



Skretting Australia

Annual sustainability report 2013

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Welcome to the Skretting Sustainability Report for 2013

I am pleased to be able to introduce the Skretting Australia sustainability report for 2013. Whilst much of our activity is covered in the more comprehensive Skretting global report we felt it appropriate to report on a number of specific activities and outcomes of our own local performance. This is the first publically released sustainability report for Skretting Australia.

As the leading supplier of aquaculture feeds in Australia and New Zealand, we have a strong responsibility to support our local industry to deliver the most sustainable economic aquafeeds, whilst making sure that our own house is in order. For many years Skretting Australia has been exploring the use of alternative raw materials and reducing our reliance on scarce marine ingredients. Backed by the research capability of the Skretting Aquaculture Research Centre, and with the strong support of our local suppliers, we have made very good progress in this area.

This year we were proud to release new global products such as Protec and Premium, which have enabled us to strongly support our customers fish performance as well as improving their sustainability position. I am also pleased that through the efforts of our

marketing and technical services staff, we have strongly supported our customers to secure key sustainability certifications and strengthen their social licences. I would be pleased to receive your feedback of our reporting and sustainability efforts.

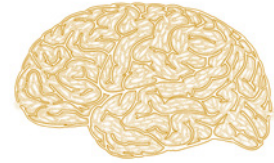
James Rose
Managing Director, Skretting Australia



Chapter 6:
INVOLVE AND MOTIVATE



Chapter 1:
HAVING OUR OWN HOUSE IN ORDER



Chapter 2:
DEVELOPING SUSTAINABLE NUTRITIONAL SOLUTIONS



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Skretting: Producer of Sustainable Economic Aquafeeds (SEA)

Skretting's commitment to sustainability is expressed through the Sustainable Economic Aquafeeds (SEA) programme. This identifies the key sustainability issues facing the aquaculture industry and the actions Skretting will take to address them.

The programme is comprised of six guiding pillars founded on the objectives of the 'Sustainability Vision 2020' set by our parent company Nutreco. These have been modified slightly to reflect the unique characteristics of the aquaculture industry. This report will use the six pillars to clearly define our ambitions for the future and to establish a framework for subsequent sustainability reporting.

Company Overview

Skretting Australia is the registered trading name of Gibsons Ltd (ABN 23 009 476 064). Gibsons Ltd is a wholly owned subsidiary of Nutreco NV, an international animal nutrition and fish feed company based in the Netherlands. Skretting is a world leader in nutritional solutions for farmed fish and shrimp. Refer to the [Skretting Global Sustainability Report](#) for more details.

The Cambridge factory was established by Gibsons Ltd in 1982 following relocation from the Hobart city centre. The plant became a dedicated aquaculture feed mill in 1997. The first extruder was decommissioned and

removed in 2004. In 2010–2011, \$36 million was invested in upgrading the factory where a second extrusion line was commissioned, doubling the capacity of the plant to allow the manufacture of 120,000 tonnes of feed per annum.

Skretting Australia produces feed for the Australian and New Zealand aquaculture markets. In 2013, approximately 93% of feed was for salmonids (salmon and trout) with the remainder made up of feeds for other species, such as barramundi and abalone.

Scope

This report refers to the performance of Skretting Australia during the last calendar year, with the boundary limited to Skretting Australia’s direct operations. Although Skretting’s customers and suppliers are beyond the scope of this report, we recognise our role as the essential link in the feed-to-food value chain. As such, Skretting Australia has included goals and targets that align with the needs of these stakeholders and to assist the industry as a whole to become more environmentally, socially and economically sustainable. All internal data disclosed in the report was sourced from operational databases that are updated regularly.

In 2013, Skretting Australia employed a total of 62 staff, with the majority of employees (97%) employed on a full-time basis. A large percentage of the workforce is male (81%) since manufacturing shift work based jobs typically attract more males than females. The majority of employees work in manufacturing and logistics (66%), followed by sales and administration (23%) and management make up the remaining (11%). The management team consists of three positions held by women and four positions held by males.





> Chapter 1:

— HAVING OUR OWN HOUSE IN ORDER

Skretting believes sustainability begins at home and as such we are firmly committed to ensuring our own house is in order. Our sustainability commitment therefore includes pursuing greater energy efficiencies and reducing the amount of waste and emissions generated throughout our operations. Human resources are another vital input and we strive to provide the best working environment possible.

Energy Management


Skretting Australia is committed to improving the energy efficiency of our business in order to drive our operational performance and to achieve the lowest practical carbon footprint for our operations, products and service activities.

Skretting Australia uses two main energy sources; electricity and propane. The amount of total energy use has increased slightly over the past three years. The energy use on a per tonne basis was 1.03 GJ/t in 2013, similar to 1.01 GJ/t in 2012.

