Sustainability Report

2017 and First Half 2018

SALMONES

CAMANCHACA

Contents

01.

The Company At a Glance

Salmones Camanchaca is a public corporation listed on the Santiago and Oslo stock exchanges since February 2018. Compañía Pesquera Camanchaca S.A. is the main shareholder of Salmones Camanchaca, with a 70% interest after its IPO.

The Company is vertically integrated with fresh water and seawater facilities, together with primary and value-added processing plants. It also has commercial offices in different markets around the world in order to ensure continuous, stable supply for its customers, who value reliable service.

Salmones Camanchaca S.A.
Avda. Diego Portales 2000, Piso 13, Puerto Montt, Chile

Web Address:
http://www.salmonescamanchaca.cl/en/

E-mail:
inversionistas@camanchaca.cl

Value Chain

Commercial Offices Commercial Representation Agencies

100%

of Production is Atlantic Salmon

One hundred percent of Salmones Camanchaca's production is Atlantic salmon (*Salmo salar*), farmed and harvested entirely in Chile using eggs from the Company's breeders and without genetically modified organisms.

5

Fresh Water Farm Sites

We have 5 fresh water farm sites (both open flow and recirculating) on a total of 37 hectares.

74

Aquaculture Concessions

We have 74 aquaculture concessions in the Los Lagos and Aysén regions on a total of 1,045 hectares, only 366 of which were used in 2017.

2

Primary Processing Plants

1

Value-Added Plant

Production

Smolts Produced in 2017

9.7 million (100% were produced in closed recirculating systems).

Production Capacity of Recirculating Systems:

15 million smolt

Biomass Harvested in 2017 - Atlantic Salmon:

36,788 mT LWE.

Biomass in Water 2017 - Atlantic Salmon

23,500 mT LWE.

Number of Fish in the Water 2017 - Atlantic Salmon:

11,174,440

Capacity of Value-Added Plant:

50,000 tons WFE

Primary Processing Plant:

60,000 tons WFE

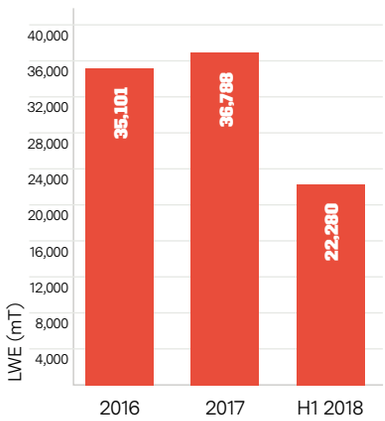
Feed Consumed in 2017

55,623 tons for grow out

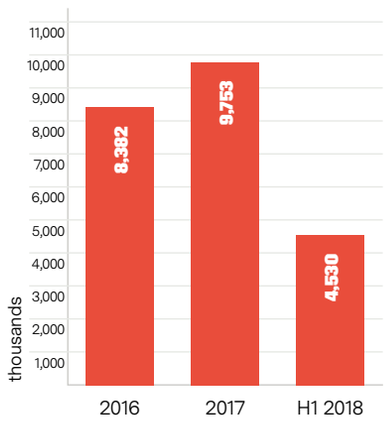
2,806 tons in fresh water

Biomass Produced by Surface Used:

Biomass Harvested LWE (mT)



Smolt Produced (in thousands)



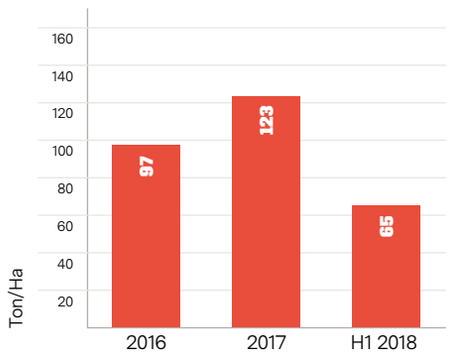
Sea Production

123 ton/Ha 2017

Land Production

22 ton/Ha 2017

Production/Ha/year



Economic Performance

In 2017 Salmones Camanchaca reported revenue of ThUS$ 203.07, with an annual EBIT/kg WFE of US$ 1.19.

Economic Results	2016	2017	H1 2017	H1 2018
Revenue (ThUS$)	225,546	203,070	88,130	155,653
Gross profit before fair value adjustments	40,349	58,211	29,081	40,193
EBITDA	34,862	52,474	26,517	34,664
Fair value adjustment	24,929	5,301	-10,600	-504
Profit (MUS$)	27,166	31,721	18,839	5,854
Harvests (tons WFE)	32,644	34,213	10,146	20,721
Harvests (tons GWE)	29,380	30,792	9,131	18,649
Sales (tons WFE)	38,494	30,049	10,168	21,497
Sales (ton GWE)	34,645	27,044	9,151	19,347
Ex-cage cost (US$/Kg live weight)	3.36	3.00	3.08	3.10
Ex-cage cost (US$/Kg WFE)	3.80	3.50	3.31	3.33
Ex-cage cost (US$/Kg GWE)	4.20	3.90	3.68	3.70
Price (US$/Kg WFE)	5.60	6.30	7.12	6.26
Price (US$/Kg GWE)	6.30	7.00	7.91	6.96
EBIT/Kg WFE (US$)	0.55	1.19	1.48	1.21
EBIT/Kg GWE (US$)	0.61	1.32	1.64	1.34

