

2014 Progress Report

Building the Foundation for a Sustainable Future



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Ricardo García, GSI Co-Chair and Camanchaca CEO

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Jon Hindar, GSI Co-Chair and Cermaq CEO

Our Commitment to Improvement: *Message from the Co-Chairs*

We are excited to share GSI's first ever progress report as we reflect on the first 12 months since our official launch in Norway last August; when, as a collective of 15 salmon farming CEOs, we decided to work together with the ambitious goal of changing our practices to make our industry more sustainable and transparent. Today, we are proud to have already grown in membership and can now say we unite 18 companies, representing over 70% of the global industry, and with operations in every major salmon farming region.

As an industry, we recognized that only businesses that address the needs of the environment and the communities in which they operate will prosper in the long term. For this reason, it was clear that a business model based on responsible industry growth, and on continuous improvements in sustainability, is essential. The very nature of our business, and the fact that we operate in the same waters, means that this model will only be successful if we are all working with the same vision. It was this thinking that led to the creation of GSI, and our collaborative mandate of providing a healthy source of protein to feed a growing population, whilst minimizing our environmental footprint, and continuing to improve our social contribution.

Collaboration and partnerships are key to unlocking the solutions needed to reach our goals. One of our biggest successes to date has been to bring the majority of the

industry together to work on sustainable improvements, but we are also very pleased to be working with a number of partners: our associate feed companies, Biomar, EWOS and Skretting, as well as the World Wildlife Fund (WWF) and the Food and Agricultural Organization (FAO) of the United Nations (UN), who not only recognize our commitment to sustainable change, but support us in delivering against our objectives. While we have been inspired by the difference a year can make, we realize that we are only at the beginning of our journey, and there is still a lot to be done. The past year has taught us that the barriers we face are real and complex issues, and there are no easy fixes. However, we are committed to investing the resources needed to make GSI and its vision a part of our core mission for the long term. We hope this report gives you a good sense of the progress we are making, and our ambition for the future.



Jon Hindar, GSI Co-Chair
and Cermaq CEO

Ricardo García, GSI Co-Chair
and Camanchaca CEO

Global Membership



- New regions
- Original regions

3
new regions

25%+
membership increase
since June 2014

18
companies

9
countries

70%
of the
industry

Area of Focus

Biosecurity

OVERVIEW

- Biosecurity, with its emphasis on disease management, is of critical importance to salmon farmers in ensuring optimal fish health and safeguarding wild stocks
- GSI recognizes that sea lice, as well as other diseases, remain a challenge for the industry and despite improved management practices further action and developments are needed

Looking forwards

- ➔ GSI's current focus is on sea lice, and this will remain a priority as we continually look to share best practices and develop new tools to optimize sea lice management
- ➔ Using the expertise available within the group, GSI intends to explore additional disease areas to determine where collaborative action could support improved fish health

WHAT WE'RE DOING

- Utilizing collective knowledge and skills, a GSI expert taskforce has developed a series of best-practices, which are being used as guidance for priority strategies to be implemented across all farms
- Development of non-medicinal approaches remain a focus of members' investment and the GSI taskforce regularly reviews alternative approaches as they become available
- Three biosecurity workshops were held over the past year, where all member companies had the opportunity to discuss and share ideas on the latest management strategies and to learn from each other
 - These interactions often result in the implementation of new approaches across farms - for example Chile is now reviewing the potential of cleaner fish in tackling sea lice
- GSI regularly engages with industry experts to better understand new techniques and strategies, such as hydrodynamic modeling and the latest R&D projects
- From the knowledge shared across companies and regions, GSI has seen promising initial results, as many companies have reported lower sea lice levels in 2013/2014
- While we anticipate that these improvements can be sustained and further built upon, the reduction in sea lice achieved by our collaborative efforts is a promising start

KEY HIGHLIGHTS



Best-practice sharing
across industry



New strategies
introduced on sea lice



Sea lice counts
reduced



OCEANIA

Being a GSI member is still very new for us, but already in the first six months we've learnt a great deal about the different global priorities and challenges in salmon farming, and the impact this has upon the wider industry. Whilst here in New Zealand we are in a unique position, considering we do not have the challenges of sea lice or escapes, we still encounter opposition to our industry and can see the value and benefits gained from shared learning on issues we all face. GSI is assisting the industry to both address substantive issues and also correct misconceptions.