To reduce our impact on the environment, an Energy and GHG (E&GHG) Committee has been formed and made responsible for developing and implementing an E&GHG policy, energy management system, annual management plan and to raise the general

awareness of energy efficiency throughout the business. In 2013, the E&GHG Committee developed and implemented one of two proposed energy efficiency projects. The first was the implementation of an Energy Management System (EMS) framework, which will enable our management strategies to be in line with ISO 50001 certification requirements by 2015. The second energy efficiency project was to scope the benefit of novel energy recovery solutions to improve the efficiency of our drying equipment, which is one of the most energy intensive processes in the manufacture of feeds. This project will continue into 2015.

Skretting Australia recognises that improving energy efficiency is not just about large-scale infrastructure projects, but it must also be embedded in day-to-day work practices. To help facilitate this, all employees have

 **ENERGY USE**
1.03 GJ/ tonne
feed

undergone an in-house energy efficiency awareness training to influence their workplace behaviours and improve energy efficiency at the individual work place level.

Future commitment

- Implement energy management strategies to be in line with ISO 50001 requirements by 2015.
- Report on annual energy usage and energy improvement projects.
- Focused internal energy efficiency training for the maintenance and manufacturing departments.

GHG emissions

Skretting Australia's focused strategy on improving energy efficiency will directly contribute towards reducing the emission of greenhouse gases (GHG) per unit of feed. Improvement in reducing GHGs begins with the annual calculation of emissions generated from direct operations (Scope 1 and 2) and outbound logistics (Scope 3).

In 2013, a methodology to report on energy use and GHG emissions for the manufacturing operations was developed. Skretting Australia's feed production generated a total of 4,288 tonnes of GHG in 2013 (Scope 1 and 2). This equates to a total of 61.6kg CO₂e per tonne of feed produced, which is 1.1% higher than the output in 2012. This was a combination of the slight increase in energy, as well as the variation in the source of energy supplied by Australian electricity companies to Tasmania. This impacts Skretting Australia's CO₂ emissions due to the varying mix of coal and hydro-electricity.

In 2012, Skretting Australia engaged a consultant to measure the carbon footprint of outbound logistics (Scope 3). Their assessment revealed the average emissions output was 3,000 tCO₂e per year based on historical data from 2009–2011. From this report,

opportunities for optimising bulk deliveries (bag size and weight), and movement optimisation were identified. One example was the introduction of B-Double trucks for outbound transport resulting in an estimated 61 tonne reduction in CO₂ emissions per annum.

In 2011, Skretting Australia participated in a Life Cycle Assessment (LCA) of the Tasmanian Atlantic salmon industry. An LCA is a biophysical accounting tool that assesses the inputs, outputs and the potential environmental impacts of a product system throughout its lifecycle. The results demonstrated that feed accounted for 86% of the energy and CO₂e consumption in the production of Tasmanian Atlantic salmon. Of that 86%, the majority of energy was allocated to the primary production or refinement of raw materials (81%), while the manufacturing of the feed, from these raw materials, is only a small component (8%). It is our future goal to confirm this methodology and collect data to generate and operate our own LCA.

Future commitment

- Annually calculate and report the operation's carbon footprint.
- Confirm the methodology for the Life Cycle Assessment (LCA) of Skretting Australia's operation.

Water use

Skretting Australia uses mains water for a variety of purposes when making fish feed. For example, it is used in the pellet forming process and is required for the operation of the factory's biofilter, which removes odorous air from the manufacturing plant using microbes. The microbes in the wood-chip biofilter require a moist environment to stay alive, therefore warmer weather conditions demand greater irrigation. In 2013, a total of 38,604 m³ of water was used, equivalent to 0.55 m³ per tonne of feed. Our immediate goal is to monitor and

understand our seasonal water usages and eventually to be able to report our water usage for different manufacturing requirements.

Future commitment

- Quantify our seasonal water usage.

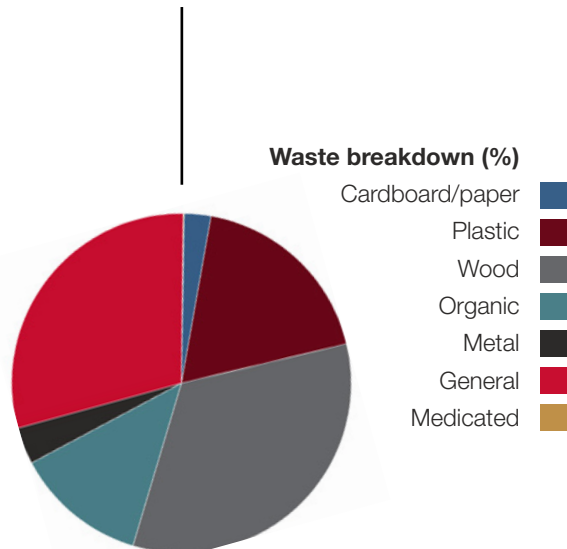
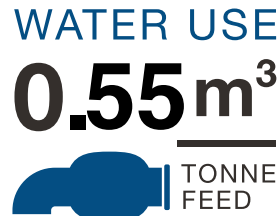
Waste

Skretting Australia has an Environmental Management Committee that monitors environmental operating conditions, such as odour, noise, spills and waste. As a result of the Committee’s work, Skretting Australia had no breaches of environmental licence conditions and no odour complaints during 2013.