For additional information, see www.salmonescamanchaca.cl/en/inversionistas

Our Employees

Average Work Force:

1,250
employees
2017

1,346
as of 06/30/2018

No. of Male Employees
932
2017

1,001
as of 06/30/2018

No. of Female Employees
318
2017

345
as of 06/30/2018

Employees by Level

19 2016 | **19** 2017 | **20** as of 06/30/2018

Senior Management

310 2016 | **317** 2017 | **346** as of 06/30/2018

Professionals and Administrative Staff

886 2016 | **914** 2017 | **980** as of 06/30/2018

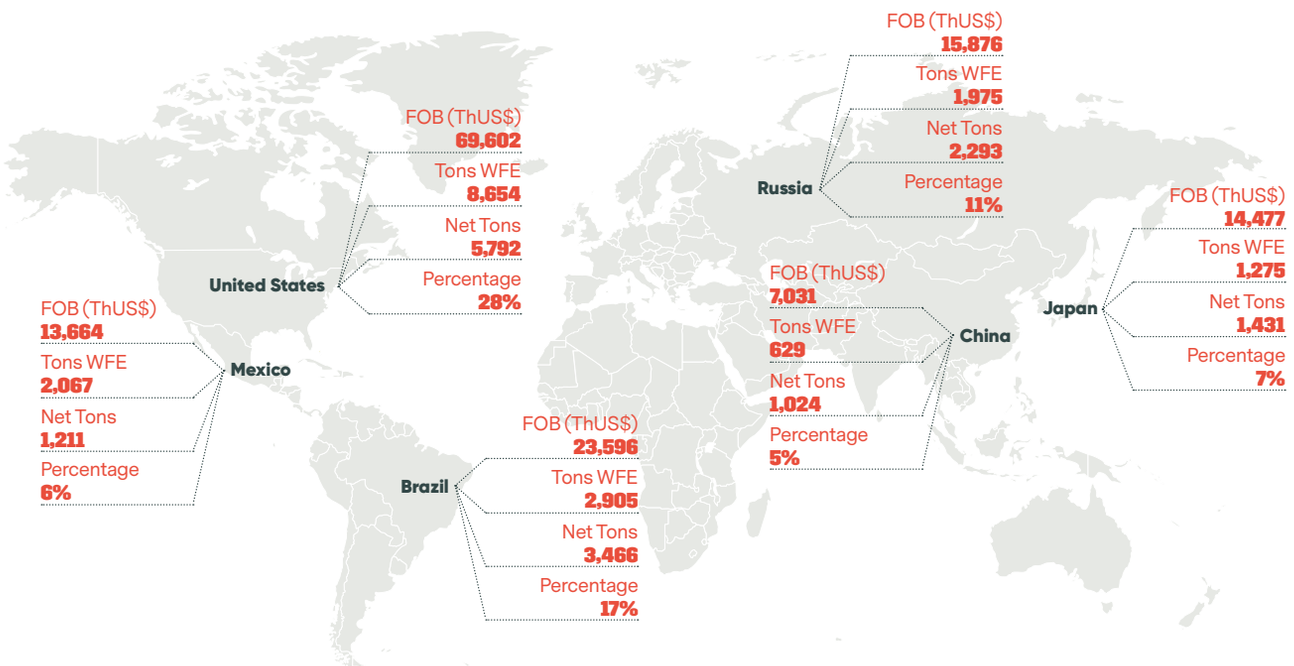
Operational Staff

Our Markets

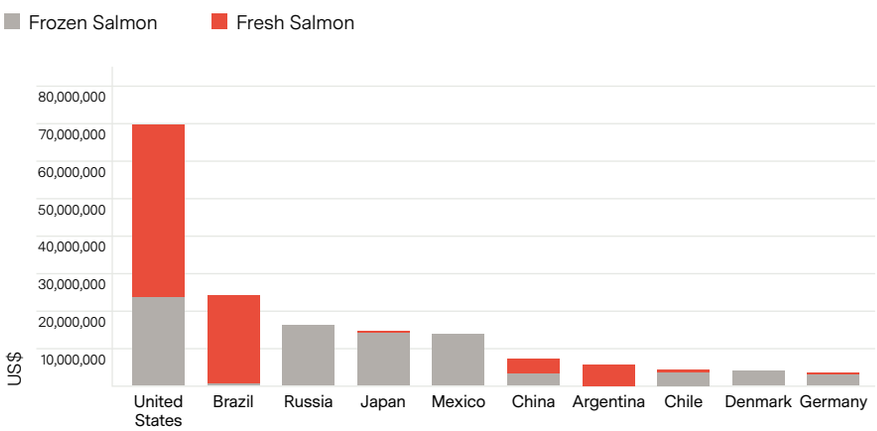
The sales team at Salmones Camanchaca S.A. includes offices and representation agencies in different parts of the world, which allows the Company to serve and develop several markets more directly and effectively. The Company has positioned itself on international markets as a reliable supplier of premium marine products. Throughout its history, Camanchaca has built long-term relationships with important retail, food service and distribution customers around the world.

On international markets, Salmones Camanchaca S.A. sells frozen and high value-added products under the Camanchaca Gourmet and Pier 33 brands, which mainly target end consumers.