Whilst our challenges may vary, working collaboratively is the only way we will truly make improvements in the

global sustainability of the industry. For example, we've taken lessons from the GSI model of transparency and collaboration, and have applied them to our approach within the New Zealand salmon industry to better communicate and work together with local NGOs, retailers, and other key industry players to support this progress.

For us, GSI represents a platform from which the salmon industry can demonstrate its commitment to positive economic, environmental and social improvements. We look forward to seeing this translate into sustainable growth for the industry, and for our region.

Grant Rosewarne, New Zealand King Salmon

Area of Focus

Sourcing Sustainable Feed

OVERVIEW

- Feed is an important part of our operations – it plays a significant role in the health and performance of our fish, provides important health benefits for the consumer, and also impacts our environmental performance
- The growing demand on wild fisheries, and in particular growing demand for Omega-3 rich resources, has made it critically important that we ensure the sustainability of these vital resources as a priority

Looking forwards

- ➔ Together, and with the support of our partners, GSI is striving to find a viable solution to protect the sustainability of the industry's raw materials, while ensuring that our salmon remain a healthy source of protein and fatty acids for consumers

WHAT WE'RE DOING

- GSI is acknowledging the need to identify and review possible solutions, which include:
 - utilizing by-products, or developing alternative EPA+DHA rich resources derived from either algae, fermentation or specialized crops
- In line with the FAO initiative of 'Zero Waste', GSI has initiated a study in collaboration with the International Fishmeal and Fish Oil Organisation (IFFO) and FAO to map the global availability of potential sources of fishmeal from other fisheries by-products for potential utilization by the salmon industry in order to supplement EPA+DHA levels in salmon feed
- The feed conversion ratio (FCR) in salmon production is used to measure the efficiency of feed material utilization. By continuously exploring how this ratio can be improved, we have been reducing the amount of fish oil we need
- By working towards the Aquaculture Stewardship Council (ASC) certification, and participating in the ASC feed dialogues, GSI is committed to ensuring sustainable fisheries management from all our feed suppliers

KEY HIGHLIGHTS



Study underway to map potential sources of fish by-products



Review underway of options for developing alternative EPA+DHA-rich resources



CHILE

“ The formation of GSI has created a new kind of leadership for the salmon farming industry in Chile. By communicating and exchanging ideas with global leaders in our sector, we have improved the sustainability of our practices, of our companies, and of our region overall, and have strengthened the sense of pride in our operations. For us, one of the biggest advances has been the knowledge on sea lice control we have gained from GSI biosecurity workshops held in Norway last year, and the positive impact this has had on our sea lice counts this year.

GSI has successfully collaborated with many companies, from many different cultures which all have the same objectives. This has allowed us, as one body, to develop a common vision for an industry that has huge global responsibilities in terms of social and environmental factors. Our mission now will be to ensure this vision is developed alongside our commercial demands, which will help ensure a sustainable future for the industry.

Torben Petersen, AquaChile



“ *Choosing the ASC standard as a benchmark for our progress was a well-considered decision for GSI, but more importantly it’s a decision which represents a monumental move for the industry that will forever change the way we operate* ”

José Ramón Gutiérrez, Multiexport Foods

Aquaculture Stewardship Council (ASC) Guiding Principles

1. Comply with all applicable national laws and local regulations
2. Conserve natural habitat, local biodiversity and ecosystem function
3. Protect the health and genetic integrity of wild populations
4. Use resources in an environmentally and responsible manner
5. Manage disease and parasites in an environmentally responsible manner
6. Develop and operate farms in a socially responsible manner
7. Be a good neighbour and conscientious citizen