There were two noise complaints related to operational conditions which were immediately addressed.

Skretting Australia aims to minimise the volume of waste that is produced during the manufacturing of fish feeds. In 2013, a priority was placed upon identifying the different waste stream outputs, the volume of each type and to ensure this information could be accurately reported.

In 2013, the total amount of waste generated was 287 tonnes. Of this, 70.5% was recycled and the remaining 29.5% was general waste that was sent to landfill together with a small volume of medicated waste. Skretting Australia has a licence agreement in place with the Tasmanian Department of Health and Human Services to make medicated feed, but only with the permission of a registered veterinarian. Finished feed is top-coated with medication on a completely separate system to the main manufacturing lines. Medicated waste consists of protective clothing, medicated feed packaging and minimal product waste, all of which is disposed of by deep burial. Raw material packaging is our greatest source of waste material, including wooden pallets,



plastic waste and cardboard/paper. The largest waste stream is wooden pallets, which are used in transporting incoming palletised raw materials (33.3%), followed by plastic waste, which mainly consists of bulk bags and soft plastics. These materials are recycled and re-used either in Australia or overseas. Organic waste (12.6%) is comprised of any product waste, oil and slurry that is no longer suitable to be used as a raw material. This is sent to a local worm farm to be converted into compost.

In 2013, two small-scale waste minimisation projects were undertaken by individual employees from the IT and outbound logistics department. Both projects were centred on how to reduce, reuse and recycle. The main outcomes of the projects were improvements in recycling materials that previously went to general waste, awareness of the volume of consumables used (i.e. paper, toners, e-waste, electricity, gas) and the implementation of reduction strategies.

Future commitment

- Monthly account for waste stream outputs and log incidences of odour, noise, spillage and dust.
- Calculate waste (general, recyclable) per tonne of each specific raw material to identify potential waste improvement opportunities.

Our People

Skretting Australia is committed to providing a working environment that is conducive to maintaining a safe and healthy workforce. This involves a range of initiatives aimed at reducing injury as well as ensuring that all staff have the opportunity for professional development. Some initiatives include: implementation of an Alcohol and Other Drug Policy, a Health and Wellbeing Subsidy, workplace safety awareness training and ergonomic workstation assessments. In 2013, a number of initiatives were implemented to support the aim of “Zero



Mill Operator, Martin Sinclair

Injury” and to build a strong and healthy safety culture supported by good risk management. A major project was initiated to assess the Work Health and Safety risks and develop a Health and Safety Risk Register to provide a clear pathway for future improvement. The target is to reduce the likelihood of an incident occurring, and to ensure that the consequence (injury, damage, loss) is minimal should an accident occur.

In 2013, there was a total of 297 hours (24.5 days) lost to injuries at work. The injury severity remained low and there was only 1 injury sustained that required more than 10 days away from work.

Our commitment to a healthy work environment also extends beyond the workplace. Local sports club memberships are available for those staff who wish to participate. In 2013, twenty eight staff from all areas of the business participated for the 3rd consecutive year in the 16 week Global Corporate Challenge. A total of 35,576,943 steps were taken at a daily average of 11,469 steps. Six participants exceeded 1.5 million steps, which is an outstanding effort.

Professional Development

Employee knowledge and competence is fundamental to the success of our business. To further develop this valuable resource, Skretting conducts annual performance reviews with 100% of employees to monitor individual progress and set goals for the future. Skretting Australia also provides internal and external training opportunities for employees, with a total of 1,020 hours spent on training in the areas of health and safety, people and culture, and quality and environment.

An important tool that is available to Skretting employees is the Nutreco Academy. The Academy has three learning areas – Leadership, Business Excellence and Operational Excellence. To read about one of our employee's experience with Nutreco Academy, please refer to [case study on our website](#).

Future commitment

- Strive for zero injuries and accidents in the workplace.
- Reduce our registered workplace risk.
- Participate in Nutreco's e-Learning Business Excellence training on sustainability.



Process Engineers, Mr. Xinya Chang (Skretting China), Mr. Takeshi Furukawa (Skretting Japan), Mrs. Nguyen Thu (Skretting Vietnam), Mr. Gene Medicott (Skretting Australia), Mr. Michael Henderson (Skretting UK) at a 3 month intensive training at Skretting Norway and Skretting ARC.