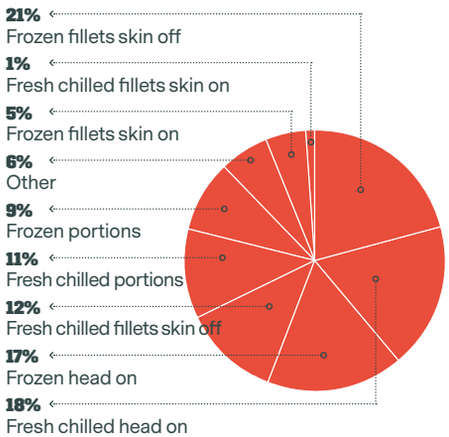
Main Export Markets in 2017



Sales Distribution by FOB Revenue (US$)



Sales Distribution by Product Type (%)



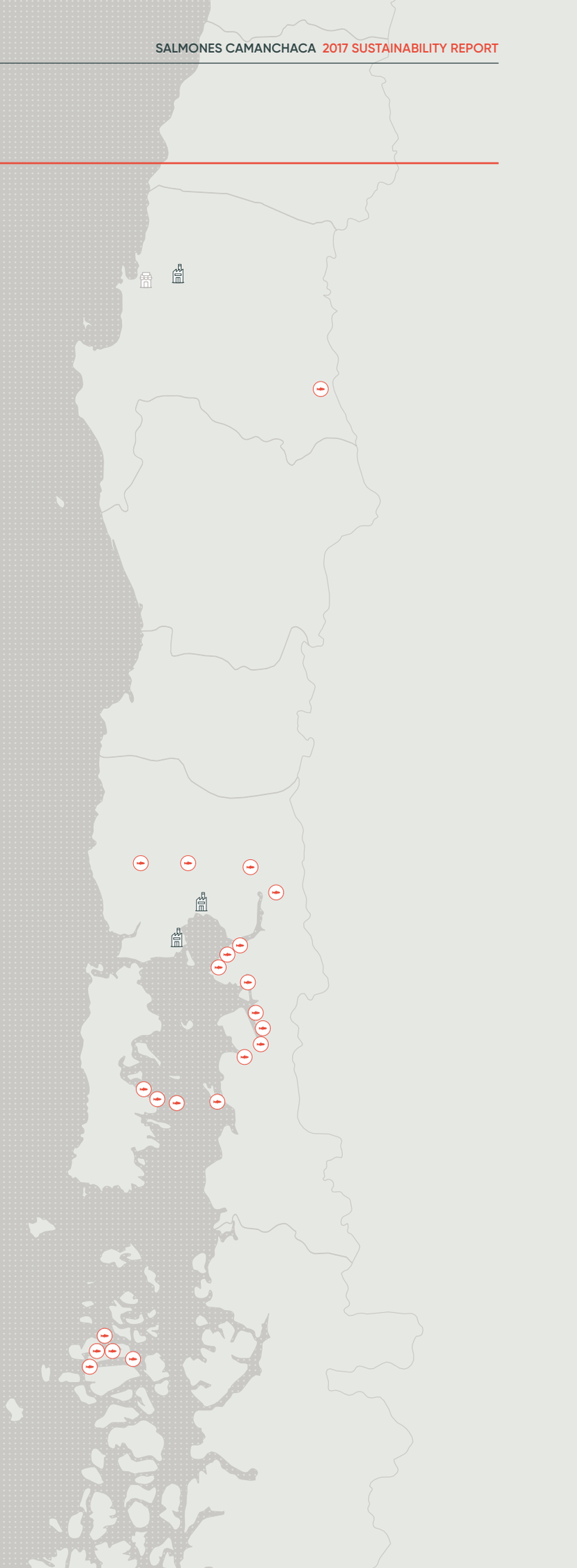
For additional information, see: www.salmonescamanchaca.cl/en/mercados

Our Facilities

Plants and offices

Farm sites

Points of sale



Our Brands

Pier 33 Gourmet
Seafood by Camanchaca
Gourmet Quality Frozen Seafood

Salmones Camanchaca

02.

Historical Overview

1965

Compañía Pesquera Camanchaca S.A. commenced its fishing operations in 1965 by catching and processing langostino lobsters in the Tomé district of the Biobío Region. The Company then began to diversify its catches to include sardines, anchovies and jack mackerel, and ventured into aquaculture.

2013

In 2013, the Global Salmon Initiative (GSI) was officially launched, which includes Salmones Camanchaca together with other leading salmon producers. Its main priority is to achieve significant progress in the industry's sustainable development.

2015

On June 26, 2015, Salmones Camanchaca published its first Sustainability Report. A sustainability dashboard was also published on Camanchaca's redesigned web page, to make its principal indicators more transparent.

</>

Also in 2015 and 2016, it reconstructed the Petrohué hatchery, which was severely damaged when the Calbuco Volcano erupted.

2016

In March 2016, we accomplished one of the commitments we made within the framework of the Global Salmon Initiative (GSI), when our Porcelana farm site was certified under the demanding standards of the ASC. The chains of custody at the Tomé and San José processing plants were also certified (ASC CoC).

That same year, the Company earned four-star BAP certification for its Río Petrohué hatchery, which includes the grow-out sites, processing plant and suppliers of fish feed, thus certifying the Company's entire production chain under this standard. It also earned GLOBAL G.A.P. certification for its Río del Este hatchery, which supplies eggs for the entire operation.

In November 2016, results from the previous year earned the Pilpilehue farm site the title Best Site of 2015 at the conference on Innovation and Collaboration for a More Sustainable Industry, organized in Valdivia by Skretting.

