

Sustainability  
is the key to  
our future



Sustainability Report  
2011



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## Note to the report

WWF congratulates Tassal on the release of its first sustainability report. The report contains information about the environmental performance of the company. We encourage you to take the time to read the report and understand Tassal's commitment to transparency and ongoing stakeholder engagement.

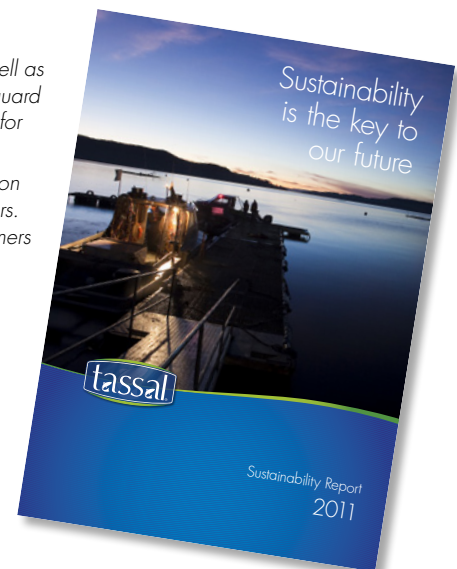
We are also pleased to announce the WWF-Australia and Tassal partnership for sustainable aquaculture. WWF-Australia will be working with Tassal on its sustainability journey. The partnership will aim to achieve ecologically sustainable aquaculture production, safeguard valuable marine ecosystems, ensure the long-term viability of seafood supply and help the businesses and local communities that depend on a healthy marine environment.

Through the partnership, Tassal is aiming to be the leader in sustainable aquaculture production in Australia with all products meeting best practice environmentally-responsible standards.

For further information on the agreement visit; [www.wwf.org.au](http://www.wwf.org.au)  
[www.tassal.com.au](http://www.tassal.com.au)

*WWF is creating solutions to the most serious environmental problems facing our planet, helping people and nature to thrive. WWF works with the aquaculture industry and other businesses, as well as government and local communities – in Australia, New Zealand, Oceania and globally – to safeguard marine wildlife, the natural environment and the livelihoods of people who depend on the oceans for their well-being – WWF Global Sustainable Seafood Charter.*

*It is Tassal's mission to deliver sustainable acceptable returns to shareholders as the leader in Salmon in Australia, selling a highly recognised ethical valued brand and product to consumers and retailers. Tassal will be recognised as the champion of the sustainable Salmon industry for customers consumers and regulators. Tassal will value and be valued by our best on-ground-team.*



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# About this report

We are pleased to publish our first sustainability report. This report demonstrates both Tassal's sustainability achievements to date, together with a snapshot of future sustainability initiatives across our operations. Tassal has maintained an industry leading position by implementing a sustainability focus throughout the company. Key to our sustainability focus is meaningful communication with all stakeholders. Tassal's goal is to develop significant environmental and social initiatives led by stakeholder input.

Overall, we believe that effective implementation of our sustainability strategies are fundamental for effective risk management. We have:

- implemented best practice infrastructure
- focused on impact mitigation and stakeholder engagement
- formed collaborative, forward focused research partnerships and
- implemented and resourced compliance, communication, stakeholder, and seal management plans.

Tassal's Board of Directors (the Board) is accountable for the development, establishment and review of appropriate policy in these areas. The Board requires a best practice approach in these areas and has implemented appropriate management objectives and structures, and a regular reporting process to ensure that this objective is achieved.

Salmon farming is an exciting and complex industry and we have attempted to share interesting, informative and relevant information with you. We believe that Tassal is a global leader in sustainable aquaculture from an environmental, operational and financial perspective.

This report has been prepared in accordance with Global Reporting Initiative (GRI) Food Processing Sector Supplement Level B requirements and has received a GRI Application Level Check. This report covers the financial year to 30 June 2011. Occasionally we mention topics of interest prior to this reporting year to set the appropriate historical context and/or to demonstrate trends.

## Report Scope

In preparing this report, we established our Sustainability Report Advisory Committee (SRAC). The committee is comprised of representatives from environmental non-government organisations (ENGOS), the Tasmanian Department of Primary Industries, Parks, Water and Environment (DPIPWE) - Water and Marine Resources section, the Environment Protection Authority (EPA), Forestry Tasmania, a social inclusion advocate, and Tasmanian waterway recreational users. The purpose of the committee is to advise Tassal on social, environmental and cultural issues, to encourage Tassal to address difficult issues, and to provide advice and counsel on the content of Tassal's sustainability report, particularly with respect to assessing whether it covers key materiality issues.

Extensive stakeholder engagement confirmed that Tassal's marine operations located in Tasmania are the most material in terms of environmental and social impact and consequently feature significantly. Other material sustainability issues identified through the stakeholder engagement process included quality assurance, food safety, environment, fish welfare, occupational health & safety (OH&S) and social responsibility.

Human resources data includes information from marine operations and operations outside Tasmania. No joint ventures, subsidiaries, leased facilities, or outsourced operations have been reported on as they are immaterial to the environmental, social or economic impacts of Tassal or do not exist. Tassal's operations are only located in Australia.

Data from the financial year 2008 has been used where possible to show year on year trends, however, this has not been possible for all metrics where directly comparable data collection systems were not available. Many data collection systems have been developed within this reporting year, which will allow us to more effectively report on historical trends in future reports.

Future sustainability reports are intended to be prepared on an annual basis. In time, it is intended that Tassal sustainability reports will cover all operational areas of Tassal, including land based facilities, extending the scope and boundary of this report.



Staff at our Rookwood Road Hatchery

The GRI Principles for defining report content are referred to throughout the preparation of this report. No restatements or significant changes from the previous reporting period are included as this is our first report.

External assurance was not sought for this report in its entirety as this is our first GRI aligned sustainability report, although some information is sourced from externally audited documentation. We may seek external assurance for future reporting periods.

We would like to thank all of those stakeholders who provided invaluable input to Tassal's sustainability strategy and our sustainability report.

We welcome your feedback on this report and invite you to contact us at [sustainability@tassal.com.au](mailto:sustainability@tassal.com.au).

For more than 25 years,  
Tassal has been farming  
Tasmanian Atlantic Salmon.  
Today, sustainability is at the  
core of everything we do.

# Welcome to our first Sustainability Report

“In today’s world it is not enough for a company to be profitable. Investors, customers, consumers and the public expect a company such as Tassal to be socially and environmentally responsible. Tassal understands that community and environmental values are important. We clearly understand that we can and do make a difference.”

Tassal is committed to taking a leadership role in responsible aquaculture production. As the world population grows and environmental challenges increase, the wild catch sector of the seafood industry is unable to keep up with demand. Australia imported \$1.52 billion of wild and farmed seafood in FY2010 (see: [www.abares.gov.au](http://www.abares.gov.au)).

Aquaculture is widely acknowledged as the fastest growing food producing sector in the world. Sustainable aquaculture should provide a sustainable food solution to support the food needs of a growing population and provide an alternative to wild caught fish and other seafood.

We embrace the environmental and social impacts that affect our operations and work every day to improve the way our operations are managed so that we reduce potential negative impacts on:

- the water and the land that we use to grow and process our stock
- our people, who are core to our success

- our customers and consumers, who demand first class quality, service and evidence of responsible management and
- the communities in which we operate.

We believe that we have maintained our industry leading position by implementing a risk management focus throughout Tassal. In preparing our sustainability strategies and this report, we undertook significant engagement with our stakeholders to determine exactly what was important to them and their expectations of Tassal now and into the future. This level of engagement and transparency is a big step for Tassal and we believe it will help us continue to be an accountable and sustainable Australian aquaculture company.

Tassal’s FY2011 financial and operating performance reflected our focused strategy to deliver long term sustainable growth, even in periods of economic uncertainty and volatility.

Key financial highlights for FY2011 were:

- reported revenue up 4.1% to \$225.6 million (FY2010: \$216.8 million)
- accounting standard AASB 141 ‘Agriculture’ increment of \$8.7 million
- reported earnings before interest, tax, depreciation and amortization (EBITDA) up 17.8% to \$59.2 million (FY2010: \$50.2 million)
- reported net profit after tax (NPAT) up 8.11% to \$30.3 million (FY2010: \$28.0 million)



- operating cash flow up 45.8% to \$41.5 million (FY2010: \$28.5 million)
- gearing ratio (being net debt to equity) of 31.7%, which is within Tassal's target range of 30% to 35%
- return on equity (being net profit after tax to total equity) of 11.0%
- return on capital employed (being earnings before interest and tax [EBIT] to total assets less current liabilities) of 12.7% and
- return on assets (being EBIT to total assets) of 10.3%.

Key operational highlights for FY2011:

- Tassal has implemented a very successful fish farming program with the overall size of smolt put to sea in 2011 11.2% bigger than the previous year smolt input and a 16.6% increase in average harvest size for fish harvested in FY2011 (from FY2010). Despite Tassal and other food producers experiencing difficult market trading conditions, Tassal achieved strong domestic retail performance and sales, both increasing existing product sales with existing customers, and further penetrating the domestic retail segment through additional customers and products.
- Tassal's processing facilities are operating in line with global best practice. With the previous capital investment on infrastructure allowing throughput and yield benefits on existing business, Tassal was able to commence some direct supply for fresh Salmon products to retail customers, allowing Tassal Salmon to present a premium product, in premium condition.

Tassal has a focused growth strategy in place to grow longer term shareholder value in a sustainable way. This growth strategy is reflected in our Strategic Plan FY2016. Our goal is to position the company to deliver sustainable acceptable returns as the leader in Salmon in Australia selling a highly recognised, ethical, valued brand and product to consumers and retailers. Tassal will be recognised as the champion of the Australian sustainable Salmon industry for consumers, customers and regulators. Tassal will value and be valued by employees.

To ensure that Tassal delivers on this strategy, management's number one focus for FY2012 and beyond is to maximise domestic market consumption per capita. We will do this by building a strong Tassal brand, leading innovation and being responsive to consumer and customer needs. Our focus will remain on ensuring we achieve global best practice with respect to fish growing costs and maintaining global best practice processing costs and yields.

Overall, we are mitigating risk via our focus on sustainability. We continue to focus on delivering long term sustainable growth, which has underpinned our successful continued growth in financial and operational performance. We expect to build upon this success in the future.

We are leading this Australian company towards a continued sustainable future. We face many challenges and risks in our sustainability journey, but are confident in delivering on our strategic plan.

Allan McCallum  
Chairman of The Board

Mark Ryan  
Managing Director and Chief Executive Officer



# Sustainability at Tassal



*Tinderbox farm site, Tasmania*

Tassal has a sustainability focus across all areas of the business. Key to this focus is ongoing, meaningful communication with all stakeholders. Our goal is to develop significant environmental and social initiatives informed by stakeholder input to improve our sustainability.

Tassal takes a long term view of sustainability. We consider the implications of environmental, social, and economic factors on our business, our customers and consumers, and our local communities. This long term view of sustainability is reflected within Tassal's Strategic Plan FY2016.

Tassal has a well-resourced environment and sustainability team, led by our Head of Sustainability. The team's role is to facilitate sustainable development across all of Tassal's business streams. Sustainability is embedded throughout Tassal through policies addressing operations, climate change, the environment, occupational health and safety, diversity and remuneration.

Where possible, Tassal will implement a precautionary principle based on the philosophy of risk mitigation. If the principle is not practical or meaningful to the proposed activity, then an adaptive management approach is taken. This approach is built into our company wide operational risk and strategic plans.

Tassal's head office and marine and processing operations are located in Tasmania, Australia, where environmental values are especially valued.

We strive to be a company that our employees are proud to work for and aim to be an involved, responsible part of the communities in which we operate. Tassal works closely with environmental specialists and local researchers.

Tassal seeks to place ecologically sustainable development at the forefront of decision making to ensure that environmental resources are conserved and enhanced now and into the future. After all, Tassal relies on the purity of the air, water and land in Tasmania to produce the highest quality Tasmanian Salmon.

Tassal's environment and sustainability team works closely with regulatory bodies to ensure that activities are fully compliant with best practice environmental management and legal requirements. We recognise the important role our regulators play in ensuring long term environmental sustainability not only for us, but for present and future generations of Tasmanians.

Tassal works with the local research community on this issue to understand expected climate change impacts and to mitigate potential risks by adapting our operations. We have in place a sophisticated selective breeding program which is supporting Salmon adaptation to changes in water temperature and growing conditions.

# Corporate Governance

Tassal is committed to maintaining high standards of corporate governance appropriate to its size and operations to effectively manage risk, improve its performance and enhance corporate responsibility. Tassal's Board of Directors, working with senior management, is responsible for the corporate governance of Tassal and its controlled entities. The Board carries out its responsibilities within a framework of corporate governance policies and practice documents which outline Tassal's commitment to act ethically, openly, fairly and diligently when promoting the interest of shareholders, employees and customers, and broader community interests.

Unless explicitly stated otherwise in the 2011 Annual Report, the Directors believe Tassal complies with the core principles and underlying recommendations of ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (see: [www.tassal.com.au](http://www.tassal.com.au)).

## Directors

Directors current as at 30 June 2011 include Mark Ryan, Managing Director and Chief Executive Officer, and six independent non-executive directors with additional responsibilities, including Allan McCallum, Chairman. All are considered by the Board to be independent in terms of the ASX Corporate Governance Council's definition of an Independent Director.

The Board believes that all directors have the necessary skills and experience appropriate to the future needs of Tassal's business.

## Remuneration

Non-executive Directors receive a cash fee for service and are not entitled to any performance-based remuneration or participation in any share-based incentive schemes. This policy reflects the differences in the role of the Non-executive Directors, which is to provide oversight and guide strategy, and the role of management staff, which is to operate the business and execute Tassal's strategy.

## Code of Conduct Principles

Code of Conduct Principles have been adopted by the Board to provide clear guidelines on the ethical behavioural standards expected of Tassal's Directors and employees.

## Evaluation of Board and Committee Performance

The Board Charter requires that each year the Board will conduct an evaluation of its performance to:

- compare the performance of the Board with the requirements of its Charter
- set goals and objectives of the Board for the upcoming year and
- effect any improvement to the Board Charter deemed necessary or desirable.

The respective Board Committee Charters also require the Committees to evaluate their performance and composition at least annually to determine whether the relevant Committee is functioning effectively by reference to current best practice. This evaluation is presented to the Board for review. Formal performance evaluations have been satisfactorily undertaken for the Board, Audit and Risk Committee and Remuneration and Nominations Committee during the current financial year in accordance with Tassal policy.

## Shareholder and Employee Communication

Tassal places considerable importance on effective communication with its shareholders, market participants, customers, consumers, employees, suppliers, financiers, creditors, other stakeholders and the wider community. Accordingly, the Board has adopted a Communications Policy which requires communication with shareholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the company. The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of Tassal's strategy and goals and has developed guidelines for the format and content of Notices of Meetings.

Tassal will from time to time conduct employee briefings to ensure that all staff are aware of activities within the company. These briefings may be conducted by the CEO or an appropriate manager.

## Memberships

Tassal is a member of the Tasmanian Salmon Growers Association, the Tasmanian Seafood Industry Council and the National Aquaculture Council.

# About Tassal



The Tasmanian Salmonid Industry effectively commenced in 1983 when a report to the Tasmanian Fisheries Development Authority concluded that a Salmon farming industry could be successfully developed in Tasmania. A sea farm was established at Dover, approximately 130 kilometres south of Hobart and a hatchery was developed at Wayatinah in the Central Highlands. In 1984, the first fertilised Atlantic Salmon eggs were purchased from the Gaden hatchery in New South Wales. The original bloodlines were imported from Nova Scotia, Canada, during the 1960s.

Tassal traces its origins back to 1986 when Tassal Limited commenced operations. Tassal Limited's first commercial harvest was 53 hog tonnes in the summer of 1986/87. Of the 11 businesses that commenced aquaculture operations in Tasmania during the mid-1980s, three remain, of which Tassal is the largest.