> Chapter 2:

— DEVELOPING SUSTAINABLE NUTRITIONAL SOLUTIONS

Meeting growing global demand for protein will require innovative solutions that enable more food to be produced from a fixed resource base. The aquaculture industry offers a good solution since aquatic animals are more efficient at feed conversion than terrestrial animals. Skretting believes there is always room for improvement and is determined to help the aquaculture industry become even more efficient. This can be achieved through continued investment in R&D to optimise both environmental and economic returns.

Feeding 9 Billion People

According to the UN Food and Agriculture Organisation (FAO), the global food system will have an additional 2 billion mouths to feed in 2050 as the world population reaches 9 billion. Therefore, a strong focus on efficient manufacturing is required if future demand is to be met in a sustainable manner.

Skretting ARC has been very active in this area of research, which has enabled us to become industry leaders in delivering high-performance aquafeeds that are proven to deliver faster fish growth and improved feed efficiency.

Optiline Premium is based on ARC's breakthrough discovery of naturally occurring

substances that stimulate fish metabolism and increase the utilisation of digestible energy. Subsequently, the fillets contain higher levels of health-promoting omega-3 fatty acids, making more efficient use of limited marine resources. "These unprecedented growth performances and sustainability attributes will have positive implications for our local market," says Marketing Manager, Rhys Hauler. To read about Skretting Australia's success with Premium in Atlantic salmon, Chinook salmon and barramundi, please refer to our customer magazines, Nexus, available on our website ([Read more...](#))

In 2013, the local manufacture of 1.2mm hatchery feeds commenced. Changes were implemented within the manufacturing plant and processes in order to achieve this. The ability to locally manufacture this hatchery feed means importing from another Skretting company is no longer required. This helps to reduce our carbon footprint, as well as our customers'.

Future commitment

- Launch Premium in the market for barramundi.
- Document performance benefits of Premium in freshwater trout.



The Skretting Australia team: Glenn Duggan, Stuart Fyfe, Nicole Ruff, Jeremy Nightingale, Malcolm McGregor, Stig Stover, Frances James, Rhys Hauler, Kelly Knibbs, with the first tonne of Optiline Premium in August 2013.

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> Chapter 3:

— SECURING ANIMAL HEALTH



Many aquaculture systems are open to the natural environment, which exposes the fish to stresses such as extreme temperatures, handling and a range of parasites that can have negative health impacts. Skretting is committed to helping farmers secure animal health through continued investment in R&D, which helps to improve the sustainability of production by maintaining a high level of animal welfare as well as increasing the efficiency of production.

Functional Nutrition

Disease and environmental stress can have a significant impact on the productivity of aquaculture through the associated reduction in growth rate and increased mortality. Skretting has made a significant contribution to developing nutritional solutions that help to increase the resilience of fish to stress and health challenges. In addition to the research internally at Skretting ARC, in 2013, Skretting Australia invested more than \$1 million into R&D in the Australian and New Zealand aquaculture industry. Some of the investments included: supporting two PhD projects, R&D trials with customers and research providers on fish nutrition and health and Amoebic Gill Disease (AGD) research. One of the major breakthroughs has come from Skretting Aqua-

culture Research Centre's (ARC) discovery of nutrients that have certain health-supporting functionalities in addition to their role in conventional nutrition for growth.

First generation Protec was Skretting's industry leading health promoting diet that is used widely around the world for salmonids and other species. In 2013, Skretting Australia launched its second generation Protec, featuring new functional ingredients that help to shield the skin, gut and gills by supporting the immune system, providing building blocks for new cells, and optimising the balance between fish, microbes and environment. Skretting ARC Health Manager, Dr Charles McGurk was invited for the launch of Protec in both Australian and New Zealand markets.



Today Skretting Australia offers Protec for salmonids and barramundi for a wide range of conditions. To read about Skretting Australia's success with Protec, please refer to our customer magazines, Nexus, available on our website ([Read more...](#))

Future commitment

— Further R&D with Protec.



> Chapter 4:

— FINDING ALTERNATIVES TO LIMITED MARINE RESOURCES

The aquafeed industry has attracted significant attention with regards to its use of fishmeal and fish oil sourced from finite supplies of wild capture fish. Skretting has made significant progress towards reducing its reliance on these materials through investment in R&D that has facilitated the use of alternative raw materials. We are committed to continuing this research to achieve the further reductions that are required to create a more sustainable future for the aquaculture industry. Efforts have also been made to improve the traceability of marine ingredients to ensure those used in Skretting feeds come from responsibly managed fisheries.

Flexible Formulations

The use of fishmeal and fish oil in aquafeeds is one of, if not the most material issue for our industry. This is because aquafeeds have traditionally contained high levels of fishmeal and oil, sourced from finite supplies of wild-capture fish. Growth in the aquaculture sector was therefore seen to be unsustainable from both an ecological perspective, as well as an economic one. As a result, research into alternative sources of feed ingredients continues to be a major R&D focus.