1987

In 1987 it acquired the Polcura hatchery in the Biobío Region, where the first (Coho) smolts were produced. This was the first species farmed by the Company and marked the beginning of its salmon business.

That year, the first Atlantic salmon were stocked at the Peñasmó and Terao sites.

2001

The Company made a pioneering investment in 2001 when it commissioned the first recirculating hatchery for salmon in Chile, on the Petrohué River in the Los Lagos Region.

The same year a commercial office named Camanchaca Inc. was opened in Miami, USA, focusing on the sale and distribution of the Company's products, principally salmon.

2005

The Company opened a commercial office in Tokyo, Japan, in 2005, to sell and distribute frozen products in Japan and South Korea.

2010

In 2010, Compañía Pesquera Camanchaca S.A. created the subsidiary Salmones Camanchaca S.A. in order to focus and consolidate resources for this business.

2012

In 2012, Salmones Camanchaca became the world's first salmon producer to earn three stars for complying with the Global Aquaculture Alliance's (GAA) Best Aquaculture Practices (BAP).

In the same year, Salmones Camanchaca formed the New World Currents organization in partnership with three other Chilean companies, to supply salmon to the Chinese market in an efficient and stable manner, while achieving economies of scale.

2017

In August 2017, the Company migrated to the SAP system. This new software gives the Company greater control over its information and facilitates decision making using online data. The Company also earned the Pro Pyme Seal: This certification is a major accomplishment for the Company and reflects its ongoing commitment to its suppliers.

Salmones Camanchaca S.A. completed its registration with the Financial Market Commission (CMF, formerly the Superintendency of Securities and Insurance), a significant step that will lead to an independent IPO process for this subsidiary of Cia. Pesquera Camanchaca S.A., in both Chile and Norway and help strengthen the Company's future development plans.

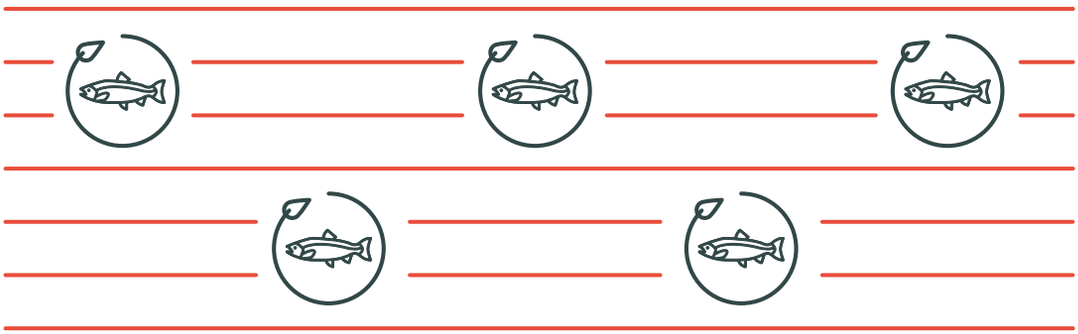
2018

Salmones Camanchaca completed its IPO for 30% of its shares on February 2, 2018, raising US$ 50 million through a primary placement. Compañía Pesquera Camanchaca carried out a secondary sale of shares of Salmones Camanchaca, raising US$ 58 million. This operation positioned Salmones Camanchaca as the first and only Chilean and Latin American company to be listed on the world's most important seafood market and made it a model for other domestic companies in the industry that are considering following in its footsteps.

The Company obtained ASC certification for 75% of its production for the fourth quarter of 2018 and first quarter of 2019.

03.

About this Report



This is our fourth annual sustainability report, which is an essential part of the corporate policy of transparency and communication with stakeholders established by the organization. This report addresses our 2017 performance in all financial, environmental and social aspects identified as material by the Company. This report also includes performance indicators for the first half of 2018.

We regularly monitor performance indicators for Salmones Camanchaca's process and report results to our diverse stakeholders annually. The Sustainability Report, along with the Annual Report, GSI Sustainability Report and our corporate dashboard are available at www.salmonescamanchaca.cl/en/sostenibilidad/salmones.

The information herein covers all production operations of Salmones Camanchaca S.A., which all take place within Chile.

This report has been prepared in accordance with Global Reporting Initiative (GRI) Standards 2016 and Food Processing Sector Disclosures. Although external assurance will not been conducted on this report, all our financial, food safety, environmental and social performance information is regularly monitored by third parties to ensure compliance with standards, such as Best Aquaculture Practices (BAP), Aquaculture Stewardship Council (ASC), GLOBAL G.A.P., ISO Standards (ISO 9001, ISO 14001, OHSAS 18001), and by customers themselves.