Tassal is a vertically integrated company which includes freshwater hatcheries and saltwater aquaculture, Salmon processing, value adding stages through to distribution, and sales and marketing. In recent years the company has successfully emerged from a series of major corporate events. Tassal Limited was placed into receivership in 2002, with the receivers acquiring the Nortas Pty Limited operations in 2003. The operations of Tassal Limited were then sold to Tassal Operations Pty Limited in 2003, after which Tassal listed on the Australian Stock Exchange in November 2003 and then merged with Aquatas Pty Limited in 2005.

Tassal is the largest producer and processor of fresh and frozen Salmon products in Australia and is within the top 30 Salmon companies globally.

# Tassal – a snapshot

## Our Business

- Ownership: Tassal Group Ltd is an ASX 300 public company listed on the Australian Stock Exchange (ASX Code: TGR)
- Controlled entities: Tassal Operations Pty Ltd, Aquatas Pty Ltd
- Head Office: Hobart Tasmania
- Non-executive Chairman: Allan McCallum
- Managing Director and Chief Executive Officer: Mark Ryan

## Our Financial Performance\*

### Key Financial Performance Indicators

The table below reports the key consolidated financial performance indicators for FY2011 and FY2010.

	Financial Year Ended 30 June 2011 \$'000	Financial Year Ended 30 June 2010 \$'000	Period Movement up/(down) \$'000	Period Movement up/(down) %
Revenue (from all sources)	225,635	216,775	8,860	4.09%
EBITDA	59,202	50,257	8,945	17.80%
EBIT	47,332	40,033	7,299	18.23%
Profit before income tax expense	40,580	34,568	6,012	17.39%
Income tax expense	(10,300)	(6,559)	3,741	57.04%
Net profit after income tax expense	30,280	28,009	2,271	8.11%
Basic earnings per share (cents)	20.78	19.96	0.82	4.10%
Diluted earnings per share (cents)	20.70	19.93	0.78	3.90%
Gearing Ratio	31.72%	36.52%	(0.048%)	(13.14%)
Interest Cover (x)	7.01	7.32	(0.31)	(4.30)%
Net Assets (\$'000)	275,681	245,202	30,479	12.43%
Net Assets per Share (\$)	1.88	1.70	0.18	10.81%
NTA (\$'000)	236,646	206,167	30,479	14.78%
NTA per Share (\$)	1.62	1.43	0.19	13.13%
ROE (NPAT)	10.98%	11.42%	(0.004%)	(3.84)%
ROCE (EBIT)	12.74%	11.87%	0.009%	7.35%
ROA (EBIT)	10.28%	9.53%	0.007%	7.84%

#### Definitions:

Interest Cover (x): EBIT/finance costs (Note: exclusive of borrowing costs capitalised to biological assets pursuant to AASB 123 'Borrowing Costs')

NTA (\$'000): Total equity less goodwill and other intangible assets

NTA per Share (\$): (Total equity less goodwill and other intangible assets)/shares on issue

ROE (NPAT): Net profit after tax/total equity

ROCE (EBIT): EBIT/total assets less current liabilities

ROA (EBIT): EBIT/total assets

## Our Production

- Harvest tonnage: 20,163 hog tonnes
- Fish in sea water as at 30 June 2011: 9,333,051
- Fish biomass in sea water at 30 June 2011: 18,979 live weight tonnes
- Combined processing output: 20,148 hog equivalent tonnes

\*Full financial disclosure can be accessed in our Annual Report (see: [www.tassal.com.au](http://www.tassal.com.au))

## Our network

- 2 directly controlled hatcheries – together with a majority ownership of Saltas Enterprise of Tasmania Pty Limited (Saltas), an Industry hatchery
- 6 diverse marine farming locations
- 3 processing facilities
- 2 owned retail outlets
- 2,000 points of retail presence

## Our People

- Full time employees: 527
- Part time employees: 28
- Casual employees: 142
- Seasonal employees: 99

## Our Brands

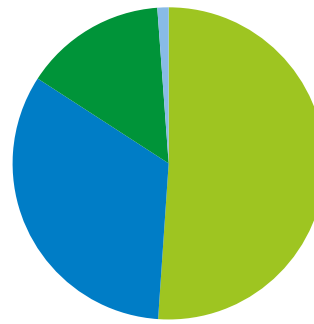
Tassal branded products are:



Tassal also sells and markets unbranded products. The share of branded and unbranded sales revenue and volume is:

- Revenue: branded 35% - unbranded 65%
- Volume: branded 28% - unbranded 72%.

## Our Markets



- Retail
- Wholesale
- Export
- Food Service



### Sustainable Seafood

Tassal has a passion for high quality, sustainable seafood and Tassal is proud to be supplying long term retail customers with Salmon that has been assessed as a local, sustainable seafood choice.

Tassal is pleased to be working with Australian retailers who are committed to delivering the best seafood to their customers and consumers.

We are dedicated to our continuing work with retailers to further improve our practices and the sustainability of our product.

## Awards

### Business Review Weekly

Tassal was recognised in a national survey published in Business Review Weekly (BRW) as the 'Most Respected

Industry Leader' in the agriculture, forestry and fishing sector in Australia in 2011. The study to rank Australia's most respected companies was conducted by global management consulting company Hay Group.

**BRW.** Australia's  
**most  
RESPECTED  
companies**

### Wrest Point Royal Hobart Fine Food Awards

Tassal was also a winner at the Wrest Point Royal Hobart Fine Food Awards, 2011, winning five gold medals, two silver and one bronze medal.

The awards follow the opening of Tassal's Innovation Centre at Margate in 2008 to develop and test new products for the growing global Salmon market. Since opening the Innovation Centre, Tassal has trialled hundreds of new products, subsequently developed dozens of new products, and from these introduced 20 new products.

### Guinness World Record

In 2010, Tassal set the Guinness World Record for the 'World's Largest Salmon Terrine', which weighed almost 400kg and measured 19.25 metres in length. Five staff spent 18 hours building the terrine, which was made of 100kg Tassal smoked Salmon, 275kg cream cheese and herbs, lemon, capers and onion. Left over Salmon terrine was donated to St Vincent's Oznam House in North Melbourne.



World's largest salmon terrine

## Our Operations



## Salmon Production



1. Domestic broodstock of *Salmo salar* are kept in freshwater hatchery facilities located at Saltas and Tassal's Russell Falls operation.
2. Fertilised eggs are sourced from Saltas and our Russell Falls operation. From there eggs are transported to our hatcheries where young Salmon (smolt) are grown to between 120 to 180 grams before being relocated into the marine environment.
3. The fish spend around 18 months at our marine based farms and grow to between 4 and 5 hog kg before harvesting.
4. Once harvested, fish are either processed as fresh whole fish, fresh fillets or portions, smoked Salmon or as another value added product.

# Our Goals and Targets for FY2012

Our goals and targets for FY2012 are set out in detail below and our progress will be reported on in next year's sustainability report.

FY2012 sustainability goals	Target	New or ongoing goal
Further integration of sustainability measures at Tassal		
Broaden the sustainability report scope	Include freshwater hatchery rearing facilities	New
Achieve accreditation of an Environmental Management System (EMS)	Achieve third party accreditation	New
Third Party Life Cycle Assessment (LCA) of Tassal product	Report on the results of the LCA and plan actions to improve efficiencies	New
Further develop research strategy to support sustainability objectives	List research initiatives and collaborations in 2012 report	New
Further implement Fish Welfare Standards	Report on progress	New
Environment		
Achieve targets and KPI's as set out in the Australian Packaging Covenant (APC) Action plan	Report targets achieved	Ongoing
Implement beneficial reuse of organic waste	Report % of total organic marine and processing waste that goes to reuse	Ongoing
Further reduce antibiotic use	Report on antibiotic % per kg of Salmon produced	Ongoing
Further decrease dependence on forage fisheries	Report actual results based on Fish In, Fish Out (FIFO) ratios and set further targets	Ongoing
Further investigate alternate (by-product) fish meals through collaboration with major feed suppliers	Report results of collaboration with major feed suppliers	New
Further decrease seal interactions with farms	Report and improve on FY2011 interaction statistics	Ongoing
Review state of knowledge of seal populations and conduct ecological risk assessment for seals in Tasmania	Report results	New
Implement further bird interaction protocols	Report on number of bird interactions	New
Further improve benthic health management	Achieve compliance with regulation	Ongoing
Further focus on dissolved nutrients and water quality	Communicate Modelling results	Ongoing
Eliminate use of copper treated nets	Report % copper nets used across Tassal with the target for nets to be copper free by the end of FY2013	Ongoing
Set targets to reduce energy use	Report action plan to reduce fuel and electricity use	New
Set up framework to evaluate freshwater use across the company	Describe and report evaluation framework	New
People		
Further improve Tassal safety performance	Report injuries and lost time days	Ongoing
Further improve safety culture	Report survey results	New
Improve staff retention	Report numbers	Ongoing
Further improve gender equality	Report % male and female staff	Ongoing
Maintain people development through training	Report total training hours	New
Report on staff performance reviews	Report % completed	Ongoing
Community		
Continue to contribute to our local communities	Improve donation strategy to support education, youth and community priorities Report % and type of donation	Ongoing
Clearer reporting of environmental and social complaints	Report number of environmental and social complaints by region and issue	New
Increase community engagement events	Report number of events	New
Create newsletter	Implement newsletter	New
Food Safety & Quality Accountability		
Maintain compliance certifications	Achieve successful audits and compliance	Ongoing
Improve customer feedback system	Include number, type of complaints and trends	New

# Stakeholder Engagement

“We aim to really listen... we don’t always get it right the first time, but if we are open to input, someone who has new information, or has a reason to care is going to help us get it right – that is how stakeholders keep us accountable and support our sustainability journey.”

*Linda Sams, Head of Sustainability.*

Tassal’s stakeholders have been identified through both formal and informal, internal and external processes.

Our stakeholder engagement model has been benchmarked against national and international Salmon and other food industry producers and retailers as well as Australian resource based industries. We believe we compare more than favourably.

In addition to recommendations from our Sustainability Report Advisory Committee, material stakeholder issues have been validated through the following processes:

Stakeholder group	Engagement method	Stakeholder expectations
Customers	<p>Our website (see: <a href="http://www.tassal.com.au">www.tassal.com.au</a>) serves as a point of contact for general enquiries and is well utilised. Complaints and customer feedback are received via a 1800 number or through our website, retail outlets and staff. Tassal’s two Salmon shops are excellent points of contact for our customers and consumers in Melbourne and Hobart and both shops have information displays about our operations.</p> <p>Our marketing department conducts consumer polls and a recent Aquafin CRC study into public perceptions of aquaculture has been consulted.</p>	<ul style="list-style-type: none"> <li>• Locally produced, affordable, consistently high quality and convenient product that tastes great and is healthy</li> <li>• Preference for convenient options for every occasion with easy to use packaging and Salmon that is excellent quality and is easy to prepare.</li> </ul>
Investors	<p>Tassal has a diverse group of approximately 4,000 shareholders. Our AGM for FY2011 was held in October 2011 and we conducted two formal investor presentations and numerous informal presentations and tours during the FY2011. Investor Presentations, Annual Reports, Financial reports lodged and other disclosure materials are lodged with the ASX. Our website has a detailed investor’s section containing all corporate governance policies (see: <a href="http://www.tassal.com.au">www.tassal.com.au</a>)</p>	<ul style="list-style-type: none"> <li>• Tassal to continue to deliver long term sustainable growth and deliver on the milestones set out in the Strategic Plan FY2016</li> <li>• High share prices, positive dividends and sustainability of our operations.</li> </ul>
Employees	<p>The implementation of Tassal’s environmental management system has been a key process within which we have engaged our employees.</p>	<ul style="list-style-type: none"> <li>• Employee feedback on key environmental issues should be used and acted upon</li> <li>• Tassal to be an environmentally and socially responsible company.</li> </ul>
Suppliers & Contractors	<p>We share our sustainability objectives with key suppliers and are actively building a network of like-minded contractors and suppliers.</p>	<ul style="list-style-type: none"> <li>• To ensure that Tassal actively supports local businesses</li> <li>• Suppliers and contractors to be treated fairly and develop long term relationships developed with Tassal.</li> </ul>



Stakeholder group	Engagement method	Stakeholder expectations
Government	<p>We regularly engage with regulatory authorities (local and state government) through our everyday business activities.</p>	<ul style="list-style-type: none"> <li>• Compliance with rules and regulations</li> <li>• Timely reporting</li> <li>• Tassal to contribute to a healthy economy.</li> </ul>
Non Government Organisations (NGOs) & Environmental Non Government Organisations (ENGOs)	<p>Tassal employees sit on the Boards of seafood industry organisations and maintain positive working relationships with a number of national and international ENGOs through regular formal and informal contact.</p> <p>In FY2010, Tassal staff worked with local environment and community groups, as well as local seafood industry members to clean up marine debris from shorelines in the Huon River and D'Entrecasteaux Channel regions. Relationships forged over this time continue to play an important part in our stakeholder strategies.</p> <p>A number of NGOs and ENGOs also provided input into a recent application to the Tasmanian Marine Farming Planning Authority.</p> <p>In April 2010, the RSPCA toured our marine farms, hatcheries and harvesting facilities, to gain an insight into fish welfare issues as they relate to the Australian salmon industry.</p>	<p>Tassal to:</p> <ul style="list-style-type: none"> <li>• Be active members and leaders in the seafood community both in Tasmania and throughout Australia</li> <li>• Be responsible for environmental and animal welfare performance and not to merely comply with the law, but to move beyond a compliance focus</li> <li>• Be the seafood industry leader in sustainability.</li> </ul>
Research organisations	<p>Participating in research is a core part of our sustainability strategy and we regularly collaborate with national and international research organisations.</p>	<ul style="list-style-type: none"> <li>• Tassal to actively participate in research and be open and transparent about their operations.</li> </ul>
Neighbours	<p>Tassal seeks to maintain and further develop our social licence to operate. Two community open days provided opportunities for managers and operational staff to meet local residents and business owners and for all parties to share knowledge and concerns.</p> <p>A recent community forum, with a local environmental network on Bruny Island resulted in valuable feedback specific to community concerns about Salmon farming in waterways adjacent to the island.</p> <p>We actively engage in a number of educational and environmental projects connecting us with local communities. We also work with the local Marine Discovery Centre and a number of high schools to improve educational outcomes for their students.</p> <p>A recent application to the Tasmanian Marine Farming Planning Authority resulted in written representations being received from local ENGOs, recreational fishing groups, yacht clubs, cruise operators and a number of individuals.</p>	<p>Tassal to:</p> <ul style="list-style-type: none"> <li>• Be responsible for our environmental and social impacts</li> <li>• Communicate growth plans for the future</li> <li>• Employ staff from the local community</li> <li>• Invest in and support local community initiatives</li> <li>• Contribute to a healthy and vibrant local economy and community.</li> </ul>

# Tassal Integrated Management System (TIMS)



Our electronic integrated management system (TIMS) was implemented across Tassal in 2009. TIMS allows us to ensure that key business processes across quality assurance, food safety, environment, fish welfare, OH&S, employee relations and social responsibility are clearly documented and implemented efficiently and consistently. Elements common to all areas (for example, document control, corrective action, internal audits, management review and training) are managed through centrally controlled common procedures and systems within TIMS.

The structure of the system is hierarchical and includes policies, manual procedures, and task breakdowns of standard operating procedures and forms. TIMS has been built around ISO standards, effectively allowing additional compliance modules to be added to accommodate the changing needs of Tassal, customers and the end consumer. TIMS consolidates all internal and external standards and certification requirements maintained by Tassal. Consistent with the requirements of quality management standard ISO 9001:2008 and environmental management standard ISO 14001, a continuous improvement approach is applied to all aspects of the business, including leadership, management systems, capability (people, systems and plant) and customer focus.