MicroBalance™

Researchers at Skretting ARC have been extremely active in this area of research for many years. To learn more about the development of our MicroBalance technology please refer to our [Skretting SEA brochure](#).

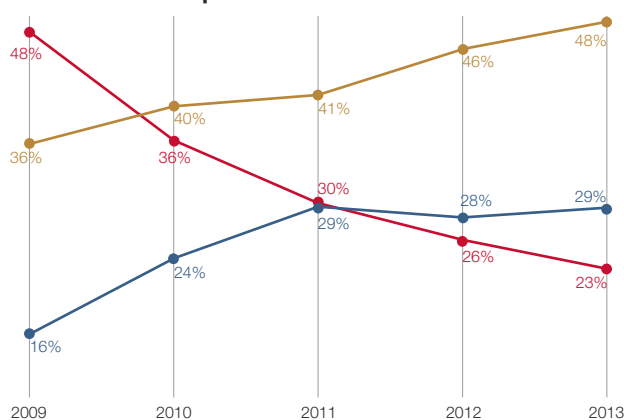
Skretting Australia has conducted multiple R&D projects with its customers, on key species, to demonstrate the same performance benefit with lower fishmeal diets, compared to traditional higher fishmeal diets. In 2009, Skretting Australia introduced MicroBalance technology into its feeds and since then this concept has been applied to all major grower feeds for salmon, trout and barramundi species. For example, in 2011, MicroBalance was used to reduce the fishmeal inclusion in feeds for Chinook salmon down to 8%. Mr. Ben Wybourne, NZ Technical Account Manager for Skretting Australia says, “The introduction and continuing success of the MicroBalance concept in feeds for Chinook salmon is very satisfying. Additionally, we have proven that we are able to use alternative ingredient sources to reduce the level of fishmeal in diets without detrimentally affecting fish growth, health or quality.”

The impact of these changes can be clearly seen in the historic use of marine proteins. At Skretting Australia, the inclusion of fishmeal has significantly reduced from 48% in 2009 to 23% in 2013. Our latest grower diet, Optiline Premium contains only 8% fishmeal, evidence of our continuing journey to reduce our reliance on finite marine resources. Further to this, the increased flexibility allows feed formulators to adapt raw material combinations in response to prices, and in doing so lessen the impacts of price volatility.

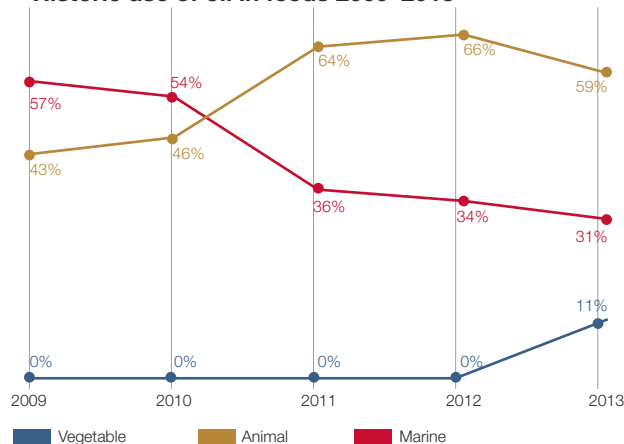
LipoBalance concept applies Skretting’s knowledge of the nutritional value of oils to create feeds that contain optimum energy levels while satisfying the fish and the end-consumer’s omega-3 requirements. Replacing fish oil is slightly more challenging than fishmeal as there are fewer viable substitutes available on the market. This is because fish oil is the best known source of the omega-3 fatty acids EPA and DHA, which are essential for normal growth and development in fish and humans. To learn more about Skretting’s approach to solving this challenge, please refer to the Nutreco Integrated report and [Skretting Global Sustainability Report](#).

The fatty acid (FA) composition of a fish is determined by the level of fat in the fish and the FA composition of the feed. Skretting Australia uses NIR (Near Infra-Red Spectrophotometry) technology, which is a rapid analytical tool used to measure the level of fat and individual classes of FA in a fish’s fillet. Our Australian and New Zealand customers can be assured rapidly that their product’s FA composition is as intended. Over the production cycle, our Technical Account Managers routinely monitor the FA composition of the fish so at the time of harvest, delicious and healthy fish can be assured. This technical capacity has allowed Skretting Australia to reduce the amount of

Historic use of proteins in feeds 2009–2013



Historic use of oil in feeds 2009–2013



fish oil in its feeds in recent years. Since 2011, the major oil source in feeds was land-animal oils and in 2013, we introduced a vegetable oil source. This latest addition has enabled us to manufacture our high-energy diet, Premium, which has further contributed to flexibility in formulating diets with the optimal fatty acid profile.

Traceability of Marine Ingredients

Efforts to reduce the fishmeal and fish oil will not improve the status of the world’s marine resources unless there are endeavours further up the supply chain to improve fisheries management. As part of its sustainability commitment, Skretting only sources marine ingredients from suppliers that are able to demonstrate a commitment to responsible fisheries management.

