human rights.

Our approach to stakeholder engagement

Cermaq's main stakeholder groups include our owner, employees and unions, customers, authorities, local communities, suppliers, civil society and NGOs.

Dialogue with our **owner and Cermaq employees** is continuous, through established management structures and practices. Employee relations are comprehensively regulated by law and agreement in the countries in which Cermaq operates. Cermaq applies one set of standards and values across its operations. The expertise, engagement and efforts of all employees are crucial to the success of Cermaq's business. Cermaq's relations with its employees and unions are described in more detail in the sustainability report (sections 102-8 and 102-41).

Customers include seafood wholesalers, processors and retailers in the main salmon markets. The sales organization in each local Cermaq company works directly with their customer in export markets. Transparent reporting is a useful instrument in Cermaq's customer relations. Dialogue with customers is based in Cermaq's ambition to be a preferred supplier for its customer.

Authorities include regulators and politicians at the local, regional and national levels who define the framework conditions for the industry. Cermaq believes transparent dialogue is a prerequisite for arriving at good and balanced decisions and policies. Cermaq reaches out to authorities and is always meeting requests for dialogue or information. The company will continue to prioritize the dialogue with authorities and politicians, in all the countries where Cermaq operates, describing the performance and challenges of the industry.

Local communities are important to ensure acceptance for Cermaq's local operations, support for future growth and recruitment of employees. Cermaq contributes to local activity and employment and wants to be a reliable partner for the local communities in areas of operation. Regular dialogue and community meetings are conducted in all regions.

Indigenous peoples are an important stakeholder group to Cermaq and have distinctive rights in some of the areas in which Cermaq operates. 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 its operations might represent, and Cermaq acknowledges First Nations as important stakeholders. Cermaq has participated in several conferences on First Nation relations. The main priority has been the A'owith First Nation with whom Cermaq has a protocol agreement, and also dialogue with other First Nations in the territories in which the company operates. Mutually beneficial agreements with indigenous people in BC, Canada is a strong foundation for Cermaq's operations in areas where indigenous peoples' rights are affected by its operations.

Feed suppliers constitute a material stakeholder group in Cermaq, since feed constitutes about half of our total purchasing costs. Following the sale of EWOS, Cermaq is building internal competence as a feed purchaser. In 2015, Cermaq launched a Supplier Code of Conduct and a policy for feed suppliers stating detailed sustainability requirements. These documents were updated in January 2017 and are available at our web page. Other main suppliers include suppliers of technical equipment and transport as well as local suppliers of goods and services. The local Cermaq companies maintain contact with their suppliers with frequency adapted to the needs.

Civil society and the NGO community is diverse and Cermaq is selectively concentrating on those NGOs that seek constructive improvements in the industry. This includes wide groups of environmental organisations, labour organisation and NGOs dedicated to other relevant topics. Cermaq reaches out to these groups when arranging sustainability seminars, take direct contact for regular updates and when specific events occur. NGOs can provide positive input giving the company a broader perspective and insight.

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 2016, Cermaq's CEO was co-chair of the Global Salmon Initiative (GSI), and Cermaq had representation in the board of Salmon Chile, BCSEA (Canada), CAIA (Canada), and Sjømat Norge (Norwegian Seafood Federation).

Although Cermaq now is 100 percent owned by Mitsubishi Corporation, Cermaq still defines providers of capital a stakeholder group. Financial institutions also approach Cermaq on topics related to specific sustainability concerns, and Cermaq strives to meet the needs for information and clarification.

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Key topics

Stakeholder dialogue takes place in both structured and unstructured ways and plays an important role in our reporting. Some key topics discussed in our stakeholder dialogue in 2017 are presented below.