		Auditing Body	Coverage	Main purpose	Audit Frequency
Quality Auditing and Certification of Operations managed by TIMS	AQIS	AQIS	Dover, Huonville, Margate harvest boat – as catcher boat only	Export compliance	Dependent on site rating of previous audit results Between 6 & 9 months  All facilities currently have an 'A' rating
	ISO 9001:2008	Societe Generale de Surveillance (SGS)	All Tassal operations	International standard	Annual surveillance 3 year recertification
	HACCP	SGS	Dover, Huonville, Margate, marine operations	International Standard	Annual recertification 6 monthly surveillance (processing sites only)
	SQF 2000 Level 3	SGS	Huonville Margate	Customer requirement	Annual certification
	WQA	SGS	Huonville Margate	Customer requirement	6 monthly
	HALAL	Halal certification body Australia	Huonville Margate All products	To be able to retail product with Halal approval	Annual desk audit
	KOSHER	Kosher Australia Pty Ltd	Dover, Huonville Margate All except flavoured products & hot smoke	To be able to retail product with Kosher approval	Annual recertification
	AS 4801	Compliant to standard but not yet externally audited	Dover, Huonville, Margate, administration, marine operations	Australian standard	To be decided if external certification
	ISO 14001	International Organisation for Standardisation (ISO)	Marine operations	International standard	Annual (once certification achieved – 2012 goal)

# Due Diligence

In addition to auditing and certification requirements contained within TIMS, Tassal has existing processes for collecting metrics for other internal and external auditing requirements.

Data Metric	Internal Audit	External Audit
Financial	-	✓
Fuel usage	✓	-
Antifoulant nets	✓	✓
Feed composition	✓	-
Salmon waste	✓	-
Employees	-	✓
OH&S	✓	✓
Antibiotic use	-	✓
Benthic and water quality management	✓	✓
Environmental compliance	✓	✓
Electricity usage	✓	-
General waste	-	✓
Wastewater discharges	✓	✓
Wildlife interaction	✓	✓



# Product Responsibility

We take pride in the safety and quality of our product, and believe that our stringent external certification and auditing system maintains high standards and assures customer confidence in our product. Choosing seafood based on various certifications and sustainability rankings can be complex, with new standards being released annually. TIMS is structured to ready ourselves for new standards as they are released or requested by our customers (for example ISO 14001). Tassal will continue to evaluate new standards as they are developed for relevance to our business and our customers and consumers. We use standards that have clear guidelines to assist our customers to make decisions in selecting products.

99% of Tassal product is produced from our Tasmanian facilities in Huonville, Margate and Dover which hold a combination of ISO 9001:2008, HACCP, SQF 2000, Woolworths QA, Coles QA and AQIS certification. Any third party processes used need to comply with our high standards through a variety of processes via our approved supplier program.



ISO 9001:2008



HACCP



SQF 2000



Coles QA



AQIS

The remaining less than 1% of specialised product is produced at Port Lincoln Tuna Processors and Colonial Farms, both located on mainland Australia.

## Product Compliance

During the reporting period, Tassal was 100% compliant with regulations and voluntary codes.

## Product Labelling

We have an extensive internal label review process to ensure that 100% of our labels comply with required labeling standards from the Food Standards Code and Trade Measurement requirements (see: [www.foodstandards.gov.au](http://www.foodstandards.gov.au)). Our labels include information about:



- Product sourcing
- Ingredients and nutritional value
- Product content
- Product safety
- Disposal of product.

Daily recommended intake for each nutrient is listed on the label based on the Heart Foundation guidelines for packaged products only. Products not sold in packaged format, for example, 'behind the glass' at a supermarket delicatessen, does not need to meet these labelling requirements. Nutritional information for all products is available at [www.tassal.com.au](http://www.tassal.com.au)

General environmental and safety information about the product and its packaging is included on the labels of most, but not all, products.

## Product Development

Within our current product range we do not have products that are lowered in saturated fat (recognising that salmon is naturally low in saturated fat). We are very aware of the health focus of our customers and to support this, Tassal is continuing new product development, including products with reduced sodium.

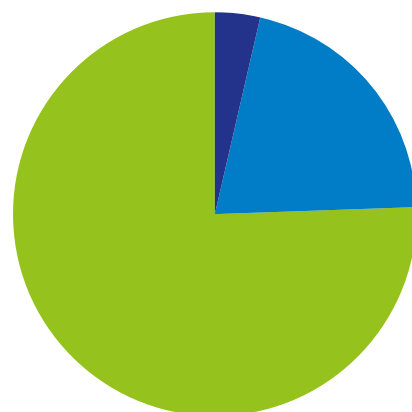
## Sustainable Supplier Management

As Tassal's product lines increase so does the need to source raw materials and products from an extended range of suppliers. As part of our extensive supplier management program, we conduct internal audits on potential suppliers as part of the approval process. The frequency and type of assessment is determined according to the assessed risk profile of the supplier. These audits include desktop, supplier questionnaires and/or physical site inspections.

Approved suppliers have completed a desktop review and questionnaire that provides information on their policies concerning quality and food safety, environment and sustainability, OH&S, ethical sourcing and/or social responsibility, labour practices and terms and conditions of staff employment.

Tassal continually develops and improves collaborative supply relationships, where possible providing preference to Australian Packaging Covenant signatories. Our supplier selection goal is to achieve tangible business results, drive mutual growth and profitability without compromising on service support and quality of products.

## Approved Suppliers 2010-2011



- Desktop: 2
- Site Audit: 11
- Questionnaire: 40



# Environment and Biodiversity

Maintaining and improving environmentally robust business practices is a high priority for Tassal and is a fundamental platform of our sustainability strategy. We aim to protect, conserve and enhance the environment for current and future generations by making significant financial investments in environmental initiatives.

To achieve our environmental goals we are committed to the prevention of pollution through continuous improvement practices. Our environmental management framework is in place to support compliance with all applicable environmental legislation and standards and contributes to the wellbeing of the communities in which we operate.

Our strategy is to:

- Identify and assess environmental risk and act to eliminate or minimise environmental impacts that arise from our production, services and operations
- Establish measurable objectives and targets aimed at preventing pollution and improving environmental performance
- Monitor and review these objectives and targets to ensure that we continually improve on our performance
- Encourage equivalent environmental commitment from our suppliers and contractors
- Consult with and engage internal and external stakeholders, including local communities and regulators on relevant environmental matters
- Develop, implement and maintain our ISO 14001 compliant EMS
- Encourage a sense of environmental responsibility among all employees through training, education and communication
- Provide information on our environmental initiatives to the public through our website and other communication mechanisms
- Ensure the long term sustainability of the Tasmanian Salmon industry, the environment we operate within and all community and commercial partnerships.

## Our Environmental Management System

Tassal has developed and implemented an ISO 14001 EMS primarily to:

- Support a work culture that values and prioritises good environmental practice as part of day to day operations
- Sustain a disciplined internal approach to environmental reporting and continuous improvement
- Provide assurance on environmental issues to external stakeholders such as customers, consumers, the community and regulatory agencies
- Support Tassal's claims about our own environmental policies, plans and actions
- Provide a framework to demonstrate conformity to environmental standards via the supply chain
- Track and support environmental compliance.

Tassal's EMS presently considers the following aspects of our marine operations:

Aspect	Environmental Objective
Noise	<ul style="list-style-type: none"> <li>• Minimise noise to comply with regulatory requirements</li> <li>• Target zero complaints from the community</li> </ul>
Air & Greenhouse Gas Emissions	<ul style="list-style-type: none"> <li>• Minimise adverse air quality impacts to continue to comply with regulatory requirements</li> <li>• Target zero complaints from the community and to respond to legislative Greenhouse Gas Emission requirements</li> </ul>
Waste	<ul style="list-style-type: none"> <li>• Establish procedures and operating mechanisms that focus on waste reduction and reuse, as well as recycling strategies</li> </ul>
Water Use	<ul style="list-style-type: none"> <li>• Ensure the farm or lease does not impact on water quality</li> </ul>
Water Quality	<ul style="list-style-type: none"> <li>• Limit the discharge of sediments, wastes, process chemicals or untreated effluent to the storm water system</li> </ul>
Hydrology	<ul style="list-style-type: none"> <li>• Prevent significant adverse impacts on sea grasses, micro-algal and invertebrate communities</li> </ul>
Habitat	<ul style="list-style-type: none"> <li>• Minimise impacts on wildlife through entanglement interactions and farming activities</li> </ul>
Marine mammals and birds	<ul style="list-style-type: none"> <li>• Maintain marine operation activities within approved areas and minimise impacts on others</li> </ul>
Infrastructure	<ul style="list-style-type: none"> <li>• Control marine operations conditions to maintain fish health</li> </ul>
Bio-security	<ul style="list-style-type: none"> <li>• Prevent spread of disease into, or out of all of our facilities across Tasmania</li> </ul>
Visual	<ul style="list-style-type: none"> <li>• Ensure that appropriate site management controls are in place to minimise visual effects on the environment</li> </ul>
Energy	<ul style="list-style-type: none"> <li>• Reduce energy consumption where possible and/or convert to environmentally preferable technology, where demonstrated to be accepted modern technology</li> </ul>
Chemical usage	<ul style="list-style-type: none"> <li>• Control the use of chemicals to a level that does not result in significant adverse impacts</li> </ul>
Therapeutants	<ul style="list-style-type: none"> <li>• Ensure that marine operations has appropriate controls on the use of therapeutants</li> </ul>
Escapements	<ul style="list-style-type: none"> <li>• Ensure marine operations has appropriate controls to prevent fish escapes</li> </ul>

The scope of our EMS may be expanded upon review in future reporting years.

## Waste and Recycling

Tassal is committed to finding innovative ways to reduce, reuse and recycle waste across our operations. We achieve this through various initiatives.

Tassal has waste segregation facilities at all sites to facilitate recycling of all waste including fish waste, packaging related waste (including metals, cardboards, plastics, polystyrene and paper), and copper waste. 87% of all waste generated at Tassal is recycled.

As part of our fish waste initiative, wastes such as mortalities, offcuts, trims, frames, heads and guts are sent to a third party for rendering. All sites generating organic waste have appropriate collection and storage facilities.

Packaging waste is collected by waste service providers under an ongoing commercial arrangement. We are committed to the ongoing maintenance of recycling initiatives while looking for opportunities to continuously improve recycling across all activities. The preference to purchase recycled materials extends across all operations including corporate stationery and packaging. We will formalise procedures for purchasing materials by implementing a 'Buy Recycled' Policy in the next reporting year.

Net wash waste material is generated from cleaning antifouled fish nets at a land based facility. We collect and store this material while we explore beneficial reuse options to avoid disposal. The material contains beneficial trace elements and nutrients that have been identified as having

a positive application to agricultural land. The material consists of salts, marine algae and fouling, water and varying levels of copper which are derived from the use of antifoulant paints on nets. We have elected not to report this material in our waste figures, as we believe that the material may ultimately have a beneficial reuse.

### Waste – Landfill and Recycled

	FY2010	FY2011
<b>Waste Stream</b>	<b>Weight (tonnes)</b>	
Plastic/Cardboard	27.0	33.0
Co-Mingled	2.6	3.2
Fish Waste	6,605.3	7,486.4
<b>Total Waste Recycled</b>	<b>6,634.9</b>	<b>7,522.6</b>
Total Waste Sent to Landfill (includes a proportion of fish mortalities and hard waste)	973.5	1,095.2
<b>TOTAL Waste</b>	<b>7,608.4</b>	<b>8,617.8</b>

*Note: The increase in waste from FY2010 to FY2011 is due to an increase in fish harvest biomass. Total waste for FY2011 increased by 14%, however total harvest for FY2011 increased by 15.8%.*

### Turning plastics and feedbags into furniture

Tassal has entered into partnership with Replas and the Redgroup to recycle rigid plastic and feed bags at two of our southern processing sites.

What was previously considered waste and sent to landfill can now be transformed into beautiful outdoor seating. Our first seat came off the production line in 2011 and has been donated to a local school.



# Australian Packaging Covenant

This reporting year we submitted our first Action Plan under the Australian Packaging Covenant (APC) framework covering the period from July 2010 to June 2015 (see: [www.tassal.com.au/australian-packaging-covenant.html](http://www.tassal.com.au/australian-packaging-covenant.html)). Tassal is a signatory to the APC and is committed to the principles of the Sustainable Packaging Guidelines. We were also a signatory to the National Packaging Covenant between 2007-2009. Tassal's obligations are specifically covered under the Design, Recycling and Product Stewardship sections of the action plan.

Our New Product Development Team (NPDT) meets regularly to discuss progress of the action plan and initiatives and includes representatives from Tassal's environmental and sustainability, sales and marketing, purchasing, research and development, distribution and quality departments.

Our action plan includes only retail customer products, not products for wholesale distribution or export, and covers packaging of our five key product categories:

- Tasmanian Quick and Healthy (TQH) Frozen Fillets
- Canned Products
- Cold/Hot Smoked
- Fillets/Offcuts
- Smallgoods.



Packaging materials used in these products categories are:

Standard cardboard	High density polyethylene (HDPE)	Plastic films
High wet strength cardboard	Low density polyethylene (LDPE)	Gel packs
Foil coated cardboard	Plastic Pallet wrap	Tape
Polystyrene	Wooden pallets	Packing straps
Composites	Labels and stickers	

Our action plan for reviewing our packaging formats is currently underway and will be completed in three stages:

Timeline	Packaging format review
March – December 2011	Integrate Sustainable Packaging Guidelines (SPG) into new product development
January 2012 – December 2012	Canned Products, Cold/Hot Smoked
January 2013 – December 2013	TQH Frozen Fillets, Fillets Offcuts, Small goods



# Salmon Feed

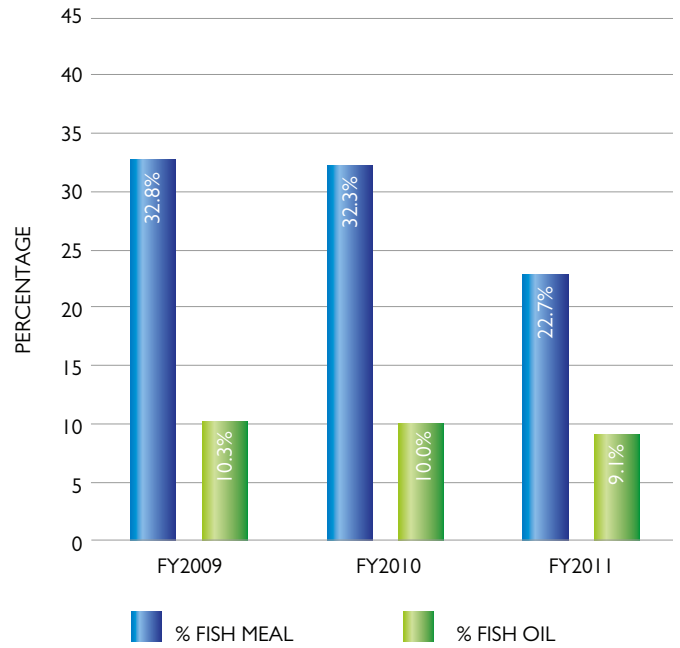
The use of wild caught, forage fish for fish meal and fish oil is often discussed as a key sustainability issue for the global Salmon farming industry. Most of the fish meal and fish oil used in Salmon feeds comes from reduction fisheries of pelagic (forage) species. The main reduction fisheries are in the Pacific, off the coasts of Peru and Chile and in the northeast Atlantic. Fish meal and fish oil are used in feeds for other agriculture animals including beef, pork and poultry. However, aquaculture Salmon are the most efficient converters of fish meal and fish oil to edible protein.

Tassal recognises that fish meal and fish oil from these fisheries are a finite resource and need to be sustainably managed into the future. Tassal is committed to lower inclusion rates of fish meal and fish oil in our feedstock and for our suppliers to source raw materials from feed from the efficient use of marine resources. As Tassal grows we will work with suppliers who will continue to develop cost effective Salmon feeds, based on a variety of sustainable raw materials with the focus that Tassal reduces our dependence on fish meal and fish oil.

It is our objective to become a 'net fish' producer, in other words, produce more fish for human consumption than we use for feed. To reach this objective, we are actively engaged in research into the use of non-marine raw materials for fish food. As a result, marine inclusion has been progressively reduced at Tassal through the introduction of ingredients such as vegetable proteins and land animal proteins. We are also finding ways to feed our fish more efficiently and make improvements in this aspect every year.