– Average inclusion rate of feed ingredients (%) at Skretting Australia

Marine Proteins	
Fish meal (reduction fisheries)	8.0%
Fish meal (by-products)	6.2%
Land-animal Proteins	
Poultry meal	16.0%
Feather meal	9.6%
Meat meal	3.2%
Blood meal	1.7%
Vegetable Proteins	
Lupin	6.1%
Wheat gluten	3.8%
Soy protein concentrate	2.0%
Marine oils	
Fish oil	6.5%
Land-animal Oils	
Poultry oil	12.8%
Vegetable Oils	
Canola oil	2.2%
Carbohydrate	
Wheat	11.1%
Faba bean	5.6%
Starch	1.1%
Other	4.1%
	100.0

Future commitment

- Continue to reduce fishmeal usage by targeting key parts of the salmon, trout and barramundi production cycle using MicroBalance technology.
- Communicate and adopt Skretting ARC developments with alternative sources and improved efficiency with long chain omega-3 fatty acids.



To do this, Skretting – together with parent company Nutreco – has set minimum criteria in its Marine Vendor Policy. This policy states that suppliers must ensure marine materials supplied to Skretting do not come from Illegal, Unreported and Unregulated (IUU) fisheries, or from species classified as Critically Endangered or Endangered on the IUCN Red List (International Union for the Conservation of Nature). As part of customer requirements, Skretting Australia has gone one step further to restrict any species classified as Vulnerable on the IUCN Red List.

In 2013, Skretting Australia implemented systems to collect marine origin data (fishery origin and % species inclusion) from suppliers, as well as procedures to record the data in our databases. The results of this can be seen in the table below. Internal reporting systems were also developed to aid in extracting purchasing information based specifically on sustainability criteria. Not all procedures and methods have been finalised and not all marine origin data was received from purchases made in 2013. This is the reason that some species are listed as unknown.

– **Species origin and IUCN Status**

Species and Fishery	Latin Name	IUCN Status	Fishmeal	Fish Oil
Reduction fisheries				
Anchovy - Peruvian northern-central stock	<i>Engraulis ringens</i>	Least concern	51%	95%
Total			51%	95%
Trimblings and By-Products				
Albacore tuna - SPO	<i>Thunnus alalunga</i>	Near Threatened	1%	
Skipjack tuna - W&CPO	<i>Katsuwonus pelamis</i>	Least concern	11%	
Skipjack tuna - EPO		Least concern	10%	
Yellowfin tuna - W&CPO	<i>Thunnus albacares</i>	Near Threatened	3%	
Yellowfin tuna - EPO		Near Threatened	2%	
Bigeye tuna - EPO	<i>Thunnus obesus</i>	Vulnerable*	1%	
Hoki - NZ	<i>Macruronus novaezealandiae</i>	Not evaluated		4%
Hake - NZ	<i>Merluccius australis</i>	Not evaluated		<1%
Javelin fish - NZ	<i>Lepidorhynchus denticulatus</i>	Not evaluated		<1%
Ling - NZ	<i>Gaidropsarus novaezealandiae</i>	Not evaluated		<1%
Rattail - NZ	Family: <i>Macrouridae</i>	Data Deficient		<1%
Silver warehou - NZ	<i>Seriolella punctata</i>	Least concern		<1%
Spiny dogfish - NZ	<i>Squalus acanthias</i>	Least concern		<1%
Unknown			21%	<1%
Total			49%	5%

SPO; Southern Pacific Ocean,
W&CPO; Western and Central Pacific Ocean,
EPO; Eastern Pacific Ocean,
NZ; New Zealand

*Regional assessment of bigeye tuna against IUCN criteria in EPO is classified as Near Threatened.
Unknown: 21% species n/a, but origin declared as W&CPO

Future commitment

- Continue engagement with suppliers to ensure ingredients meet our sustainability requirements.
- Develop our internal systems to collect and report on all sustainability data (origin and species) of marine ingredients.



> Chapter 5:

— CREATING A SUSTAINABLE BASE FOR FEED

The sustainability attributes of feeds are highly influenced by the methods used to produce and distribute the raw materials from which they are formulated. If these activities are not managed in a responsible manner, it could eventually lead to a decline in productivity and a reduction in the quality and/or safety of feeds. Skretting is helping to create a sustainable foundation for fish and shrimp feeds through comprehensive engagement with its suppliers as well as third-party organisations to support responsible practices throughout our supply chain.

Sustainable Sourcing

Skretting, together with parent company Nutreco, focuses on supplier engagement through the company-wide Nutreco Vendor Policies. The General Vendor Policy sets requirements relating to human rights, labour practices, environment, and fair operating, as well as food safety and quality. In addition, specific policies have been written for marine, soy and palm products that focus on the environmental issues associated with the production of these materials.