STAKEHOLDER	TOPIC	CERMAQ RESPONSE
CERMAQ CANADA		
First Nations	First Nations are seeing the benefit of salmon farming in providing jobs for their people and are partnering in business opportunities and skills training.	<p>Cermaq is committed to respectful dialogue and to working with First Nations to develop progressive and innovative relationships.</p> <p>The company works to operate in a manner consistent with the United Nations Declaration on the Rights of Indigenous Peoples.</p> <p>As part of the partnership agreement with Ahousaht First Nation, Cermaq Canada has again provided post-secondary scholarships to students. This year 16 scholarships were awarded.</p> <p>The company also provides other sports and community sponsorships to First Nations in whose territories they operate.</p>
Customers	Retailers want their suppliers to be more transparent and sustainable. They are looking for seafood from Aquaculture operations that are environmentally and socially responsible.	<p>Cermaq Canada is committed to sustainable salmon farming and has 8 third party certifications to prove its commitment:</p> <ul style="list-style-type: none"> · 4 ISO certifications, (EMS, QMS, OHS, FS) · Aboriginal Principles for Sustainable Aquaculture certification, · FIOSA – MIOSA Safety Alliance certificate of Recognition (COR) · Best Aquaculture Practices (4 star) · Eleven sites certified to the ASC standard and more pending
Customers	Transparency and practical information about our operations and products	<p>Cermaq Canada provides information directly to retailers who sell its salmon to help answer consumer questions. Cermaq Canada posts comprehensive public reporting data online and posts fact sheets, blog posts and news items providing information about common questions and topics.</p>

Local communities	Local community concern about aquaculture impacts	<p>Social acceptance of aquaculture is important to Cermaq Canada. This acceptance varies in the communities where we operate.</p> <p>Cermaq maintains a policy of responsible corporate citizenship and proactively builds and maintains collaborative relationships between the company and its stakeholders. This includes community sponsorships. In 2017, the focus was on sports teams, health fundraiser events, educational development, and ocean sciences</p>
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CERMAQ CHILE

Trade unions	CSR Committee	Cermaq Chile has established a CSR Committee chaired by the Chief Operating Officer, in addition to 4 company representatives in the HR, Environment, CSR and Quality fields, in addition to four representatives from company unions.
Indigenous peoples and local communities	Corporate Social Responsibility Program "Cermaq Puertas Abiertas"	<p>This program involves opening our facilities along our Chilean operations to allow the community to know our farming practices. In 2017, activities included:</p> <ul style="list-style-type: none"> • 18 visits of students to Cermaq facilities. • 15 seminar with expert speakers on aquaculture open to the community. • 5 local authority visits to Cermaq facilities. • Other activities with stakeholders to share knowledge and good practice <p>Also, community meetings to explain Cermaq’s operations and results were held in:</p> <ul style="list-style-type: none"> • Trafún Hatchery • Lican Hatchery • Coipue Hatchery • Punta Arenas y Río Verde (Fresh water and sea water).
Employees	Training former employees from processing plant of Ancud	<p>Due to process restructuration in 2017 our operations in Chile had to dismiss employees of the Ancud processing plant and Cermaq provided training session to promote the development of self-employment:</p> <ul style="list-style-type: none"> • Iron workers training session for 20 former employees from the Ancud plant. • Dressmaking training session for 23 former employees from the Ancud Plant.

CERMAQ NORWAY

Local communities	Positive ripple effects of the industry and local challenges	Cermaq has met with local administration and politicians in most of the municipalities where the company has operations to inform about and discuss current and planned activities as well as opportunities for growth and development. We buy all services and good locally where they are available, from food, to carpentry, boat-service, net-repair etc.
Local communities	Impacts from the construction of a new processing plant and stakeholder involvement for sea-sites	Meetings with all neighbors who are or may be impacted by the facility as well as the construction work. Meeting with local communities that may feel affected by having aquaculture production in their local areas and fjords.
Local communities	Beach cleaning campaign to reduce ocean plastics and improve local environment	Summertemps were hired to help us remove garbage and plastic waste and clean the beaches during summer.
Anglers and local NGOs	Joint projects	Joint projects with the angler's association on monitoring presence of farmed fish in several salmon rivers (Repparfjordelva, Altaelva, Varpa). Financing of surveillance of wild stocks in cooperation with Varpa River system is ongoing. This project continues in 2018.
Customers	Transparency and practical information about our operations and products	Cermaq Norway continues to provide information on e.g. sea lice, wildlife interactions and any escapes on its website for some farms to ensure easy access and to comply with requirements in the ASC standard.
Municipalities	General public concern over fish farming in regions of operation	Open meetings addressing people's concerns and answering questions about Cermaq's operations. Meetings regarding cooperation and development in the county (e.g. new processing plant). New meeting in 2018.
Local communities	Sponsorship	Sponsorships of sports teams, clubs, foundations and schools in Finnmark and Nordland where Cermaq Norway operates.