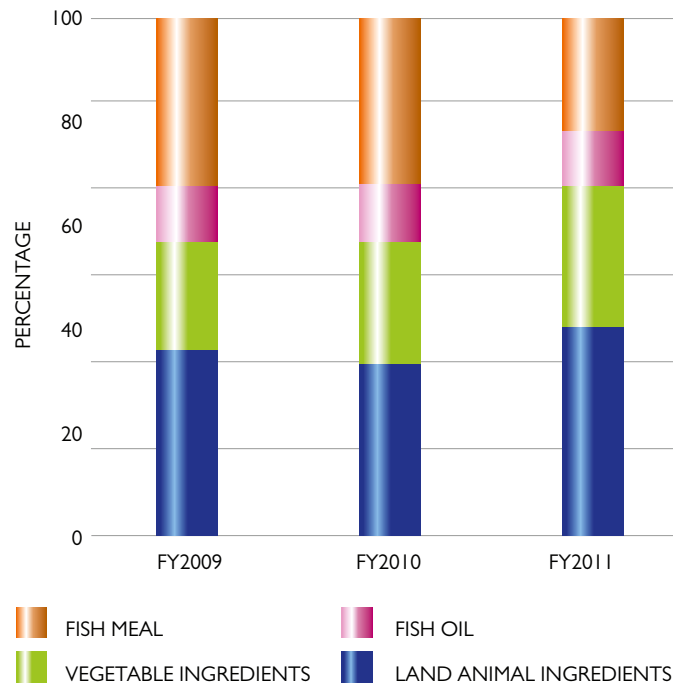
Tassal does not sacrifice fish quality or important human health benefits by moving to these more sustainable feed formulations. Land and vegetable ingredients in our feeds are all sourced from responsible suppliers with a focus on traceability, sustainability and quality.

## Fish meal and fish oil levels in feed

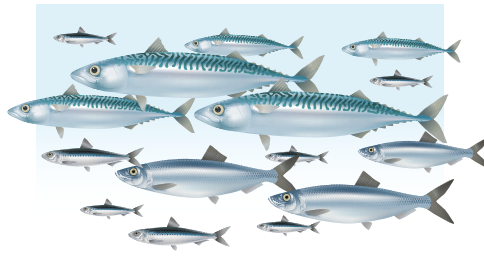


In FY2011, we achieved a 31.4% reduction in marine resource content of feed from FY2010.

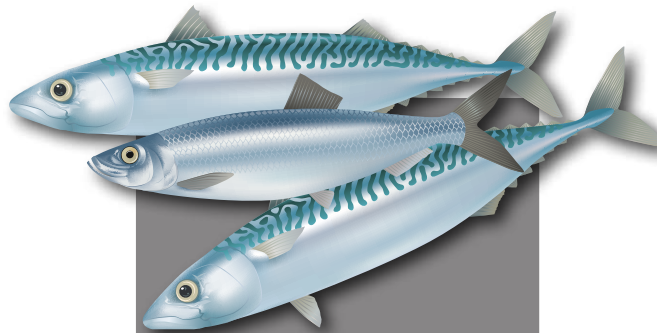
## Raw materials in Tassal Salmon feed



# What goes into producing 1 kilogram of Tassal Salmon?



Wild fish harvested from responsibly managed forage fisheries



2.46 kg forage fish

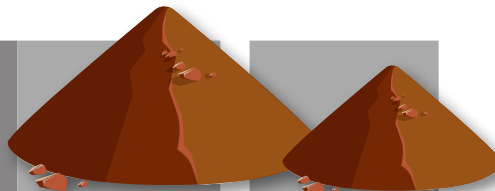
Although they are ecologically important, not all forage fisheries are suitable for human consumption and due to the small, bony and oily nature of the fish not as much of the fish is actually edible from most consumers' point of view. Therefore, from 2.46 kg of forage fish of which a portion may or may not be considered a palatable human food, 1 kg of healthy and nutritious Salmon is produced. In addition to this, a surplus of around 240 g of fish meal is generated, which goes into the production of more seafood.

*\*FCR – Feed Conversion Ratio*

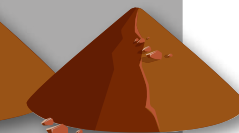
To produce one kilogram (kg) of Tassal Salmon, we need around 123 grams (g) (9.1% X 1.35 FCR\* = 12.3 g) of fish oil. To extract 123 g of fish oil, we need 2.46 kg of forage fish (123/0.05 = 2.46 kg). From this 2.46 kg, we also get approx. 546 g of fish meal, of which 306 g (22.7% X 1.35 FCR = 30.6 g) goes into the fish feed.



123 g  
Fish Oil

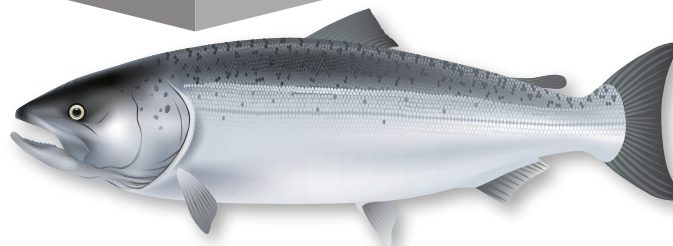


306 g  
Fish Meal



240 g  
Excess Meal

Production of other seafood or agricultural animals



1 kg of Salmon

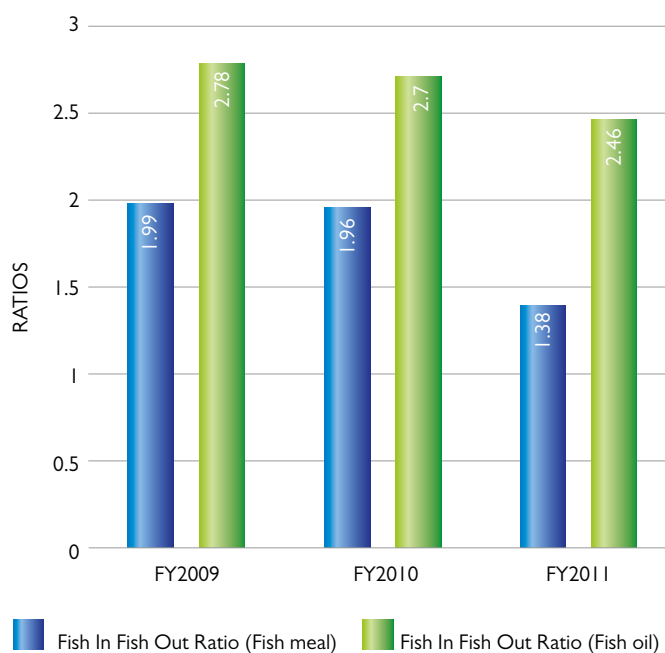
Tracking through a Fish in: Fish out (FIFO) ratio is a way to standardise performance in this area.

The ratios, one for fish meal and another for fish oil, calculate the dependency on forage fisheries through an assessment of the amount of live fish from small pelagic fisheries required to produce the fish meal or fish oil needed to produce a comparable amount of farmed Salmon.

Tassal will use this ratio to set goals and measure our performance on this key issue into the future.

Importantly, our dependency on oil, not our use of wild fish is the basis of most calculations presented publicly. Fish oil is a by-product from the production of fish meal .

## Fish In : Fish Out Ratio



# Skretting Australia: Sustainable Feed Innovation

Tassal and Skretting Australia, the world leader in the production and supply of feed for farmed fish and shrimp, together developed a trial of the MicroBalance™ technology, which has led to commercial application around the world.

Fish meal is known as a vital component of feed for salmon. For many years availability was not a serious constraint. However, while demand from continuously expanding aquaculture production grows, the annual production of fish meal is limited to ensure wild fish stocks remain viable. An additional uncertainty in recent years has been the price volatility of fish meal. These factors prompted Skretting Australia to develop MicroBalance™.

The technology involves combining alternative proteins with a range of micronutrients to best meet the food requirements of specific fish and the environmental conditions in which they are farmed.

“When we explained MicroBalance™ to Tassal, they were keen to test it in their own farming conditions,” said Rhys Hauler, Skretting Australia’s Nutritionist and Product Manager.

More than simply allowing lower levels of fish meal in salmon feeds, the MicroBalance™ technology represents a significant breakthrough in understanding the nutritional needs of fish. What became clear to the team at Skretting Aquaculture Research Centre was that fish required macronutrients – the basic building blocks of protein, carbohydrates and fats – along with micronutrients. These micronutrients meet functional requirements as opposed to structural requirements.

The end result of the trial for Tassal is that salmon feed has been specifically tailored to meet unique farming conditions, reducing the amount of fish meal used in salmon feed, and contributing to sustainable practices.

Tassal’s Head of Sustainability Linda Sams said “Fish meal is a limited resource and hence a key sustainability focus for Tassal. By using MicroBalance™, we have been able to reduce fish meal content without affecting the performance of our fish. This supports Tassal’s objective of meeting world’s best practice with regard to marine resource use.”

MicroBalance™



Fish feed



Skretting Australia factory,  
Cambridge, Tasmania

# Benthic and Water Quality Management

Managing the water quality and benthic health around Tassal farms is not only a condition of our marine farming licenses but key to our fish performance, quality and ultimately our sustainability. We are committed to sound environmental practices at our marine sites and are currently working to better understand the hydrodynamic profiles of our sites, the organic inputs from fish faecal waste and scope of impacts from our farming operations.

Salmon farming and other aquaculture industries are international, yet Tasmania provides unique, local issues that need large scale specific research and development to allow local industries to grow and remain competitive. Tasmania is recognised as a national and international centre for marine research and aquaculture, with representation from well respected and capable resources applied to aquaculture through industry, the University of Tasmania and the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

Tassal is working within this framework by first taking a localised site level approach by better understanding and managing our inputs (both direct and indirect inputs). We do this through cooperative efforts with feed supply companies, by Modelling our benthic impacts using a scientifically recognised depositional model, and finding innovative ways to reduce onsite copper use.

Tassal is also cooperating in a larger area based environmental project which provides an ecosystem based

approach to support sustainable aquaculture management, ensuring the long-term health of marine biodiversity.

Tassal has in-house expertise in remote operated vehicle (ROV) deployment which allows the benthic environment beneath and around marine farms to be visually analysed and assessed for compliance in conjunction with physical and chemical testing.

Annual Compliance Surveys are conducted in accordance with strict protocols stipulated in marine farming licences and are frequently audited by governmental bodies. The surveys require video inspection work to be conducted at specific GPS positions within and outside marine farm boundaries. The most heavily farmed areas of the lease are analysed and benthic health is graded and assessed from this footage.

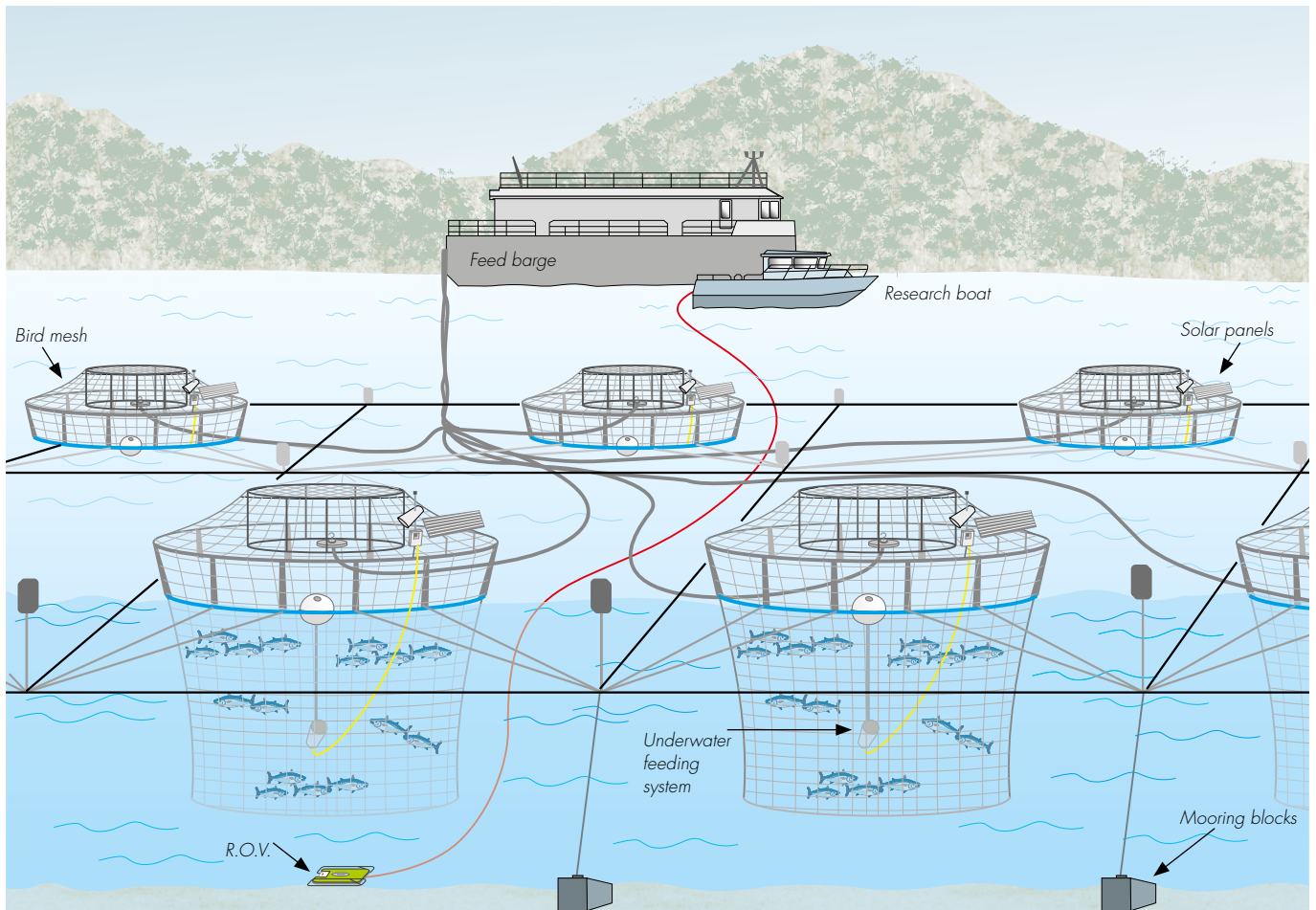
This ROV footage forms the basis of stocking and fallowing cycles which in turn maintain an exceptional standard of both benthic and fish health for Tassal.

In FY2011 Tassal undertook a total of 90 compliance dives. 100% compliance was achieved.

	FY2010	FY2011
Number of ROV Dives	87	90
Number in Compliance	87	90
% Compliance	100	100



Tinderbox farm site, Tasmania



## Fallowing Strategies

Tassal is taking a proactive approach in relation to benthic health through its fallowing strategies. We believe that the development of a range of fallowing strategies are aiding in the management of high quality sites for our fish.

Areas of a marine lease that received the lowest feed inputs in the previous farming cycle are stocked first each stocking season. This utilises the highest quality waters for smolt fish and allows the more intensively farmed areas of a marine lease to fallow.

The introduction and construction of mooring systems allow farming to be cycled on a four year basis providing a farming environment within the lease comparable to the conditions found outside the lease.



*Matt Barringer, Senior Environmental Officer*



Farm sites in D'Entrecasteaux Channel

## Environmental Impact Assessments

Tasmania's Department of Primary Industries, Parks, Water and Environment (DPIPWE) prepares Marine Farming Development Plans for major marine farming areas in the state using the process set down in the *Marine Farming Planning Act 1995* (see: [www.thelaw.tas.gov.au](http://www.thelaw.tas.gov.au)).

All marine farming operations must be licensed under the *Living Marine Resources Management Act 1995* (see: [www.austlii.edu.au](http://www.austlii.edu.au)). Licenses include environmental conditions to ensure that marine farming operations are sustainable and do not have an unacceptable impact on the marine environment.

Preliminary baseline information on any proposed marine farming zone is undertaken by the Institute of Marine and Antarctic Science (IMAS), formerly known as the Tasmanian Aquaculture & Fisheries Institute (TAFI), in order to obtain information on the suitability of sites for different types of marine farming activities. More detailed baseline surveys are undertaken by Tassal prior to the development of any new leases or amendments to any existing leases.