In 2013, all of Skretting Australia's raw material suppliers signed off on the General Vendor Policy, which represented 70% of the total spend.

All suppliers of marine and soy ingredients also signed relevant policies, which represented 100% of the total spend on marine and soy.

Skretting Australia supplies feed to customers who may have one or more third-party sustainability certifications, such as Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP) and Global Good Agriculture Practices (Global GAP). Skretting Australia understands the requirements of these standards and has placed strong emphasis on internal tracking and tracing systems and alignment of ingredient purchasing choices with the standards requirements.

Future commitment

- Instigate an improvement project with a trimmings fishery producer to achieve a sustainability certification by the end of 2015.
- Comply with the future requirements of the ASC and BAP Salmon standard, and Global GAP Aquaculture standards in relation to sourcing certified marine and soy ingredients.

Sustainable Partnerships

A sustainable future is not possible if we act alone. Therefore, Skretting continues to develop partnerships and working in cooperation with a diverse range of stakeholders.

In 2013, Skretting Australia commissioned an independent assessment of the origin and sustainability status of the marine species included in the fishmeal and fish oil used in its feeds. This assessment was triggered by the decision to support our customers in achieving compliance for the ASC Salmon Standard. The information in the assessment report provides a starting point to ensure that purchasing decisions are well-informed when it comes to the sustainability status of the marine species.

Future commitment

- Conduct another independent assessment of marine species origin and sustainability status according to ASC salmon standard requirements.

Feed-to-food quality and safety

The feeds used in aquaculture can have a significant influence on the quality and safety of the final product for human consumption. Robust and transparent systems are required to record and monitor all stages of the food chain so that if an issue should arise, it can be quickly identified and addressed. Skretting primarily achieves this through its Nutrace standard, which is backed up by audits of our own operations as well as those of our suppliers.

Nutrace®

In 2003, Skretting implemented Nutrace, its unique, global feed-to-food quality and safety system. Built on five strong pillars, Nutrace ensures that our customers and end-consumers can have total confidence with regard to feeds in the farmed fish and shrimp value chain. To learn more about our Nutrace system please [visit our website](#).

In 2013, Skretting Australia was internally audited against the Nutrace standard and was the third Skretting company to be awarded the Nutrace certificate. Our Food Safety and Quality Systems Manager is responsible for the Nutrace system and associated improvements

Nutrace Results	Score (%)
Certified Quality and Food Safety	100
Ingredient supplier assessment and management	96
Monitoring and control	100
Risk management	100
Tracking and tracing	100

to operational procedures, systems, data collection methods and internal audits.

As part of the certified quality and food safety standard of Nutrace, Skretting Australia maintained compliance with existing quality certificates and began implementing procedures for compliance with additional external certifications.

Skretting Australia holds the following food safety and quality assurance certifications:

- AS/NZS ISO 9001:2000
- Codex Alimentarius - HACCP
- Feedsafe - An industry quality assurance program managed by the Stockfeed Manufacturer's Council of Australia (SFMCA)
- Nutrace

In addition to these, Skretting Australia is also compliant to external sustainability certifications:

- ASC – Principal 4: Fishmeal and Fish Oil Conservation
- BAP – Salmon Farm Standard and Feed Mill Standard
- Preparations for compliance with the Global GAP Standard – Compound Feed Manufacturer's Standard were implemented in 2013, ready for certification in 2014.

Future commitment

- Achieve Global GAP certification



- ISO 9001, HACCP, Nutrace and FeedSafe



> Chapter 6:

— INVOLVE AND MOTIVATE

A sustainable future is not viable without the involvement of motivated people. In recognition of the fact that the impacts of feed production extend beyond the manufacturing process, Skretting is committed to taking a supply chain approach to stakeholder engagement. To do this, a range of initiatives are in place that enable us to connect with people that have varying opinions on feed manufacturing, and with stakeholders that have different abilities to implement the necessary changes to create a more sustainable value chain in the future.

Employee Engagement

For the past three years, Skretting Australia employees have participated in an annual internal climate survey. The aim of this exercise is to provide a platform for sharing ideas in order to provide employees with a positive work environment. Human Resources Manager Terry McDonnell says, “We are committed to improving in these priority areas and ensuring the issues raised during the survey are acted upon so that we become a leading company in this area and a great place to work.”

In 2013, the new Nutreco values were launched – Innovative, Collaborative, Capable and Caring. These values align with the Nutreco’s mission of ‘Feeding the Future’ and build a common culture across all countries and operating companies. Skretting Australia began to implement and roll out the new company values and will integrate these values into the business in 2014.

Future commitment

- Integrate the new values into daily operations as well as into our systems and processes.
- Internal training to increase awareness of our sustainability activities.



Stakeholder Engagement

As an essential link in the feed-to-food value chain, understanding and responding to stakeholder needs is key to the success of our business.