Area of Focus

Industry Standards: Achieving ASC Certification

OVERVIEW

- All GSI members committed to reaching ASC certification by 2020

Looking forwards

- ➔ The ASC standard is a very challenging standard to meet and will take a great deal of time and effort, but all GSI members are committed to making the necessary investments required in order to achieve their objectives
- ➔ The ASC standard is a reference point that we are using to measure our progress towards sustainability
- ➔ GSI members will continue to be at the forefront of sustainable improvements in the industry, and will always seek to use the best practices available, based on the latest scientific knowledge

WHAT WE'RE DOING

- As of September 2014, 13 GSI-member farms located in both Norway and Chile have achieved ASC certification
- All companies are implementing improvement strategies across their farms in order to reach the criteria specified by the ASC standard
- Regional implementation workshops have been held with ASC specialists to provide detailed advice and support on how to improve current practices to reach the ASC standard
- WWF is providing regional support and guidance to companies to help them make the necessary changes

KEY HIGHLIGHTS



13 GSI-member farms received ASC accreditation



Training program rolled out to support all GSI members in achieving the ASC standard



EUROPE



The salmon farming industry is a progressive industry, and we are keen to keep developing and improving. By working together it is clear we can progress much faster than we could do individually.

Through strengthened peer-to-peer networking, we have been able to review different approaches and determine which are the most suitable for our industry. For example, we have been able to review the challenges facing the security of our feed resources from a global perspective, and combine

knowledge and resources to explore potential alternatives. By collaborating in this way we hope to secure a sustainable solution much quicker than we otherwise would.

Our experience of being part of GSI, and its vision for the future, both indicate that GSI can represent a superior definition of salmon farming – where ambitious goals are reached, and continuous improvements in sustainability are paramount.

Regin Jacobsen, Bakkafrost





Area of Focus

Transparency in Reporting and Communications

OVERVIEW

- An open and honest dialogue with our stakeholders and the public on the progress we're making – as well as the challenges we encounter along the way – is at the core of GSI's governing principles. We also recognize the importance of benchmarking our progress, so that we can ensure we are translating our commitment to improving sustainability into measurable tangible results

Looking forwards

- ➔ GSI is working with all member companies to produce a public-facing reporting dashboard that will document GSI's progress towards key environmental and social indicators, as well as track progress towards the ASC standard – which is due to launch in 2015

Reporting topics



FEED AND RAW MATERIALS



NUMBER OF ESCAPES PER YEAR



DISEASE AND PARASITE TRANSFER



LOCAL ENVIRONMENTAL IMPACT



CHEMICAL INPUTS



SOCIAL IMPACTS (I.E. LABOR AND COMMUNITY IMPACTS)



Attendance and involvement in key industry events and conferences are opportunities for GSI to share its story, and show how the work we are doing fits in with the bigger picture of global sustainability.

This year, GSI has helped shape progressive conversations around industry sustainability at a number of international events, including the FAO Aquaculture Development Meeting in Zambia, Seafood Expo North America, EAT Food Forum, IV Conferencia Rumbo al 2020, and AquaSur.

EAT FOOD FORUM: Can we Produce Food in the Ocean?



Alf-Helge Aarskog, Marine Harvest CEO, delivered a talk on behalf of GSI at the first-ever EAT Stockholm Food Forum in May 2014. The EAT conference is a global conference where the world's science, politics and business leaders share ideas that have the potential to feed the world's population healthily and sustainably. Alf-Helge's insightful presentation focused on the vast potential for producing food from the ocean, and how the work of GSI on putting sustainability at the core of their operations will ensure the longevity of these resources.

SEAFOOD EXPO NORTH AMERICA: Pathways to Sustainability



GSI hosted a seminar with its partners, the World Wildlife Fund (WWF), Food and Agricultural Organization (FAO) of the United Nations (UN) and Rabobank, on how the global farmed salmon industry is leading the way in changing current aquaculture business practices to ensure a sustainable future for the industry.