Details of the baseline survey specifications can be found in the following Marine Farming Development Plans:

- Tasman Peninsula & Norfolk Bay - October 1996 (Amendment No.1)
- Huon River & Port Esperance Marine Farming Development Plan, February 2002
- D'Entrecasteaux Channel – February 2002
- Macquarie Harbour – October 2005.  
(see: [www.dpiw.tas.gov.au](http://www.dpiw.tas.gov.au))

As per the requirements of the *Living Marine Resources Management Act 1995* and the *Marine Farming Planning Act 1995*, an environmental monitoring program has been implemented by the Tasmanian government to monitor environmental conditions under and around finfish marine farms as specified in the Marine Farm Development plans and each individual license. Research has been conducted by IMAS on the effects of organic enrichment of the seabed from Salmon cages. Several measures of environmental conditions around the fish farms were assessed. The TAFI study found that the abundance and species composition of the macro fauna in the sediment to be the most sensitive indicator of organic enrichment. Therefore the ROV footage of the marine farm environment is a very practical measure of environmental change.

## Dissolved nutrients

Salmon farming produces dissolved wastes mainly as ammonia from the gills and a small amount in the urine, and as insoluble nutrients from the remobilisation of feed waste and fish faeces on the seafloor. Soluble ammonia exists in two forms in solution: the abundant ammonium ion ( $\text{NH}_4^+$ ) and the toxic free ammonia ( $\text{NH}_3$ ). The relationship between the two is largely driven by temperature and pH. The wastes may be dispersed by current flow and utilised by plankton for growth.

The impacts of dissolved nutrient wastes such as ammonia, nitrates, nitrites and phosphorous depends on the ability of the surrounding environment to assimilate the wastes. Slow current flows and limited water exchange in comparison to high loading volumes may lead to eutrophication and oxygen depletion. The impacts of dissolved nutrient wastes not only affect the surrounding environment but also the farming operations as ammonia and the reduction products, especially nitrite, can be toxic to fish.

As part of our risk management strategy, it is important that Tassal understands the potential impacts and interaction of nutrients on the environments in which we operate. Not only from a fish health perspective, but also to enable assessment and mitigation of environmental impacts. To support this understanding, Tassal participates in the Broadscale Environmental Monitoring Program (BEMP) for the Huon and Channel Marine Farming Development Plan areas. The program establishes baseline levels of nutrients in the water column and identifies changes in space and time across the study area. The program is allowing us to gain a better understanding of the assimilative capacity of the environment to cope with the nutrients introduced into the environment by fish feed inputs.

## Ecological Modelling

Tassal continues to invest in research in ecological monitoring to better understand the potential environmental impacts of our marine operations and has implemented a model for our Macquarie Harbour farming region, specifically looking at total ammonia nitrogen and oxidised nitrogen. Tassal is continually working with feed suppliers to establish a better relationship between digestibility of the feed and nutrient sources excreted. Utilising an operational, predictive model will assist Tassal to understand and manage impacts on the ecology of farming areas. The Macquarie Harbour region is the first area to have this Modelling capacity.

It is our goal to extend this model development into our South East operations in FY2012.



Tassal's Wildlife Management Officer demonstrating the strength of our seal exclusion technology. Photo credit: Bob Zuur

## Seal Interactions

Seal interactions are an extremely important environmental and social issue for Tassal and our stakeholders. Australian and New Zealand fur seals are protected wildlife and are the natural and rightful inhabitants of the marine environment. Seals are attracted to Salmon farms because of food availability and commonly directly interact with our farms by chewing through nets, jumping over handrails and entering the sea pens.

Managing our seal interactions is a complex and ever changing challenge for us with no easy answer. One method we use is to trap and relocate seals under strict protocols administered by DPIPWVE. Australian fur seals are relocated to Pardoe Beach on the north coast of Tasmania and New Zealand fur seals are relocated to either Rheban on Tasmania's south east coast, or Cockle Creek in southern Tasmania, depending on the location of capture.

Over the last two financial years (2009/10 and 2010/11) Tassal has logged 356 and 183 seal relocation events respectively.

Effective management of this issue is a matter of critical importance to Tassal, as seal interactions with our farms has the potential to impact on employee safety, our environmental management practices, seals and fish welfare.

A new Wildlife Management Officer position, created in 2009, has significantly reduced the number of seal



interactions and relocations. Reductions have been achieved through improved practices on farms, better exclusion techniques and an increased understanding of the seal population and behaviour through more effective staff training and awareness.

We are committed to using passive seal deterrents and continue to investigate and trial new exclusion and deterrent technologies. Under the DPIPWE relocation protocols, Salmon farmers may apply to DPIPWE to relocate or in extreme cases, humanely destroy problem seals.

In FY2011, there were eight clearly identified problem seals humanely euthanised from Tassal sites under the protocol. All euthanised seals were identified through micro-chipping or marking. These actions were permitted and supervised by DPIPWE. Through the improved exclusion technology and the implementation of our seal management strategy, we have been able to limit interaction with seals.

Our sustainability advisory committee and other stakeholders have clearly communicated to us that the continued humane destruction of seals in accordance with government protocols is not viewed as a sustainable or an acceptable management practice. In response to this feedback, from August, 2011, Tassal has ceased the use of all/any destruction protocols for wildlife in all its operations.

In the rare instance that a seal actively attacks an employee, Tassal will work with DPIPWE's Wildlife Management Branch to assess and manage the situation in relation to OH&S obligations. Tassal is confident that through a focus on further reducing interactions between marine farms and seals, that the impact on both employees and the seal populations wellbeing will be minimised.

## Seal Interactions

	FY2010	FY2011
Relocation events	356	183
Euthanised	0	8
Accidental death (relocation)	2	3
Accidental death (entanglement)	3	1

## Net Antifoulant Use

Globally, marine seafarms have historically used anti-fouling copper paint on their nets to control algae growth and strengthen nets. Although recent studies show the environmental impact of copper based antifoulants near farms to be relatively minor and manageable, Tassal recognises that there are potential cumulative impacts to the receiving environment. We are currently participating in a collaborative study, with the University of Tasmania, on the benthic effects of copper accumulation.



*MIC netcleaner being placed in cradle after being removed from cage*

It is important to note that the use of copper antifoulants does not pose a threat to the quality or wholesomeness of our product.

Our goal is to stop using antifoulants in our farming operations within the next three years. At the end of FY2011, we had deployed 40% non-antifouled nets in our operations. The target is to increase use of these nets to approximately 60% in FY2012, 80% in FY2013 and 100% by FY2014.

Tassal developed the concept and has participated in the further development of net cleaning technology known as the Marine Inspector and Cleaner (MIC). MIC facilitates the use of non antifouled nets as it allows efficient and effective in-situ cleaning of the nets. Today, more and more of Tassal's nets are being purchased and deployed without antifoulants. This technology has been shared with the rest of the Tasmanian Salmon industry and has created much interest internationally (see: [www.micmarine.com.au](http://www.micmarine.com.au)).

We are also leading a collaborative research project that will support the effective and responsible implementation of this new technology. The research will produce industry best practice guidelines which will be developed for the management of net bio-fouling to improve water quality by minimising chemical antifoulant, nutrient and sediment discharge. New net management practices will be trialled at multiple sites across southern Tasmania to develop, demonstrate and implement an optimum net management regime to farmers and to minimise environmental impact.

Tassal's copper treated nets are currently serviced and cleaned at our Hawkers Point site near Dover. Some land based contamination with copper has occurred at this site and we are currently working with the Environment Protection Authority (EPA) on remediating these impacts. The remediation works are covered by an Environmental Protection Notice (EPN) issued by the EPA. The site is currently undergoing a capital investment aimed at upgrading the facilities in order to have more operational control over our activities, thus reducing the risk of environmental impacts of future activities. There has been one notifiable incident at the Hawkers site during this reporting period.

## Electricity and Fuel Use

For FY2011, Tassal used 82,287.9 GJ across all sites, not including the corporate office in Melbourne. 75% of power used at Tassal is hydro-electricity. Solar power is used to run our marine lease corner markers and feed cameras and our Margate processing facility uses solar hot water.

Our Energy Saving Strategy will be completed before the next reporting period and will include an audit of power usage across the entire organisation, target reductions and identify energy saving initiatives.

Diesel accounts for 77% of all fuels used by Tassal in FY2011, with the majority being used by our marine operations for work, harvest and feed delivery boats.

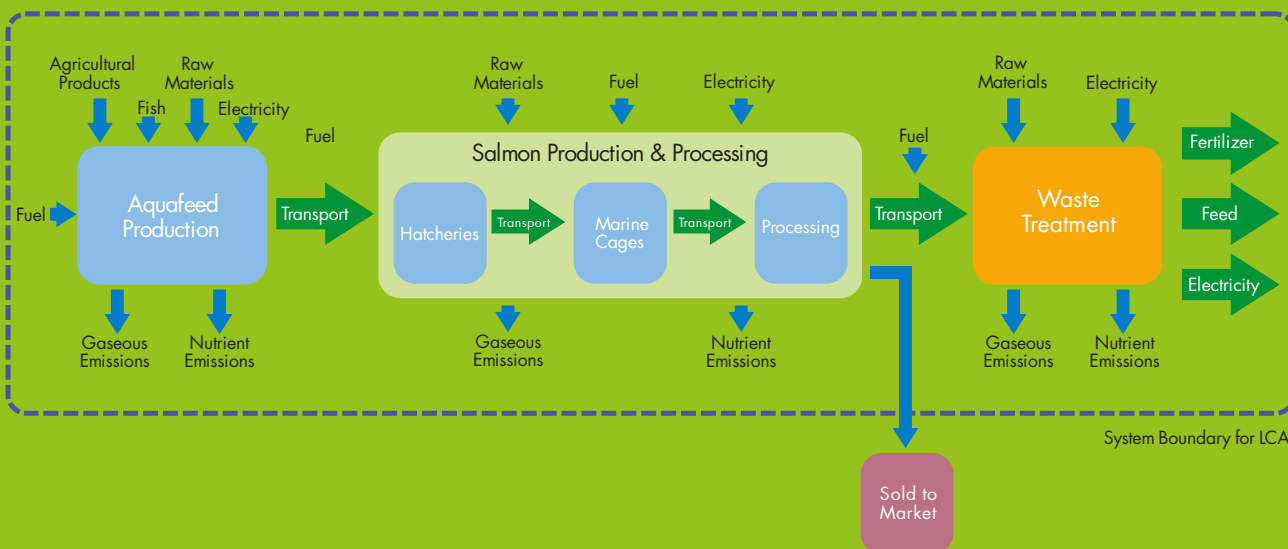
## Fuel Usage

	2008/09	2009/10	2010/11
Diesel (ML)	1.33	2.16	2.22
Unleaded (ML)	0.48	0.63	0.65
Total (ML)	1.81	2.79	2.87

## Life Cycle Assessment

Food producers such as Tassal are under increasing pressure to provide for a growing population that is demanding good quality, nutritious foods with a minimal environmental footprint. Bond University in Queensland is currently working with the Tasmanian Salmon industry to find ways in which nutritional, environmental and economic objectives can be optimised.

As part of the research, a detailed 'cradle to grave' Life Cycle Assessment (LCA) of the Salmon supply chain from the raw materials used to formulate feeds, through to the processing and distribution of the final product will be undertaken in the next reporting year. It is anticipated that the research findings will assist in ensuring the ongoing sustainability of the Salmon industry, and the natural and social systems within which it operates.



## Working with like-minded businesses - Efficient Fish Transportation with De Bruyn's Transport

An increase in harvest volumes from the West Coast farming region of Tasmania required a review of our transport methods. The traditional method of utilising plastic bins to transport the fish from Strahan to Devonport was becoming unviable with these volumes due to the increased numbers of bins that physically had to be handled and the freight inefficiency of transporting bins. As a result, Tassal contracted De Bruyn's Transport to transport fish utilising specially designed tankers. The unique design which De Bruyn's Transport devised allows fish to be transported in the insulated tanker body.



When the fish are unloaded the tanker body lifts up and bulk bags of fish feed can be transported back to the farm on the return journey.

By utilising these innovative trailers, maximum harvest payload has increased by 61% and each journey to Strahan to pick up fish allows a full load of fish feed to be transported as a backload.

Two and a half truck loads using the old method of transportation has become one truck load with the new trailer, resulting in a reduction of around 250 truck movements between Strahan and Devonport.

## Freshwater Use

As freshwater is a limited resource, an assessment of usage across all of Tassal operations is currently being undertaken to gain an insight into managing this resource into the future.

Currently, all aspects of our aquaculture operations use freshwater. Water supplies are sourced under licensed extraction from the Tasmanian government or through supply arrangements with water authorities, with the majority of abstracted water being sourced from rivers just prior to the natural release of these rivers to sea. We also harvest our own rainwater for use in our marine and processing operations.

Leading up to the next reporting period, Tassal aims to quantify all of the freshwater usage across the various sites. In most instances this will be by installing metered flow recorders, whilst in other cases, an assessment of operations will be conducted to estimate the volumes that are used.

Once the volumes of freshwater usage are established, Tassal will be in a position to review the usage data and look for opportunities to improve water savings.

Findings will be published in our FY2012 Sustainability Report.

## Compliance with Regulations

As a large vertically integrated company, with a large number of leases, licences and permits, Tassal has 672 Marine Farming Conditions with which it needs to comply. TIMS allows us to track compliance across all relevant environmental regulations. In the FY2010 and FY2011 reporting years we achieved 99.9% and 98.8% compliance respectively, across our marine operations.

In FY2011, Tassal had five notifiable incidents reported to the EPA. This is an increase of three incidents from FY2010, and is primarily a result of the waste water treatment plant for the Dover processing facility requiring an upgrade. No monetary fines were incurred. The work for the upgrade of the waste water treatment plan has been budgeted for and scheduled for FY2012 and FY2013.

# Salmon Health and Welfare



We are committed to ensuring that the health and welfare of our Salmon is a top priority. Tassal has two dedicated fish health professionals on staff, including a fish veterinarian. For a Salmon farmer to be successful, their first priority must be the health and welfare of their fish. Healthy fish are happy fish.

Salmon, like other animals, need the right conditions in order to be healthy. Our Salmon farmers choose farm sites that provide appropriate growing conditions, and they obtain or develop good quality fish stocks that are adapted to their environment. Our farmers provide nutritious food to their fish, reduce potential sources of stress, and employ skilled staff that are attentive to the needs and conditions of the Salmon.

In further support of good fish farming practices, Tassal will begin the company-wide implementation of our Fish Welfare Standards in FY2012. The Tassal standards will be based on the UK RSPCA Freedom Food Animal Welfare Standards for farmed Atlantic Salmon. These standards provide a rigorous model for the Tasmanian Atlantic Salmon industry as they are based on research and sound scientific principles and have been developed collaboratively with industry.

Development of our own fish welfare standards supports our goal to produce farmed Tasmanian Atlantic Salmon ethically and in an environmentally and socially sustainable way. The Tassal standards cover a range of areas that determine Salmon welfare throughout their lifecycle, including stocking density, water quality, growing conditions, transport and slaughter.

We have sought guidance from the UK RSPCA and have facilitated joint discussions with RSPCA Australia due to our common interest in improving fish welfare in the aquaculture industry at the different stages of fish production.

To maintain healthy fish our farmers work closely with fish health professionals, fish veterinarians, and fish researchers to implement preventative fish health practices. Research in existing and emerging diseases is a priority for Tassal and the company is participating in a number of collaborative research projects.

Like any farmer we are morally and ethically obligated to look after our livestock when they get sick and antibiotics, just as in human medicine, are a tool for our veterinarian. Antibiotics used are approved for use in food animals and are always prescribed by a veterinarian. The main antibiotic used is Oxytetracycline. On rare occasions Aquaflor, Trimethoprim and Tylosin have also been used.

Antibiotics are never used for growth promotion and no hormones or growth promotants are ever used in our fish.