Skretting Australia actively engages with customers and key members of the aquaculture industry and the community in a variety of ways. Skretting Australia invites and supports key customers to attend AquaVision, its global biannual stakeholder forum. Locally, Skretting Australia participates in and sponsors aquaculture conferences in Australia and New Zealand as well as customer and community open days such as 'The Science of Seafood'. For more information, please refer to the [case study on our website](#).

The quarterly publication of our customer magazine, Nexus, is a key tool for us to provide our stakeholders with the latest updates on the sustainability benefits of our products and services, the latest local and global R&D updates, and any other relevant topics.

Annually, Skretting Australia provides sponsorship, support and donations to various community members, charities and appeals. For example, a project was initiated to involve the business and all employees in a local community engagement initiative. For more information, please refer to [our website](#).

Future commitment

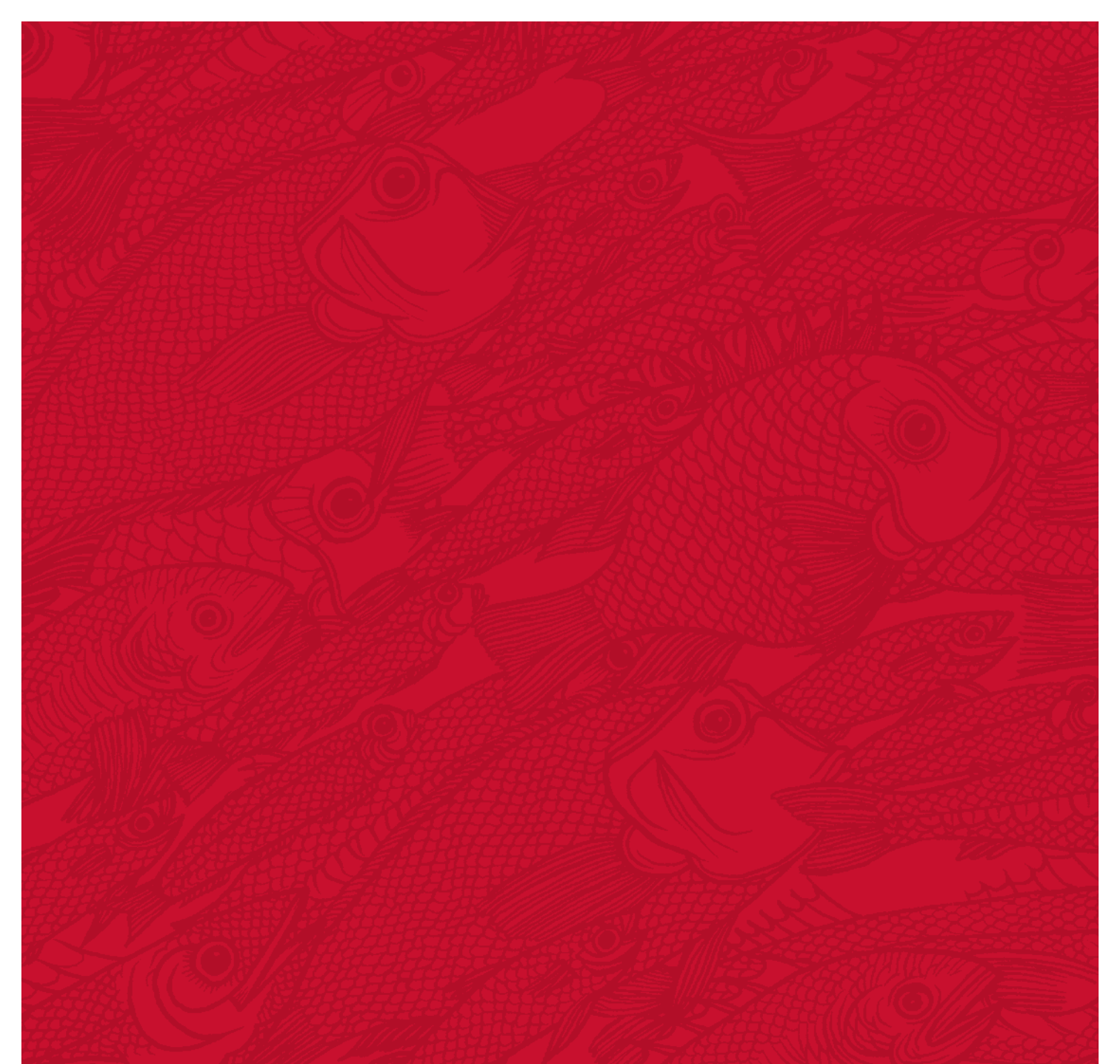
- Undertake an internal assessment to determine who are our key stakeholders and what sustainability issues they identify as relevant to our business.
- Undertake a community conservation/engagement project.



Whittle family at Skretting Australia's tree planting day

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Delivering sustainable
feed solutions for aquaculture

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