Figure 1.
Main Certifications Obtained for Salmones Camanchaca's Value Chain

Value Chain	Certification	Certifying Entity	Number of Facilities Certified	Product Certified
Hatchery	BAP (Best Aquaculture Practices)	NSF	1 (25%)	9,753,464 smolt (100% of smolt production)
	GLOBAL G.A.P + GRASP	Control Union (CUP)	2 (50%)	25 thousand eggs (100%) 2,664,000 smolt
	ASC (Aquaculture Stewardship Council / Chain of Custody)	Control Union (CUP)	1 (25%) (Smolt Supplier) 1 (25%) undergoing feasibility study	9,753,464 smolt (100% of smolt production)
Farm Sites	BAP (Best Aquaculture Practices)	NSF SGS Global Trust	14 (100%)	43,623 tons produced (2017-H1 2018)
	ASC (Aquaculture Stewardship Council / Chain of Custody)	Control Union (CUP)	4 (29%) (Salmon farming / Chain of Custody) 4 (29%) being evaluated (Salmon farming)	23,201 tons to produce (2017-2018) (Salmon farming/Chain of Custody)

Value Chain	Facility	ISO 14001	ISO 9001	ISO 18001	BAP (Best Aquaculture Practices)	Overall G.A.P + GRASP	ASC (Aquaculture Stewardship Council/ Chain of Custody)	HACCP (implemented)
Processing Plants	San José (Primary Processing Plant)				Being implemented	✓ (Chain of Custody)	✓ (Chain of Custody)	✓
	Tomé (Value-Added Plant)	✓	✓	✓	✓		✓ (Chain of Custody)	✓

Modifications from the Previous Report

The methodology for analyzing 2016 indicators has been changed to exclude the effects of the HAB during the first quarter of that year.

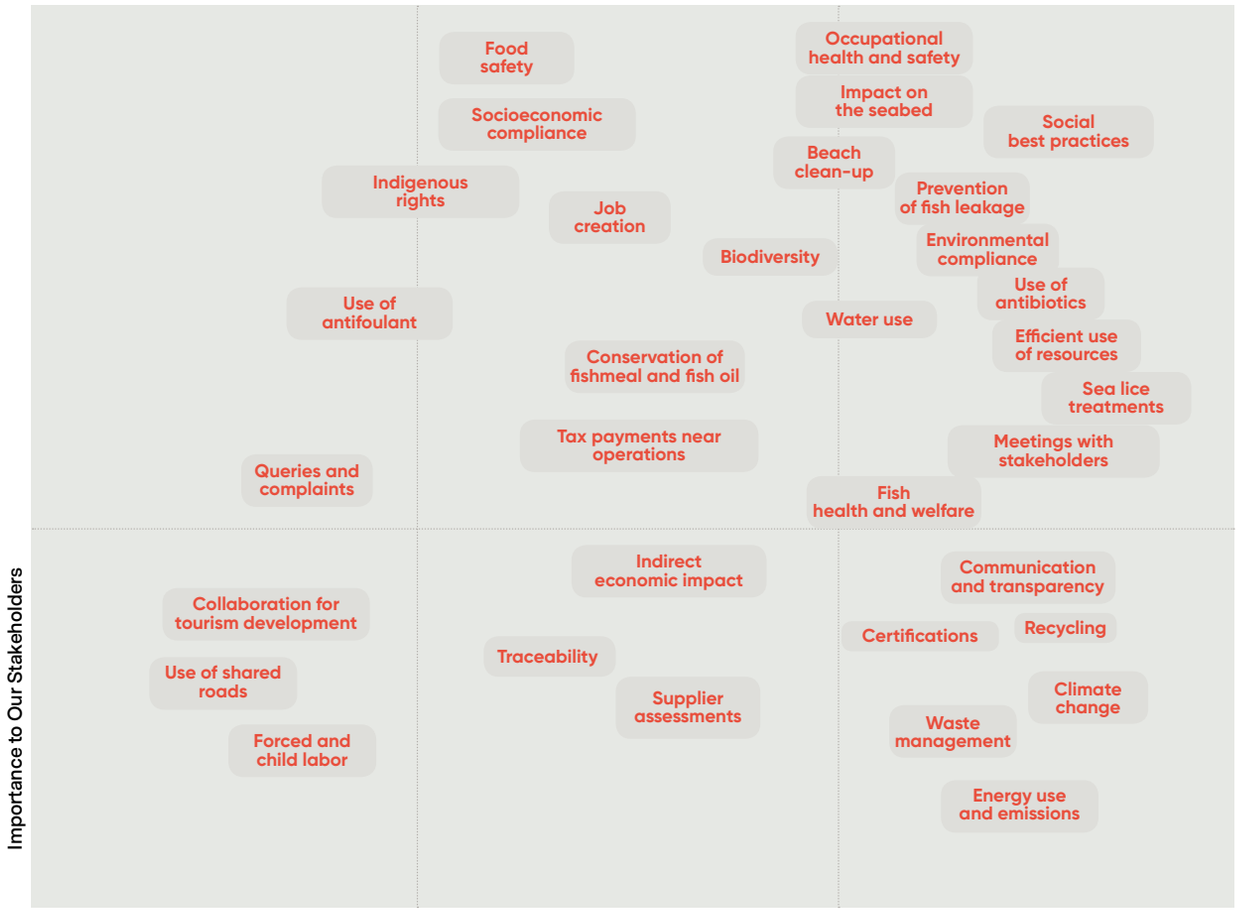
In addition, the Company's GHG emissions for the year 2017 have been externally assured.

Materiality Analysis

This year we used the same methodology as in prior reports for analyzing materiality for both Salmones Camanchaca and our stakeholders, updating data using information from community meetings, stakeholder diagnostics (individual and ethnographic interviews) and surveys conducted during various open-door activities at production facilities. We also used information gathered by our grievance mechanisms and employee suggestions fielded during our quarterly company-wide meetings.

The Company has also considered relevant material aspects for the different sustainability and transparency standards adopted, internal requirements, the contents reviewed in benchmarking different sustainability reports related to our activities and all other important information considered by the Company based on the GRI guidelines.