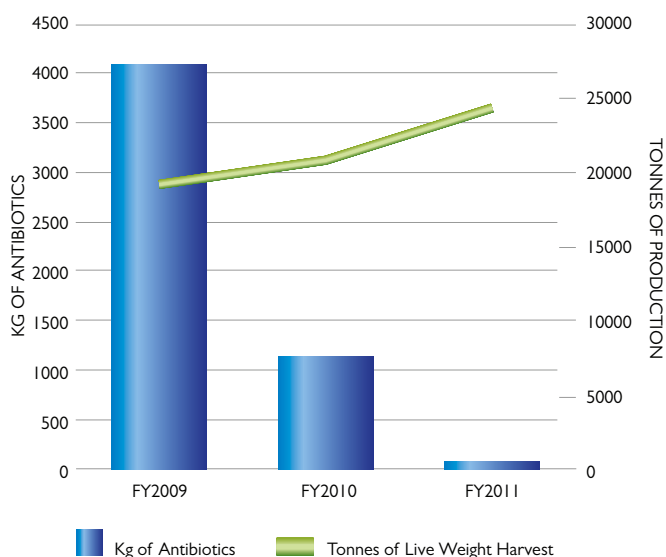
Any Salmon that do get treated with antibiotics must go through a lengthy withdrawal period of between 90–120 days to ensure the antibiotic is cleansed from their system. Prior to harvest, any group that may have had antibiotics is tested for residues. We comply with the Australia New Zealand Food Standards Code for residue levels.

We are working hard to implement practices that are successfully eliminating our need to the use antibiotics.



Salmon fry in our hatchery

### Antibiotic Use in Fish per Kilogram



Year	Grams antibiotic used per tonne of fish produced
2008/2009	213
2009/2010	55
2010/2011	4

# Our People



*Tassal's Senior Hatchery Technical Officer*

Tassal recognises that financial, operational and sustainability targets can only be achieved with the support of a talented and focused team. We designed our human resource strategies to demonstrate agility in understanding employee, business, customer, consumer and community needs which are translated into meaningful and measureable actions by our people. Our aim is to provide a positive working environment that is safe, productive and rewarding. We encourage innovation and seek to make Tassal a preferred place to work.

To achieve this, our key focus areas in FY2011 were:

- Clarity of purpose - defining what employees needed to achieve and why
- Communication with employees
- Learning and development through upskilling
- Culture – defining and influencing internal culture.

## Workforce and Culture

We strive to develop a positive, high performance culture which is professionally and personally rewarding. Our employment practices are fair and equitable and aim to ensure the right person is in the right position at the right time. Most importantly, we want our employees to want to work for Tassal. We don't always get this right but we are open to feedback and to change to make things better.

To best align our production demands, regional locations and employee needs, we utilise a combination of employment options, including full time, part time, fixed term and seasonal (full and part time, casual and fixed term). A peak in seasonal employees occurs prior to Christmas in December, through to Easter in April. We demonstrate agility in our roster profiling with a combination of working arrangements that deliver seven day a week coverage at some of our facilities.

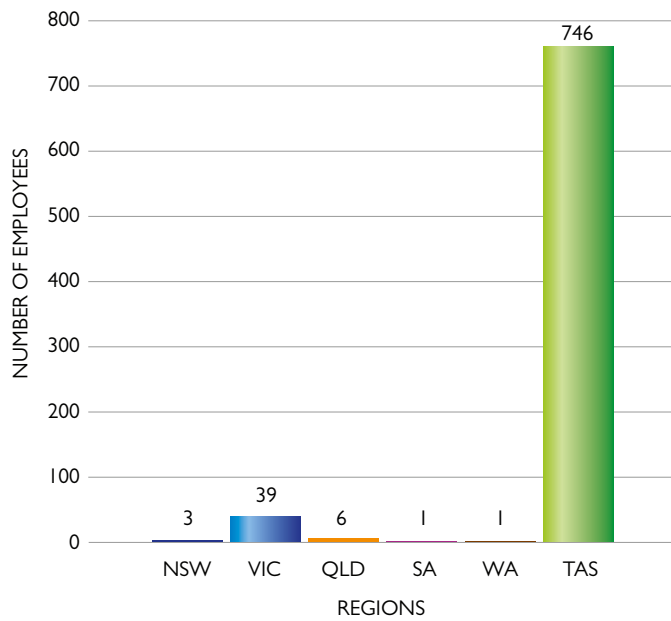
In FY2011, new hires numbered 234, and terminations 126. Terminations included 24 permanent staff and 102 seasonal/casual staff. Employee numbers have increased by 16 % (108 employees) from FY2010 to FY2011 as a result of expansion in the farming, production, corporate, and sales and marketing business areas.

Our employment practices support non gender bias on recruitment and promotional selection. Tassal encourages and accommodates males and females to work in all aspects of our business. Women make up 12.2% of our senior management and Board positions, representing an increase of 100% since 2008.

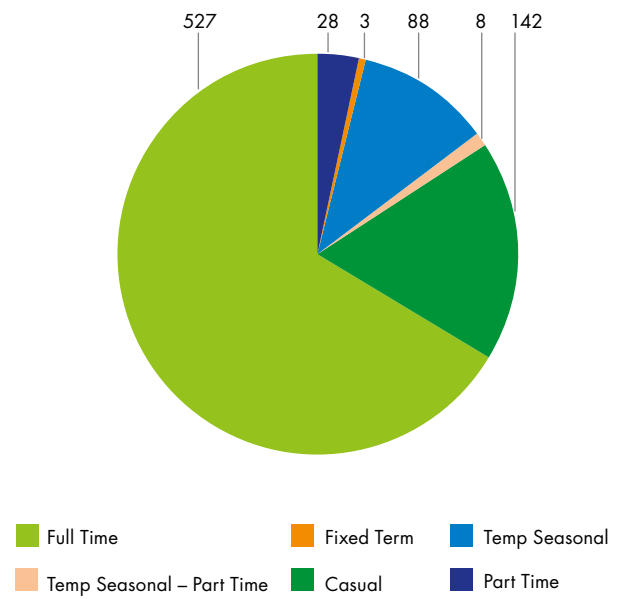
Our ability to track issues arising from employees within minority groups, such as those with English as a second language or indigenous employees, is limited due to inadequate data capturing identifying these groups. This provides an opportunity for improvement in future reporting periods.

Business sponsored international employees under 457 visa arrangements make up 2% of Tassal's workforce and have been specifically recruited from the more advanced international Salmon industry to accelerate our change program towards global best practice. Remaining visa holders (6% of Tassal's workforce) are predominately employed as seasonal labour under 417 and 570 visas at two of our three production facilities that have limitations on the local labour pool and/or experience peaks in work demand that exceeds local capacity.

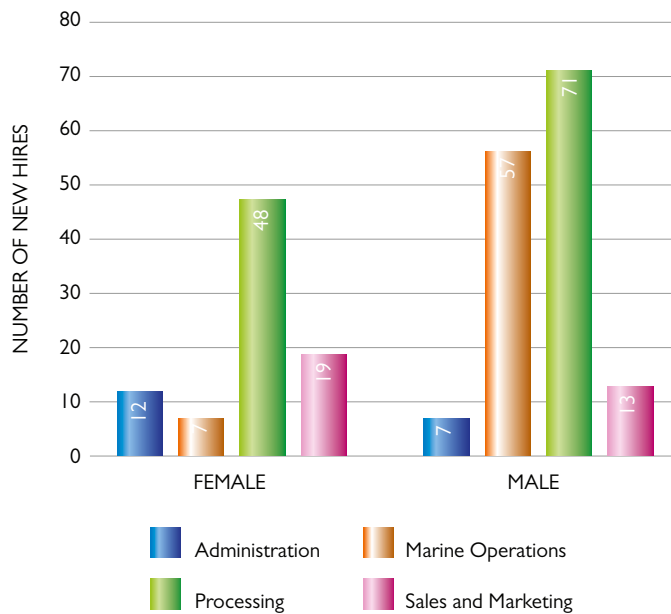
## Total Workforce by Region



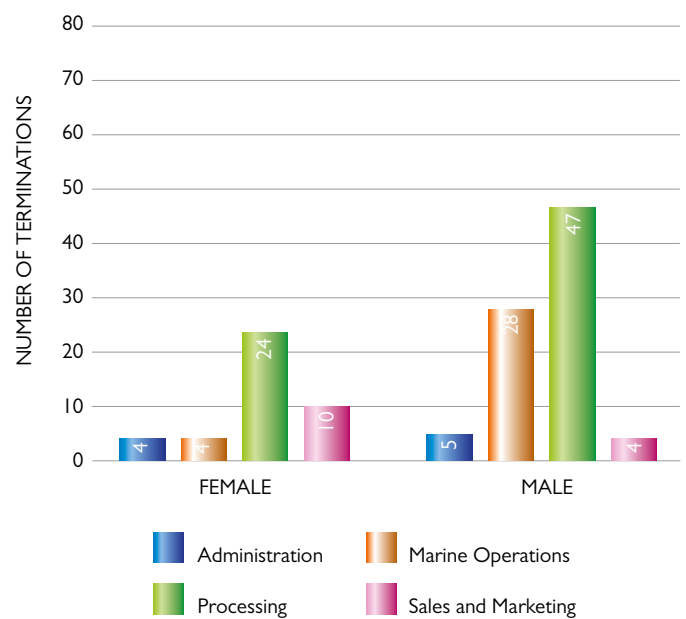
## Workforce by Employment



## New Hires 2010/2011



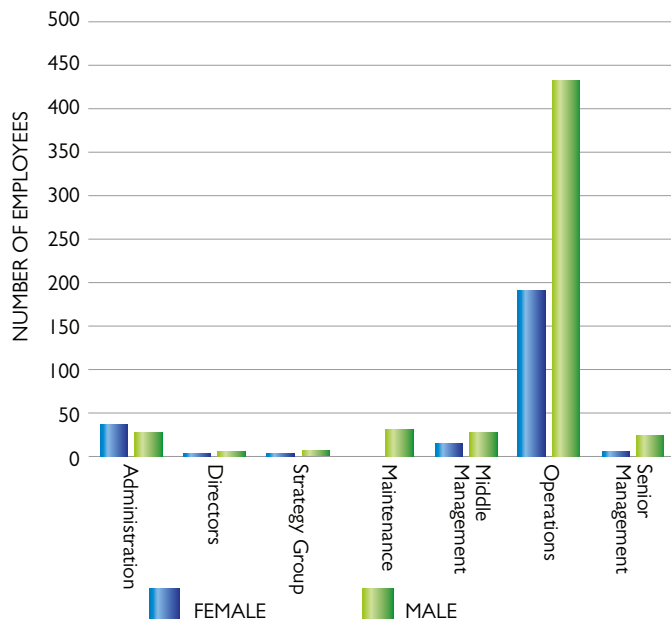
## Terminations 2010/2011



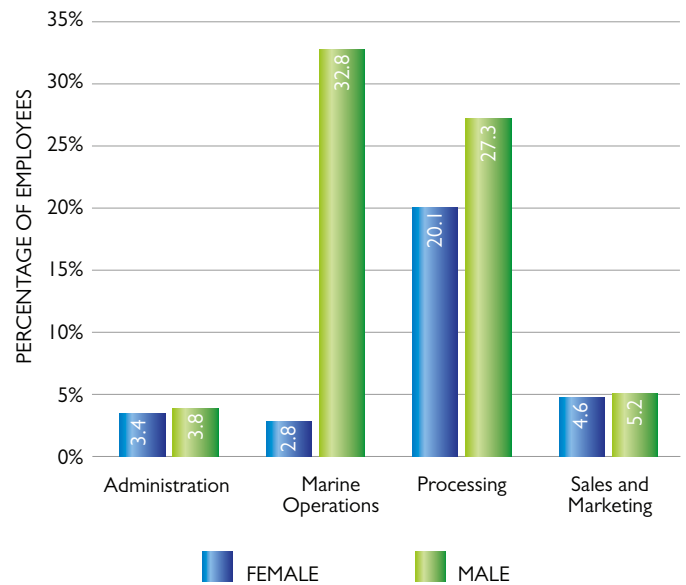
## Age Range of Employees

Age Range	Female	Male
>50	53	90
30-50	118	307
<30	73	155
<b>Combined Total</b>	<b>796</b>	

## Workforce by Category and Gender



## Workforce by Department and Gender



## Australian and International Employees



## Employee Turnover by Age, Department and Region

Department	<20	20-29	30-39	40-49	50-59	>60	Totals
Administration							
Female	0	4	0	2	0	0	6
Male	0	1	1	1	1	1	5
Marine Operations							
Female	0	2	0	0	2	0	4
Male	1	21	17	6	1	0	46
Processing							
Female	5	38	16	7	2	1	69
Male	5	69	19	8	5	0	106
Sales and Marketing							
Female	0	6	6	4	1	0	17
Male	0	3	4	3	1	0	11
<b>Totals</b>	<b>11</b>	<b>144</b>	<b>63</b>	<b>31</b>	<b>13</b>	<b>2</b>	<b>264</b>



## Terms & Conditions of Employment

Tassal uses a variety of industrial triggers such as modern awards, union negotiated agreements and common law contract to demonstrate good governance in employment practices. We ensure that employees contribute to and participate in establishing standards, such as union negotiated Workplace Partnership Agreements (WPA). We have a healthy and respectful working relationship with the Australian Workers Union (AWU). Our WPAs have always been collective union agreements. During the reporting period, no industrial action was taken by the union or employees. Tassal has acted on employee suggestions on additional specific benefits, such as additional parental leave, and has implemented these outside existing WPAs.

We believe that this supports the rights associated with freedom of association for all Tassal employees. Tassal's industrial environment is stable, demonstrated by no third party industrial action raised during the reporting period.

Although safety and the compliance of safety aspects are referenced in all negotiated documents we do not actively seek to use safety in the negotiation of agreements. Our view is that safety is a right, not an option, and we work on a daily basis to ensure the safety of our workers. Our target is for zero injuries. Our WPAs include agreement on personal protective equipment, complaints mechanisms, training and education. Outside of Tassal's WPAs, joint management-employee health and safety committees includes participation of worker representatives in health

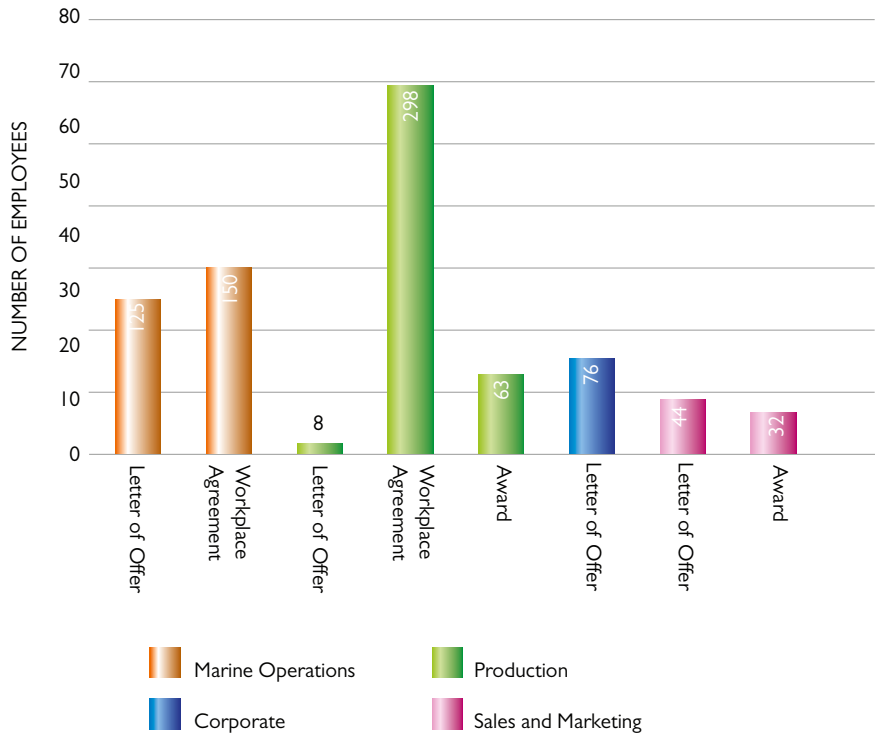
Our view is that safety is a right, not an option, and we work on a daily basis to ensure the safety of our workers. Our target is for zero injuries.

and safety inspections, audits and accident investigations are strongly established.