Environmental R&D institutions	Research and surveys	Financing includes an environmental water study in cooperation with NCE. Projects continued into 2017- 2019. Research project on interbreeding between wild salmon and escaped salmon in the Alta river, related to a large escape in 2014 (from another aquaculture company). Norwegian Insitute of Nature Research is project manager.
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CERMAQ GROUP AS

Politicians	Impacts of growth of the industry	In open meetings with politicians, Cermaq has presented its view on the criticality of sustainability in the industry and Cermaq has also submitted its view in writing to public hearings.
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Owner	Sharing of best practices with other Mitsubishi subsidiaries	Sharing of the best practices with other Mitsubishi subsidiaries in the food industry is a relevant stakeholder engagement that we have with our owner. Cermaq Group employees participate in internal sustainability groups, roundtables and events on regular basis during the year.
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R&D institutions	Research	Cermaq Group engages in research and development projects with fish feed and vaccine suppliers, working in partnerships. Cermaq Group is engaged in the development of new vaccines by funding research projects and working on feed trial by the use of the R&D licenses granted to Cermaq Norway.
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GRI Index

In the table below you will find an overview of all indicators in Cermaq's Sustainability Report 2017, in accordance with the GRI Standards, Core level.

GRI STANDARD	DISCLOSURE	REQUIREMENT LEVEL
GRI 102: General disclosures 2017	102-1 Name of the organization	This disclosure cannot be omitted
	102-2 Activities, brands, products, and services	This disclosure cannot be omitted
	102-3 Location of headquarters	This disclosure cannot be omitted
	102-4 Location of operations	This disclosure cannot be omitted
	102-5 Ownership and legal form	This disclosure cannot be omitted
	102-6 Markets served	This disclosure cannot be omitted
	102-7 Scale of the organization	This disclosure cannot be omitted
	102-8 Information on employees and other workers	This disclosure cannot be omitted
	102-9 Supply chain	This disclosure cannot be omitted
	102-10 Significant changes to the organization and its supply chain	This disclosure cannot be omitted
	102-11 Precautionary Principle or approach	This disclosure cannot be omitted
	102-12 External initiatives	This disclosure cannot be omitted
	102-13 Membership of associations	This disclosure cannot be omitted
	102-14 Statement from senior decision-maker	This disclosure cannot be omitted
	102-16 Values, principles, standards, and norms of behavior	This disclosure cannot be omitted
	102-18 Governance structure	This disclosure cannot be omitted
102-40 List of stakeholder groups	This disclosure cannot be omitted	
102-41 Collective bargaining agreements	This disclosure cannot be omitted	
102-42 Identifying and selecting stakeholders	This disclosure cannot be omitted	

	102-43 Approach to stakeholder engagement	This disclosure cannot be omitted
	102-44 Key topics and concerns raised	This disclosure cannot be omitted
	102-45 Entities included in the consolidated financial statements	This disclosure cannot be omitted
	102-46 Defining report content and topic Boundaries	This disclosure cannot be omitted
	102-47 List of material topics	This disclosure cannot be omitted
	102-48 Restatements of information	This disclosure cannot be omitted
	102-49 Changes in reporting	This disclosure cannot be omitted
	102-50 Reporting period	This disclosure cannot be omitted
	102-51 Date of most recent report	This disclosure cannot be omitted
	102-52 Reporting cycle	This disclosure cannot be omitted
	102-53 Contact point for questions regarding the report	This disclosure cannot be omitted
	102-54 Claims of reporting in accordance with the GRI Standards	This disclosure cannot be omitted
	102-55 GRI content index	This disclosure cannot be omitted
	102-56 External assurance	This disclosure cannot be omitted
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	This disclosure cannot be omitted
	103-2 The management approach and its components	This disclosure cannot be omitted
	103-3 Evaluation of the management approach	This disclosure cannot be omitted