Using the information available, we have compiled a list of all the topics of interest, evaluated them based on the importance assigned by our organization and then separated them according to the relevance indicated by our internal and external stakeholders.



As a result, the following material aspects have been included: sanitary performance; communication and transparency; environmental performance; best social practices; food

quality and safety; occupational safety; regulatory compliance; commitment to communities; use of resources and engagement in local development.

The materiality analysis is prepared by the Certification Department in conjunction with the Company's technical and operating areas. It is then evaluated by management in order to guide our commitments and identify areas for improvement.

04.

A Word from the Vice Chairman of Salmones Camanchaca S.A.

At Salmones Camanchaca, integrating sustainability into our operations and the way we do business is strategic and essential to preserving our business over time. Our growth and development model cannot offer long-term guarantees without properly balancing the interests of our different stakeholders with those of society and the environment. This fourth Sustainability Report aims to lend transparency to our efforts in order to demonstrate not only our progress in such matters but also trends in data and facts.

This report details the main highlights verified by Salmones Camanchaca for 2017 and the first half of 2018, including the Company's registration with the Financial Market Commission (CMF), and its subsequent IPOs on the Chilean and Norwegian stock exchanges. This important step in strengthening our institution has introduced new stakeholders for our Company and, thereby, has raised the standards from both markets and communities. This is in addition to a greater capacity to harness our potential in the markets where we operate and to consolidate our mission to be one of the global leaders in the salmon farming industry.

In 2017, Salmones Camanchaca was recognized by Seafood Intelligence, an international consulting firm that analyzes the transparency with which companies report their sustainability policies and results. For the third straight year, the organization ranked the Company first in Chile and the fourth best salmon farming company globally.

In other news, the Seafood Watch Program from Monterey Bay Aquarium upgraded its recommendations for farmed salmon, which is now considered a "good alternative" when certified by the Aquaculture Stewardship Council (ASC). This is important for Salmones Camanchaca as most of its harvest in the second half of 2018 will be ASC certified.

During 2017, Salmones Camanchaca had no leakage incidents at its farm sites, thus confirming the attention we place on mitigating the impacts of our activities on the surrounding biodiversity, wildlife and the development of the communities that depend on them. This achievement is the result of good decisions made in the past and the fish containment plan implemented since 2013.

In 2017 we showed improved efficiency over prior years in the indicator of waste generated per ton produced and reduced the use of antifouling paint on nets by more than 4% thanks to strategies to diminish the use of this product implemented a few years ago. Salmones Camanchaca also reduced antibiotic use (gr. API/ton LWE) as compared to 2016, and we have continued to make strides to reduce treatments at farm sites.

Proper handling and use of information are essential to improving the effectiveness and efficiency of our operations. We made significant progress in 2017 by migrating to our new management system, SAP, which enables us to better control all areas of our business and facilitates online decision making.

In order to create opportunities for small and mid-sized companies to operate with Salmones Camanchaca, we have worked hard to obtain the ProPyme Seal (Pro-SME). This recognition, obtained in 2017, reflects our ongoing commitment with our smaller suppliers.

Our community relations program, Friendly Camanchaca, deserves special mention. In 2017, the program furthered efforts to strengthen ties with neighboring communities. In 2017, the program reached more than 54,000 people in the Biobío, Los Lagos and Aysén regions, including 5,400 people at a variety of fairs and festivals; over 2,000 at beach cleanup activities, 483 at facility tours and 93 students completing an internship at our farm sites or plants; among other activities. Friendly Camanchaca currently has more than 36 thousand followers on Facebook.

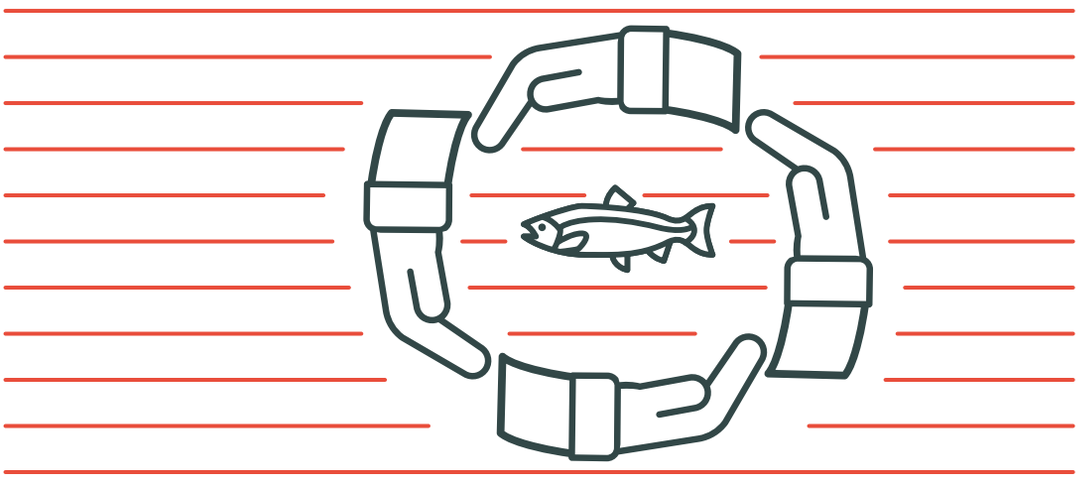
Despite our achievements this year, we must continue to raise the bar for sustainability and caring for the environment. Some aspects to improve include cargo transport and disposal of raw materials, which is mostly carried out by external suppliers. Potential accidents or even the sinking of vessels that transport our biomass are risks that we must address in order to mitigate incidents that affect the environment and the Company to the fullest extent possible. In 2017, a third-party wellboat carrying our cargo sunk. Although salvage efforts were successfully and professionally managed, this event drives us to regularly review our protocols.