Tassal took an active part in the recent Award modernisation process that resulted in significant improvements to the award structure for the marine harvest industry.

Our induction program is currently being revised to provide further education about Tassal's lack of tolerance for discriminatory or harassing behaviour, encouraging a culture of respect, integrity and good communication.

## Employment Type by Department





Unloading smolt to our Marine Sites

## Our Commitment to Safety and Health

Our vision is zero injuries. Tassal has made considerable changes to the safety department operations to ensure resources, systems and support align with Tassal's ethos. No job is too important not to be done safely. During FY2011, internal investigation and an external audit showed significant deficiencies in our health and safety system and levels of compliance. We are pleased to say that through a significant effort in improving safety efficiencies, we now have a system that can be benchmarked against AS4801 and are in the process of rolling out the safety compliance program across all sites. We also conducted an externally facilitated safety climate audit and plan to revisit in 12 months time. Three new safety employees have been engaged – doubling the previous resource allocation.

We have numerous forums in which safety issues are presented, raised and addressed. In FY2009, 31 managers attended externally facilitated Safety Leadership training. All new employees take part in a corporate induction program that provides an overview of our approach to safety and injury management. These learnings are reinforced at our production and marine facilities with specific task induction programs.

A dedicated induction training coordinator has been employed to ensure a more consistent approach to task based induction. Each Tassal location has an externally trained Employee Safety Representative (ESR) in addition to the required number of trained fire wardens and first aid officers. We have a dedicated Injury Management Coordinator to ensure the correct support is given and return to work program is established as soon as possible.

Our processing and marine sites have newly created 'Safety Champions' to assist in the development and rollout of the revised safety system. The number and geographic placement of ESR, fire wardens, first officers and Safety Champions are well above legislated safety requirements.

Safety Committees are located at Tassal processing plants in Huonville, Margate and Dover, at marine operations at our Tasman, North West Bay (NWB), Bruny, Dover, Huon and Macquarie Harbour, and at the Rockwood Road and Russell Falls Hatcheries. These committees are comprised of a collection of employee and management representatives.

100% of our Tasmanian workforce is represented in formal joint management-worker health and safety committees which operate at the facility level. In FY2012, these committees will be rolled out across operations outside Tasmania.

We invest over \$100,000 per annum towards injury prevention measures and programs.

## OHS Compliance Scorecard

Tassal launched a compliance based scorecard program at the beginning of 2011 that includes a minimum quarterly review of our production and marine facilities. This process gives Tassal the opportunity to improve, and allows us to identify and set priorities, and benchmark the safety performance of each operation. The scorecard focuses on key safety areas requiring compliance with the Workplace Health and Safety Act 1995, Workplace Health & Safety Regulation 1998, and Tasmanian and Federal government OHS legislation and codes of practices.

Key scorecard areas are:

- Hazardous substances
- Plant, machinery and equipment safety
- Site and facility safety
- Occupational Health and Safety Management system (OHSMS) and
- OHS legislative compliance (emergency and regulated equipment).

The compliance scorecard incorporates a comprehensive list of identified risks, and provides a rating score out of 100%. The list provides the basis for a regular scorecard visit, and ensures potential hazards are eliminated and controlled. The system provides for effective corrective action within a timely period.

The key focus in the next reporting period is to complete refreshed inductions for existing employees in the processing and hatcheries area.

## OH&S Lag Indicators

12 month rolling comparison	June-09	June-10	June-11	Variance on 2009/2010
<b>LTIFR (Lost Time Injury Frequency Rate)</b> Number of LTI's / Total hours worked x 1 million hours	18	10.4	10.39	0%
<b>Incident Rate (LTI's)</b> Number of LTI's / Number of workers x 100	3.6	2	1.7	-15%
<b>ATLR (Average Time Lost Rate) (LTI's)</b> Number of working days lost / Number of LTI's in period	4.9	3.8	4.8	26.3%

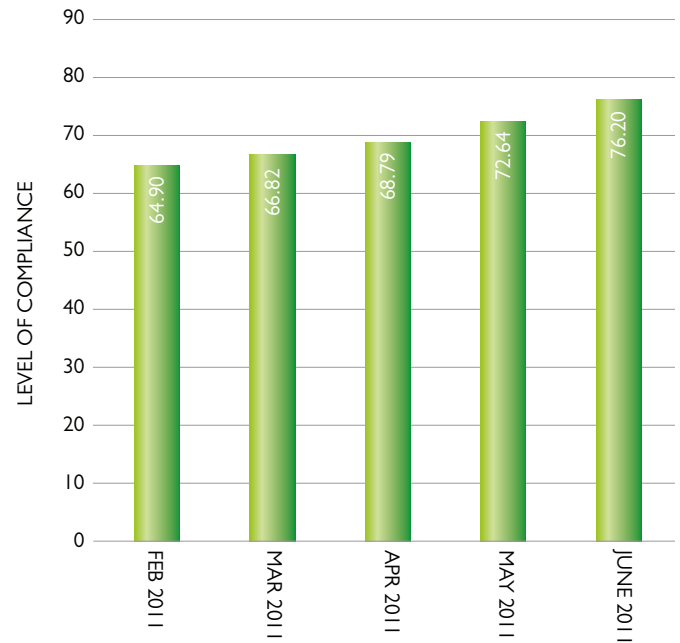
## 2011-2012 Targets

	All Sites
LTIFR	< 10
Incident rate	< 1.7
ATLR	< 3

Note:

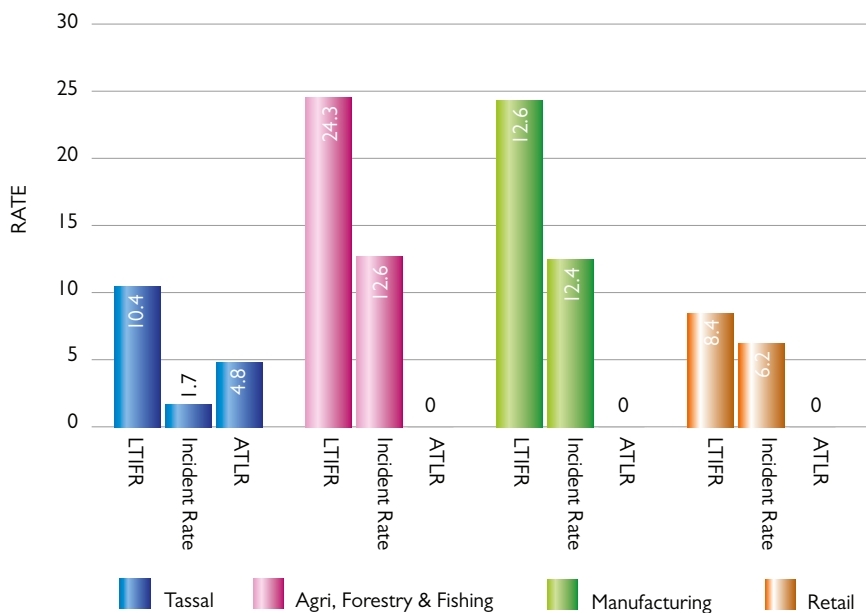
- First aid level injuries are included in calculations
- Lost days are scheduled work days beginning the first full day of lost time (as per AS/NZS 1885.1-1990)
- LTIFR, Incident rate or ATLR figures do not include a breakdown of gender, as this data is not collected
- No fatalities occurred at Tassal in the reporting year.

## OH&S Compliance Trend



Figures prior to February 2011 are not available as the OHS Compliance Scorecard was not launched until the beginning of 2011.

## Benchmarking Comparison



Note:

- ATLR data not available at printing for all aspects other than Tassal as it is an external data service
- Tassal data is current for FY2011 reporting year. All other data is 2009 data provided by Work Safe Australia.

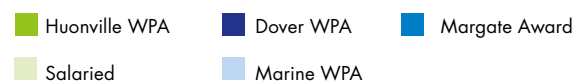
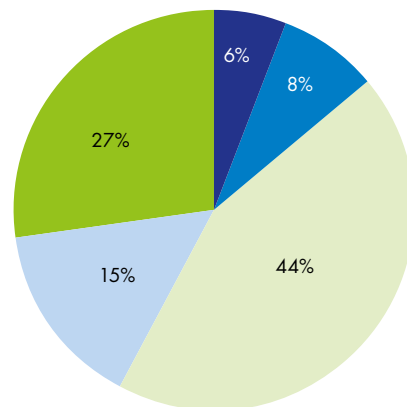
## Performance Management

Tassal's performance management system for non-salaried employees is aligned to performance through skills based assessment.

We believe this reflects the operational environment and provides a motivational environment in which to work. Salaried employee performance reviews are based on a traditional annual review model.

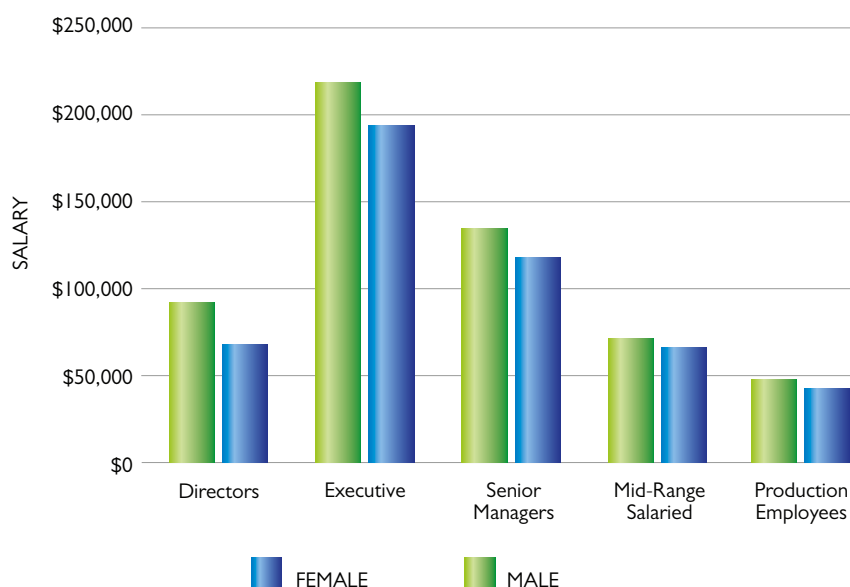
Salaried employees make up 35% of the Tassal workforce. It is our commitment that all salaried employees received a formal performance appraisal and review during the reporting period. 37.4% of staff are employed under WPAs.

## Workforce by Performance Review Type



Employee Category	Performance review process and remuneration
Salaried employees	<ul style="list-style-type: none"> <li>Annual performance review combined with an annual remuneration review</li> <li>Significant change in responsibility triggers a review prior to the annual cycle</li> </ul>
Marine Operations WPA and Huonville WPA	<ul style="list-style-type: none"> <li>A four level performance system within the WPA Level progress occurs once defined skill sets are achieved and agreed on between the employee and supervisor</li> </ul>
Margate Processing - Award based	<ul style="list-style-type: none"> <li>Level system as outlined by the award</li> <li>Level progress occurs once defined skill sets are achieved and agreed on between the employee and supervisor</li> </ul>
Dover Processing Facility	<ul style="list-style-type: none"> <li>Union negotiated agreement and common law contract. Annual review process.</li> </ul>

## Employee Salary by Category



## Equity of pay

Tassal's approach to remuneration allocates salary based on individual merit regardless of gender.

Note:

- Average remuneration for executives includes the Managing Director & Chief Executive Officer.

## Employee Benefits

Tassal rewards employees by providing benefits and remuneration that are fair and competitive compared with industry standards. Salaries for all positions are based on external benchmarks whilst maintaining internal relativities. External experts and salary surveys are referred to as required.

In addition to the financial remuneration provided to our team members, we offer additional benefits such as:

- on site medical and physiotherapist support one day per week (located at Huonville)
- annual flu injections
- an externally facilitated confidential Employee Assistance Program (EAP)
- alcohol and drug education
- redundancy payments well above national minimum and
- parental and maternity leave benefits above the national minimum.

In response to employee feedback, from January 2012, Tassal will introduce (for eligible employees) cash top up salary based maternity leave of 80% for the first four weeks, 40% for the following four weeks, and 20% for the remaining four weeks. One week paid paternity leave will be introduced from July 2012. These benefits are in addition to the Paid Parental Leave scheme introduced by the Federal government in 2011.

Tassal has in place both long term (share based) and short term (cash based) incentive plans for Strategy and Senior Management employees. Tassal's Remuneration Report is



included in the 2011 Annual Report (see: [www.tassal.com.au](http://www.tassal.com.au)). The Remuneration Report outlines Tassal's overall reward strategy for FY2011 and provides detailed information on the remuneration arrangements in this period for the Directors, key management personnel and others.

Tassal operates in communities where a number of our employees' children attend local schools and further education institutions. As an informal benefit, we assist whenever possible with workplace tours, work experience and technical information.

Tassal also sponsored the HydraWalk Challenge health initiative, in which 60 employees participated.

## HydraWalk Challenge

In 2011, Tassal participated in a corporate health initiative - the HydraWalk Challenge with Healthy Training Tasmania. The theme of the challenge was 'Unlocking Life' with a focus on improving primary health including nutrition, hydration, exercise and rest. The challenge was an exciting 9 week journey across the heart of Australia, through rough and rugged country to areas recently hit by rain and flood. Ten teams participated in the challenge, with representation from across Tassal – safety, human resources, quality and payroll, harvest, netslab and marine logistics, processing, marine operations, and corporate (administration, finance, sales & marketing).

The basic elements of the HydraWalk Challenge were to complete 10,000+ steps per day, sleep eight

hours a night, eat two pieces of fruit and five serves of vegetables per day and to drink adequate water relative to each participant's size. Each team's journey was interactively tracked via a Google map interface, and daily progress of the teams was tracked and measured against others within Tassal and within the challenge as a whole. Throughout the challenge, the competitive culture at Tassal shone thorough and teams were busy plotting against their fellow colleagues to progress furthest on the exciting journey across the country.

The overall result of the challenge was one of huge success. The healthy lifestyle message was brought home to our workforce, and many employees have decided to continue the challenge to maintain positive health changes.



## Our Commitment to Training and Development

The majority of Tassal's training and development focus prior to this reporting cycle has been industry focused compliance based training. This has to an extent distracted our focus away from leadership development, which we acknowledge is not a strategy supportive of our growth targets or commitment to developing our people.

A renewed emphasis on leadership development has seen the launch of our IMPACT Leadership Program. This program was launched in October 2010 with 19 of our supervisors enrolled into Certificate IV in Frontline Management. In May 2011 we continued to grow the program with an additional 20 team leaders and supervisors commencing a Certificate IV in Frontline Management and 19 managers beginning their Diploma in Management.

These programs, designed specifically for Tassal, and covering all aspects of the business, run over a 12-18 month period and will provide a fundamental platform for our future leaders.

Our compliance based training offerings remain strong and cover the skills required to work effectively across our marine operations, harvesting and processing plants.

Also offered to approved employees are external study programs that will assist in their personal and professional development. Three employees have accessed these benefits.

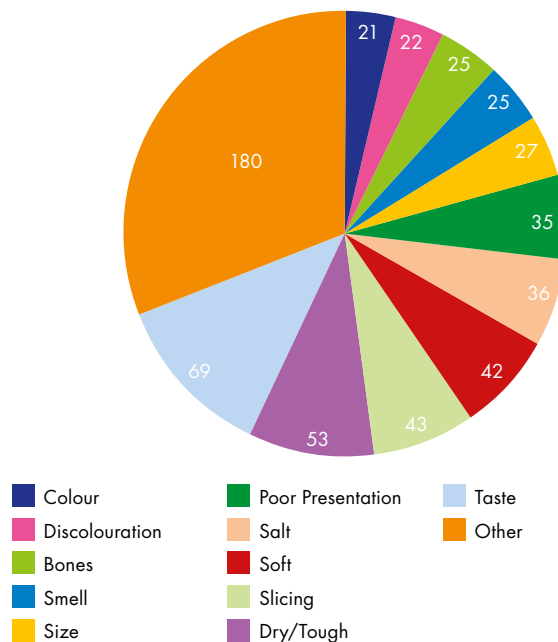
Total training hours for FY2011 was 17,629. The average number of hours of training per year per employee is currently not collected, and is expected to be reported on in the next reporting cycle.