Topic Specific Standards

GRI 201: Economic Performance 2017	201-1 Direct economic value generated and distributed	Applicable to Core option
	201-2 Financial implications and other risks and opportunities due to climate change	Applicable to Core option
GRI 202: Market presence 2017	202-2 Proportion of senior management hired from the local community	Applicable to Core option
GRI 205: Anti- corruption	205-2 Communication and training about anti-corruption policies and procedures	Applicable to Core option
	205-3 Confirmed incidents of corruption and actions taken	Applicable to Core option
GRI G3.1 FPSS	FP9 Percentage and total of animals raised and/or processed, by species and breed type.	Applicable to Core option
GRI 301: Materials 2017	301-2 Recycled input materials used	Applicable to Core option
GRI 302: Energy	302-1 Energy consumption within the organization	Applicable to Core option

2017	302-2 Energy consumption outside of the organization	Applicable to Core option
	302-3 Energy intensity	Applicable to Core option
	302-4 Reduction of energy consumption	Applicable to Core option
GRI 304: Biodiversity 2017	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Applicable to Core option
GRI 305: Emissions 2017	305-1 Direct (Scope 1) GHG emissions	Applicable to Core option
	305-2 Energy indirect (Scope 2) GHG emissions	Applicable to Core option
	305-3 Other indirect (Scope 3) GHG emissions	Applicable to Core option
	305-4 GHG emissions intensity	Applicable to Core option
GRI 307: Environmental Compliance 2017	307-1 Non-compliance with environmental laws and regulations	Applicable to Core option
GRI 403: Occupational Health and Safety 2017	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Applicable to Core option
GRI 411: Rights of Indigenous People 2017	411-1 Incidents of violations involving rights of indigenous peoples	Applicable to Core option
GRI 413: Local Communities 2017	413-1 Operations with local community engagement, impact assessments, and development programs	Applicable to Core option
GRI 416: Customer Health and Safety 2017	416-1 Assessment of the health and safety impacts of product and service categories	Applicable to Core option
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Applicable to Core option
GRI 419: Socioeconomic compliance	419-1 Non-compliance with laws and regulations in the social and economic area	Applicable to Core option

Note that Cermaq discloses in accordance with the GRI Core option: for each identified material Topic, the organization should disclose the generic DMA and at least one indicator. Cermaq choses to disclose multiple indicators for multiple topics.

Material Topics not covered by GRI Standards

CATEGORY

DISCLOSURE NAME

REQUIREMENT LEVEL

Fish Health and Welfare	CEQ1 Fish Mortality	Cermaq Indicator - Material topic
	CEQ4 Medicine use	Cermaq Indicator - Material topic
	CEQ5 Vaccination program	Cermaq Indicator - Material topic
Feed sourcing and ingredients	CEQ 8 Raw Material Ingredients	Cermaq Indicator - Material topic
Biodiversity	CEQ 7 Escapes	Cermaq Indicator - Material topic
	CEQ 17 Birds and Mammals	Cermaq Indicator - Material topic
Biosecurity	CEQ2 Sea lice	Cermaq Indicator - Material topic
	CEQ6 Area Management Agreements	Cermaq Indicator - Material topic
Local communities	CEQ 11 Local Community Complaints	Cermaq Indicator - Material topic
Responsible farming	CEQ 3 Fallow time	Cermaq Indicator - Material topic
Certifications	CEQ 16 ASC	Cermaq Indicator - Material topic
Responsible business conduct	CEQ 12 Whistle Blowing Incidents	Cermaq Indicator - Material topic
Economic growth	CEQ 15 Country by Country Financial and Organisational Data	Cermaq Indicator - Material topic