Salmones Camanchaca is determined to make improvements and continuous progress in sustainability. This conviction is illustrated by this report, which also demonstrates the job well done by each team member every day to contribute to the development of sustainable salmon farming in Chile.

Ricardo García Holtz
Vice Chairman of
Salmones Camanchaca S.A.

05.

Market Context



Overview of the Salmon Farming Industry

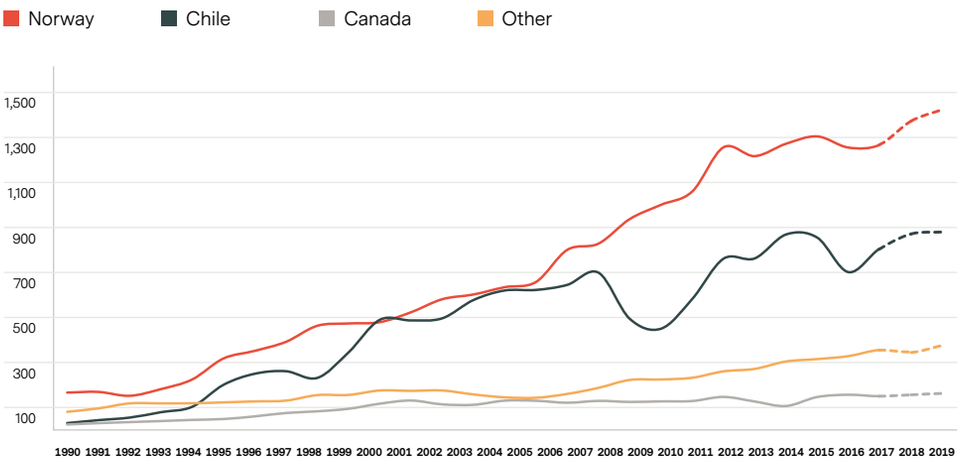
Among animal protein sources, the aquaculture industry has experienced the greatest growth worldwide in recent decades. In 2014, it became the greatest source of fish for human consumption, surpassing wild caught fish for the first time (Food and Agriculture Organization of the United Nations, 2017).

This growth of the aquaculture industry has helped increase annual average global per capita fish consumption from 9.9 kg in the 1960s to 19.7 kg in 2013. Average annual fish consumption today is estimated at 20 kg per person (Food and Agriculture Organization of the United Nations, 2017).

Salmonidae are one of the most successfully farmed species. According to Kontali Analysis, global harvests have risen from 0.3 million tons in 1990 to 2.7 million tons in 2017, which reflects 800% growth in 27 years. In the production of farmed salmonidae, Atlantic salmon and trout stand out, representing 84% and 10% of 2017 harvests, respectively.

Since 1996, Chile and Norway have been the two largest producers of salmonidae in the world. However, Chile has suffered two major crises that have reduced its harvests: an ISA crisis in 2008 and an harmful algae bloom in 2015, the effects of which can be seen in Figure 1. Today, the Chilean industry has recovered and represents 29% of total global harvests, surpassed only by Norway with 46%.

Global Salmon Harvests by Country



Global supply of Atlantic salmon expanded 2% in 2017 with respect to the prior year, with the U.S and "other markets" (e.g. China) driving this growth. Global supply is expected to expand 7% in 2018 with average prices relatively similar to last year.

Evolution of Supply in Thousands of Tons WFE. For Main Markets

	2012	2013		2014		2015		2016		2017E		2018E	
European Union	933	931	0%	1,013	9%	1,082	7%	1,047	-3%	1,022	-2%	1,075	5%
USA	330	350	6%	373	7%	422	13%	422	0%	440	4%	467	6%
Japan	63	59	-6%	64	8%	61	-5%	65	8%	64	-2%	66	3%
Russia	173	163	-6%	145	-11%	105	-28%	78	-26%	76	-2%	81	-6%
Other markets	491	532	8%	609	14%	639	5%	610	-5%	658	8%	738	12%
Total	**1,990**	**2,035**	**2%**	**2,204**	**8%**	**2,308**	**5%**	**2,223**	**-4%**	**2,261**	**2%**	**2,428**	**7%**

Source: **Kontali Analysis**

Outlook for Salmon Farming at Camanchaca

Salmones Camanchaca currently has the potential to expand production by 50% because of available concessions that are not presently being operated. This makes it very feasible to take advantage of growing global prices in the medium and long-term.

According to Kontali Analysis, Chilean production of farmed salmon totaled 812 thousand tons in 2017. Seventy-one percent of this volume is Atlantic salmon, which is the only species farmed by Salmones Camanchaca.

Based on data from the Chilean National Customs Agency, Salmones Camanchaca was the seventh largest Chilean exporter of Atlantic salmon in 2017, with a total of 20,966 tons of finished product, which is equivalent to 30,049 tons of whole fish (WFE). The main destination markets for Salmones Camanchaca's product were the United States, with 37% of FOB revenue, followed by Brazil with 12%.