# Customer Satisfaction

Our customer feedback program allows us to track and monitor positive and negative feedback on all Tassal products. All feedback is allocated to the responsible production area for investigation, modification of process (if necessary) and closeout of issue. We also have a daily taste test held in house, which allows us to monitor the customer experience and provide feedback to our production facilities.

In the reporting period we received 44 incidents of positive feedback and 530 of negative feedback.

## Subcategories – Complaints FY2010/FY2011



# Community Engagement

Underpinning Tassal's sustainability strategy is the wellbeing of the communities in which our staff both live and work. Tassal's Community Engagement Strategy is an expression of our ongoing commitment to these communities.

A key platform in the strategy is our 'Giving Program'. Through this program, Tassal staff volunteer one day per year in numerous charitable and community based organisations.

## Sponsorships and Donations

Through our \$110,000 budget, we offered sponsorships and donations directly to local people and organisations working to create vibrant healthy communities, such as those involved in charitable and community fundraising, cultural events, sporting teams, environmental, education and health initiatives.



*"The partnership we have with Tassal has meant that instead of constantly trying to raise money to keep afloat, our club has been able to focus on developing our kids and improving our facilities. Our club is going from strength to strength since receiving sponsorship from Tassal."*

James O'Connor, President of Huon Valley Little Athletics Association

## PINK – THE NEW BLUE

In conjunction with Mothers' Day 2011, Tassal launched 'Pink – The New Blue', campaign in support of The National Breast Cancer Foundation. Our salmon range was packaged in pink rather than the traditional blue packaging.

Tassal supported the National Breast Cancer Foundation with a donation of \$75,000, which will help fund vital breast cancer research projects around Australia.

"The many women in Australia who cope with breast cancer have inspired us to contribute to this worthy cause. This campaign is close to many of our hearts, and everyone at Tassal is very excited to be involved. Promotion of good health underpins what Tassal stands for as a company, and we are grateful to be able to support such a significant cause", said Mark Ryan, CEO, Tassal.



## Tassal Employees in Local Communities

Our employees live in the communities in which we conduct our business and actively participate in a range of sporting, environmental, and charitable pursuits. They are involved in their own time cleaning up feral oysters, participating in whale rescue events and conducting marine debris cleanups with local natural resource management organisations.

## Noise and Visual Impact

The noise and visual impacts of our operations can be disturbing for some of our neighbours. Noise arises from machinery, vessels, operations and even people. Tassal is not only committed to operating inside the legal framework to mitigate these impacts, but is also actively working with our neighbours to further reduce adverse impacts. With this in mind, we have invested in sound measurement, acoustic advice, noise mitigation work and materials.

We have developed noise protocols for operational aspects of our business. In some areas we have worked with local residents to develop voluntary agreements around times of operations.

Our marine operations and most of our land based operations are situated in picturesque locations. As such, it's important for us to minimise the visual impact of our facilities. We do this by undertaking site cleanups throughout the year, encouraging good housekeeping practices at Tassal sites and painting buildings to blend in to the surroundings. One such example is our barges which are coloured grey in order to blend in with the sea and light conditions encountered in Tasmania. Security lighting can be intrusive in rural environments and, in response to neighbour concerns, we have recently changed lighting configurations at one of our sites to reduce light spillage.

In response to community concerns about the buildup of marine debris along the shoreline, Tassal has partnered with other marine farming operators and local community members to adopt areas of the shoreline in the South east of Tasmania.

Other initiatives include the adoption of a unique rope design. Our rope manufacturer supplies us with rope uniquely identifiable to Tassal only. In addition to greater accountability, the unique rope design will help us to manage our waste mitigation processes.



*Tassal's uniquely identifiable rope*

## Complaints Management

Tassal's operations are predominantly located in semi remote or rural residential areas and we share waterways with other users. Complaints are most often focused on noise, odour and visual impacts. We approach complaints as a mechanism by which we can partner with our neighbours to reach mutually agreeable solutions.

## Future Community Engagement

We will refine our community engagement strategy in the coming year by establishing an external newsletter, streamlining our website feedback process instigating a complaint management database and developing complaint protocols. Two more open days and community forums are also planned for the next reporting year.



## Channel and Huon Coastal Waters Clean-Up: A Seafood Industry Initiative

The Tasmanian Seafood Industry Council, in collaboration with marine farmers and local community groups has been running a project to develop systematic, long-term management practices to address the issue of marine debris build up on predominantly NW-facing coastal sites in the waters of the Channel and Huon.

Marine debris surveys were conducted along Channel and Huon coastal waters and marine debris hot spots were identified. To address these hot spots an 'Adopt a Shoreline' initiative has been developed with local marine farmers nominating shorelines for which they will have the primary responsibility for monitoring and removing marine debris.

These adopted shores are highlighted on this map and are colour coded to show if they have been adopted by Huon Aquaculture Company (HAC), Tassal or the Bruny Island Shellfish Growers Association.

These three organisations will conduct regular marine debris clean-ups and offer assistance for clean-up activities initiated by community groups.

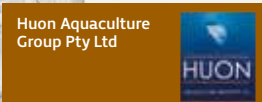
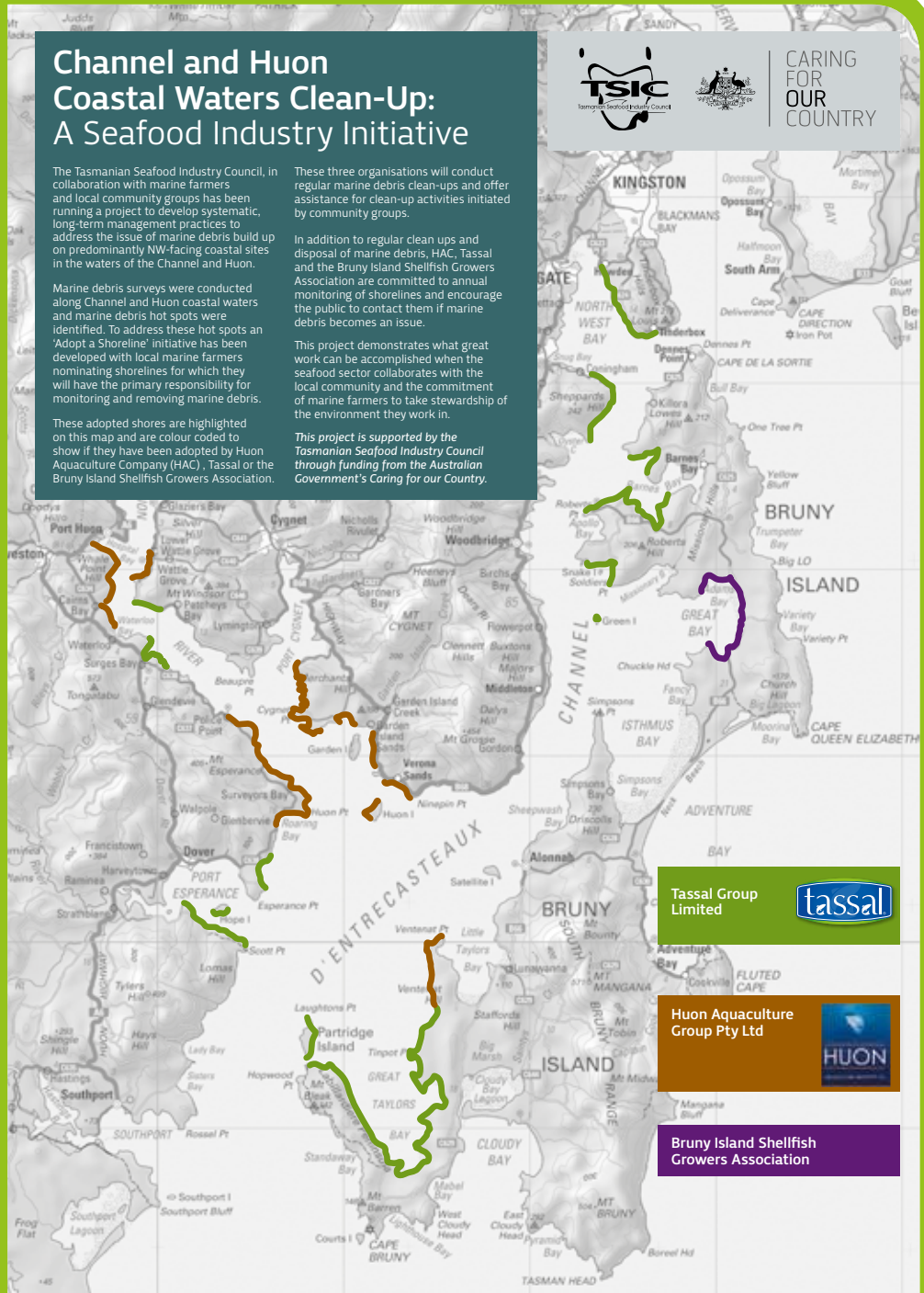
In addition to regular clean ups and disposal of marine debris, HAC, Tassal and the Bruny Island Shellfish Growers Association are committed to annual monitoring of shorelines and encourage the public to contact them if marine debris becomes an issue.

This project demonstrates what great work can be accomplished when the seafood sector collaborates with the local community and the commitment of marine farmers to take stewardship of the environment they work in.

This project is supported by the Tasmanian Seafood Industry Council through funding from the Australian Government's Caring for Our Country.



CARING FOR OUR COUNTRY



### Adopt a Shoreline

Tassal has been an active participant in a Tasmanian Seafood Industry Council initiative that partners up local environment and community groups cleaning up marine debris along the foreshores of the Huon and Channel regions. The relationships and trust forged throughout this project has been remarkable and has stimulated new partnerships and project ideas. One such spinoff project has been an NRM South funded 'Birds Tasmania' project to train fish farm staff in shorebird sensitivities when conducting shoreline cleanups.

Tassal has instigated an 'Adopt a Shoreline' protocol within our organisation and extended this to our West Coast Operations. This will dovetail into a collaborative marine

debris cleanup project in Macquarie Harbour involving Ocean Watch Australia and funded by NRM Cradle Coast.

Last year we devoted 200 hours to remove 27 cubic metres of debris from shorelines in the South East of Tasmania. We estimate that 46% of this debris came from Salmon farms.



# Glossary

## **Adaptive management**

A structured, iterative process of optimal decision making in the face of uncertainty, with an aim to reduce uncertainty over time using system monitoring.

## **Ammonia**

A compound of nitrogen and hydrogen with the formula  $\text{NH}_3$ . It is a colourless gas with a characteristic pungent odour. Ammonia contributes significantly to the nutritional needs of terrestrial organisms by serving as a precursor to food and fertilisers.

## **Antifoulant nets**

See copper treated nets.

## **AQIS**

Australian Quarantine Inspection Service

## **Aquaculture**

The farming of aquatic organisms including fish, molluscs, crustaceans and aquatic plants with intervention such as regular stocking, feeding and protection from predators in the rearing process to enhance production.

## **AS**

Australian Standard

## **Benthic health management**

Managing the health of the seafloor beneath sea cages used in aquaculture.

## **Bird interaction**

Interaction of a bird with a marine farm. The bird may attempt to enter a pen, eat fish or fish feed, or damage farm equipment.

## **Broodstock**

Broodstock, also known as broodfish, are a group of mature salmon for breeding purposes in aquaculture.

## **Climate change**

A significant and lasting change in the distribution of oceanographic and weather patterns over periods ranging from decades to millions of years.

## **Copper treated nets**

Net treated with copper based paint. The paint discourages growth of fouling organisms.

## **Cradle to grave**

A method of life cycle analysis that tracks the impact of a process from creation to disposal.

## **Ecologically sustainable development**

Using, conserving and enhancing the community's resources so that ecological processes, on which life depends, are maintained, and the total quality of life, now and in the future, can be maintained.

## **Escapements**

Unintentional escaping of stock into the wider marine environment.

## **Eutrophication**

Natural or artificial addition of nutrients to bodies of water which may change the natural marine or fresh water systems.

## **Fallowing**

The practice of 'resting' an area from beneath the sea pen to improve the health of the substrate after farming activity.

## **Fish husbandry**

The practice of breeding and raising fish.

## **Fish meal**

Fish meal is a commercial product made from both whole fish and the bones and offal from processed fish. It is a brown powder or cake obtained by rendering and pressing the cooked whole fish or fish trimmings to remove most of the fish oil and water.

## **Fish oil**

Fish oil is oil derived from the tissues of oily fish.

## **Forage fish**

Often called bait fish, forage fish are usually smaller fish which sustain larger predators.

## **Freshwater aquaculture**

Aquaculture that occurs in a freshwater system.

## **Gigajoule (GJ)**

A unit of energy where one gigajoule equals 1,000,000 Kilojoules.

## **HACCP**

Hazard Analysis and Critical Control Point (an internationally recognised method of identifying and managing risk)

## **Hatchery**

A facility where fish eggs are hatched under artificial conditions.

## **HOG**

Fish that have been processed as "Head on and gutted".

## **Hydro electricity**

Electricity generated from running water.

**ISO 14001**

An internationally recognised standard for controlling and improving a company's environmental performance.

**ISO 9001:2008**

An internationally recognised quality assurance standard that controls the processes around product and service creation.

**Key Performance Indicator (KPI)**

A measure used to evaluate success or monitor progress towards a particular goal.

**Marine biodiversity**

The variability among all organisms growing in the marine environment.

**Marine farming**

Describes the process of aquaculture in a marine environment.

**Material issues**

Material issues are those issues identified by our stakeholder groups as important to them.

**Nitrate**

Nitrate is a compound of Nitrogen and oxygen with the formula  $\text{NO}_3$ .

**Nitrite**

Nitrite is a compound of Nitrogen and oxygen with the formula  $\text{NO}_2$ .

**Offcuts**

Trimmed sections from a fish fillet not usually preferred by the consumer market.

**Passive seal deterrents**

Seal deterrents that do not actively engage with the seal. An exclusion net is an example.

**Pelagic fisheries**

Fisheries which exploit fish that live in the water column, or close to the water surface.

**Phosphorous**

A chemical element with the symbol 'P'.

**Salmo salar**

The scientific name for Atlantic Salmon.

**SALTAS**

Salmon Enterprises of Tasmania

**Saltwater aquaculture**

Aquaculture that occurs in a marine system.

**Seal interaction**

Interaction that occurs when a seal attempts to enter a pen, eat fish or damages farm equipment in a marine farm environment.

**Selective breeding**

The process of breeding plants and animals to produce specific traits.

**Smolt**

Developmental stage of salmon fish at which point the fish is physiologically ready for transition from fresh water to salt water.

**Sustainable development**

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

**Therapeutant**

A healing or curative agent or medicine.

**Value added processing**

Food processing that improves the functionality of a food product to reduce consumer preparation time.

**Value added product**

A product that has been taken from the raw unprocessed state and has had additional steps taken in the manufacturing process to change the end product. For example, smoking fish.

**Wild caught fish**

Fish harvested from the wild rather than reared by aquaculture methods.

**WQA**

Woolworths Quality Assurance program.

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# GRI Application Level Check



## Statement GRI Application Level Check

GRI hereby states that **Tassal Group Ltd** has presented its report "Sustainability Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 16 December 2011

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 30 November 2011. GRI explicitly excludes the statement being applied to any later changes to such material.*

# Production Notes

## Sustainability Report Team

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Sustainability Report Advisory Committee (SRAC)

*(Note: Whilst the SRAC have provided advice in the preparation of this report, they do not necessarily endorse its contents)*

Global Reporting Initiative (GRI) Advisory and Editing

GRI advisory and editing provided by Marian Gruber, ZOOiD, Australia.

ZOOiD is a GRI Certified Training Partner and Organisational Stakeholder

(see: [www.zooid.com.au](http://www.zooid.com.au)).

## Design

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No chlorine bleaching occurs in the recycling process.

Sales of Tudor RP High White support Landcare Australia.



## Contact Us

If you have any comments or questions about information contained within the Tassal Sustainability Report 2011, please contact us at [sustainability@tassal.com.au](mailto:sustainability@tassal.com.au).





[www.tassal.com.au](http://www.tassal.com.au)