

Communication on progress 2012

The COP response can be found on our WEB site:

<http://www.report2012.cermaq.com/sustainability/endorsing-global-initiatives.aspx#>

Cermaq is committed to support global initiatives aiming at improving environmental, social and economic conditions worldwide. Global initiatives contribute to creating a sustainable global environment on which the company is dependent. Global initiatives Cermaq endorses are:

United Nations Global Compact (UN GC)

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

In 2011, Cermaq became a member of UN GC and joined the Nordic UN GC network.

The ten principles:

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

Below is Cermaq's Communication on Progress (COP) on implementing the ten principles. More detailed information can be found in the many parts of the integrated sustainability and annual report.

Information in the various parts of this report is tagged according to Global Compact's ten Principles.

The 10 principles, Cermaq's approach and response are summarized in the table below:

PRINCIPLE	APPROACH	RESPONSE
Human rights		
1. Businesses should support and respect the protection of internationally proclaimed human rights.	Cermaq supports the UN Declaration of Human Rights and has made a commitment to respecting human rights throughout its operations, including in the supply chain.	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Supplier code of conduct • Human rights performance; LA 4, LA 7, HR 6
2. Businesses should ensure that they are not complicit in human rights abuses.	Cermaq has increased awareness in its operations where Human Rights are most at risk. In 2012, Cermaq has been seeking more in-depth information about the status about indigenous people in Chile. The company has mutually beneficial agreements with indigenous people in BC, Canada and sees this as strong foundation for its operations in areas	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Supplier code of conduct • Human rights performance; HR 9, HR 6

PRINCIPLE	APPROACH	RESPONSE
	<p>where indigenous peoples rights are affected by Cermaq's operations</p> <p>In addition, Cermaq has been working on understanding how the UN guiding principles on Human rights affect the organization. The work will continue in 2013.</p>	
Labour standards		
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Cermaq is committed to dialogue with employees and their unions, and respect collective agreements at all levels.	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Labour standard performance; LA 4, HR 6
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	Cermaq will not tolerate any form of forced and compulsory labour in its operations or in those of its business partners.	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Human rights performance; HR 6
5. Businesses should uphold the effective abolition of child labour.	Cermaq condemn child labour and does not permit such conduct at any of the company's sites or with its suppliers.	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Supplier code of conduct • Human rights performance; HR 6

PRINCIPLE	APPROACH	RESPONSE
6. Businesses should uphold the elimination of discrimination in respect to employment and occupation.	Cermaq does not tolerate any form of discrimination or harassment.	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Labour standard and human rights performance; HR 6, EC 7
Environment		
7. Businesses should support a precautionary approach to environmental challenges	Cermaq is committed to minimize the environmental impacts of its operations. 9 of 10 operating companies have management systems certified according to ISO 14001 standards (as per February 2013). Cermaq has developed own environmental indicators relevant for its feed and farming operations, which do not yet have globally established GRI indicators. In 2012, the indicators for Cermaq's farming operations have been revised to take account of new sustainability challenges and external request for information. These changes are	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Link to environmental performance; EN 26

PRINCIPLE	APPROACH	RESPONSE
	implemented for the 2013 reporting. At the company's operations in Vietnam, Cermaq engaged Veritas to conduct an environmental due diligence to make sure that the company was compliant with Vietnamese environmental regulations.	
8. Businesses should undertake initiatives to promote greater environmental responsibility	Cermaq has promoted environmental responsibility within its own operations as well as in the industry. The company has participated in several initiatives e.g. IFFO R/S (International Fish Oil and Fish meal Organisation Responsible Sourcing) standard. EWOS Vietnam has been working in a program with IFFO, SFP and also the Prince's Charities (UK) to work with some local suppliers to start to develop more sustainable fishing practices in Vietnam.	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Environmental performance; EN 3, EN 4, EN 5, EN 12, EN 26, EN 28 and all CEQ indicators • IFFO • SAD • GAA

PRINCIPLE	APPROACH	RESPONSE
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	Through Cermaq's research unit, EWOS Innovation, EWOS improves feed processing and feed composition. Cermaq also, collaborate with providers of new environmentally friendly technology, and completed a testing of sea-water based closed containment for fish farming. Mainstreamis also testing different types of nets in Canada and Norway to reduce the risk of escapes and has been testing sea lice skirts in Norway as a preventive measure to reducing the level of sea lice.	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Environmental Performance; EN 5, EN 26
Anti-corruption		
10. Businesses should work against all forms of corruption, including extortion and bribery.	Cermaq is member of Transparency International (Norway), and the company does not tolerate any forms of corruption including extortion and bribes. In 2012, Cermaq has rolled out an anti-corruption e-learning tool available for employees at risk in all its	<ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Anti-corruption performance; SO 3

PRINCIPLE	APPROACH	RESPONSE
	operating companies.	

Transparency International (TI)

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

Cermag has implemented a zero-tolerance policy towards corruption within all its operations and perform regular training of management and other employees in vulnerable positions. In 2012, Cermaq has implemented an e-learning training program on anti-corruption.

Carbon Disclosure Project (CDP)

Cermag acknowledges the need for reducing carbon emissions in order to combat climate change. In support of this, Cermaq has submitted its carbon emissions to the CDP annually since 2010.

The CDP disclosure process has increased the awareness of the company's emissions throughout the operations and it has enabled Cermaq to better define activities and set targets. Cermaq obtained a CDP score of 74 C in 2012 (based on 2011 emission figures). (CDP's rating on disclosure is from 0-100 and on performance from A-E).

Global Reporting Initiative (GRI)

GRI's Sustainability Reporting Framework enables all companies and organizations to measure and report their sustainability performance. By reporting transparently and with accountability, organisations can increase the trust that stakeholders have in them, and in the global economy. It also makes it possible to compare individual companies' performance. Cermaq started to report according to the GRI standard in 2009 and discloses its fourth report in 2012. Cermaq recognizes the value of external auditing of its report, and seeks external assurance for its sustainability reporting. The 2012 report meets the requirements of a B+ report.

International conventions

Cermag endorses a suit of international agreements and conventions. Some of the most central ones are the OECD Guidelines for Multinational Enterprises, the ILO Convention 169 and the UN

Declaration of Indigenous Peoples (UNDRIP), and the eight ILO core conventions of the "Declaration of Fundamental Principles and Rights at Work"

These conventions are the basis for Cermaq's operations in all parts of the Group. Cermaq's reporting, e.g. management approach and performance indicators address part of the scope in these conventions.

In 2012, implementation of the UN guiding principles on human right (known as John Ruggie's principles) has been addressed, and Mainstream is cooperating with an NGO on a human right survey in Chile.

The complaint raised against Cermaq regarding compliance with the OECD Guidelines concluded with a joint statement in 2011. There has been substantial interest in the mitigation process leading up to the joint statement, and Cermaq has, together with the NGO parties in the joint statement, participated in several international seminars and meetings presenting their learning and experience from the mitigation process.

Aquaculture related initiatives

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

Cermaq has been and is engaged in several industry related international initiatives. Currently Cermaq is concentrating on processes and initiatives that seek better usage of the total catch from fisheries, as by-catch and by-products is a tremendous underexploited source of marine raw materials.