IV CONFERENCIA RUMBO AL 2020: Trends and Opportunities for Chilean Aquaculture



Gerardo Balbontin, Blumar CEO, gave a presentation on behalf of GSI at the recent Skretting conference in September 2014, where speakers and attendees discussed the future of the aquaculture industry. Gerardo's thought-provoking presentation reviewed the current work of GSI and also provided insights into what GSI sees as the future challenges for the industry, and how it hopes to overcome these and ensure continued industry growth.

AQUASUR 2014: Pathways to Sustainability



In a follow-up to the SENA event in Boston, this seminar took a closer look at the progress the aquaculture sector is making, as well as the challenges that lie ahead. GSI CEOs, alongside a panel of external speakers, shared their views on what the next few years leading up to 2020 may hold for GSI and for salmon farming overall.



WESTERN CANADA



As a smaller community in Western Canada, we have benefited from the increased interaction and strengthened engagement with the other GSI members. By highlighting common issues, we have been able to work together and determine practical solutions. This change in thinking has played a fundamental part in accelerating our decision to work towards ASC certification by 2020, and fast-tracking our implementation process. We feel more confident that with shared knowledge, certification is achievable.

What matters now is that the companies that comprise GSI work together to implement the changes and improvements we have been working on. If we do not, we will not see the results we are looking for, and the initiative will not succeed. Failure is not an option: as individual companies, and as a global industry, we have invested a lot of time and resources into the initiative and are committed to making the necessary efforts to ensure its success.



Morten Vike, Grieg Seafood



Building Partnerships

As well as working together as an industry, it is imperative that we collaborate with other key industry partners and stakeholders to achieve our vision. GSI has built valuable relationships that foster open communication and collaboration with organizations, including WWF, FAO, and Rabobank, who are able to support and guide us in ensuring we can deliver on our objectives and ultimately that our dedicated efforts are in the right direction. In addition, we work closely with our associate feed companies to ensure that the supply chain is represented in our work towards more sustainable salmon farming.

In two or three years' time, the salmon farming industry is likely to solve many of the current biological and environmental issues thanks to strong focus on biosecurity, cost control, innovations, sustainability and certification. This should give regulators and producers confidence in both the industry and the technology

Jeroen Leffelaar, Rabobank

Aquaculture plays an integral role in food security. Salmon, as one of the most technically advanced forms of aquaculture, holds a great deal of potential in helping ensure future food security globally. At the Food and Agricultural Organization of the United Nations (FAO), we are excited to be working with GSI as they share our mission of providing healthy and sustainable protein for the world, and we believe they are making relevant efforts to improve sustainability. We hope to further increase our collaboration with GSI to help transfer sustainable technologies, better management practices and lessons learnt to young and developing economies

Doris Soto, FAO

GSI is a unique example of an industry recognizing its problems and working together to take responsibility. By agreeing to work pre-competitively to mitigate environmental impacts, GSI will help push the entire industry toward sustainability at a much quicker rate than would otherwise be possible. By doing this, they also serve as an example for other industries

Jason Clay, WWF



Empresas
AquaChile



Bakkafrost



Blumar Seafoods



Cermaq



Compañía Pesquera
Camanchaca



Fjarðalax
(Arctic Salmon)



Grieg Seafood



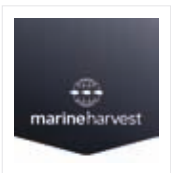
Huon Aquaculture



Lerøy
Seafood Group



Los Fjordos



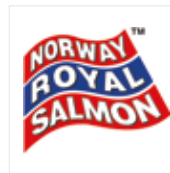
Marine Harvest



Multiexport Foods



New Zealand
King Salmon



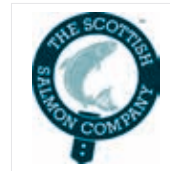
Norway
Royal Salmon



SalMar ASA



Scottish
Sea Farms



The Scottish
Salmon Company



Ventisqueros