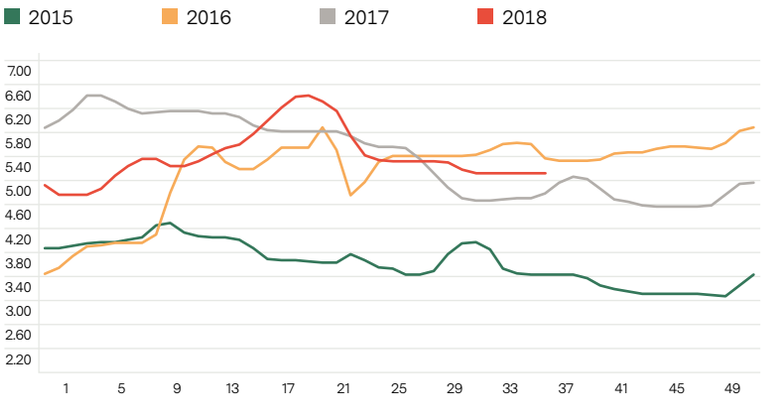
Supply of Atlantic salmon to the U.S. market was up 4% in 2017 over the prior year. Chile is this market's main supplier, accounting for 50% of total exports. Growth of 6% is expected for the U.S. market in 2018, with exports from Chile forecasted to expand 9%.

Supply of Atlantic Salmon to the U.S. By Producing Country / Exporter in Tons WFE

	2012	2013		2014		2015		2016		2017E		2018E	
Chile	162,200	191,600	18%	214,700	12%	224,100	4%	217,300	-3%	220,400	1%	241,000	9%
Canada	98,200	77,400	-21%	55,000	-29%	92,900	69%	100,900	9%	92,100	-9%	96,900	5%
USA	9,400	10,100	7%	16,200	60%	13,800	-15%	7,700	-44%	13,100	70%	10,900	-17%
Norway	23,700	27,000	14%	39,900	48%	51,200	28%	55,700	9%	68,400	23%	71,300	4%
United Kingdom	17,700	16,100	-9%	20,400	27%	16,300	-20%	12,700	-22%	18,000	42%	16,300	-9%
Faroe Islands	13,100	16,400	25%	17,100	4%	14,700	-14%	16,900	15%	14,800	-12%	12,800	-14%
Other	5,800	11,400	97%	10,000	-12%	9,400	-6%	11,200	19%	13,600	21%	17,700	30%
Total	**330,100**	**350,000**	6%	**373,300**	7%	**422,400**	13%	**422,400**	0%	**440,400**	4%	**466,900**	6%

In terms of prices, since the 17th week of 2018, Urner Barry prices have reached their highest levels in six years, further proof of the good spell the industry is experiencing.

Urner Barry FOB Price: Fresh salmon fillets Trim D 3-4 lb.
FOB Miami; US$/lb.

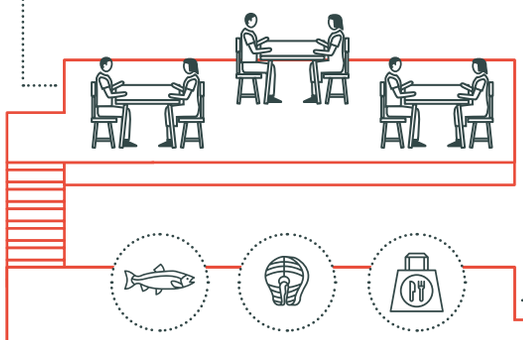


06.

Corporate Sustainability Strategy

Our Mission

Feeding the world from the ocean with healthy products.



Our Vision

To increase production volumes over the next few years by optimizing our installed capacity, improving the efficiency of all processes and expanding the scope of the high-quality standards of our finished products.

Our Spirit

We are a company committed to its employees	We appreciate their achievements, effort and teamwork.	We are concerned for the personal and professional development of those who work with us.	The wellbeing of our employees and their families is paramount to us.	We encourage a working environment that is harmonious, cheerful and based on trust.

Our Organizational Culture is Based on:

Excellence in processes	Fostering committed teams	A pleasant working environment	Goal-oriented work	Encouraging innovative ideas	Integrating sustainability
Ensure that every task contributes to the Company's objectives, while guaranteeing quality.	Aim to establish a tangible feeling of belonging to the Company.	Collaborate to maintain a pleasant workplace, promoting personal development, with relationships based on trust and communication.	At Salmones Camanchaca, people work to meet objectives.	As a company, we appreciate an entrepreneurial approach that encourages innovation and cultural change. We encourage ideas that optimize resource use and improve how the Company is managed.	Caring for the environment and respecting our local communities are essential elements within our processes.

Our Commitment to Sustainability

Establishing the right commitments to corporate sustainability is a priority for Salmones Camanchaca, in order to evaluate its performance using clear, measurable objectives and targets that provide tools for proper decision making and optimization of resources.

Strategic Plan

Making a commitment to clear but stringent objectives requires regularly accountability of the Company's performance, ensuring the resources needed to achieve objectives, which are reviewed and approved by senior management each year.

The following actions were carried out in 2017 as part of Salmones Camanchaca's strategic plan for the next few years:

MILESTONES 2017	
Investment plan carried out	Phase 1 San José Plant = Improve productivity SPU 1 and On Growing 1 in Petrohué = Recovery of production capacity Line 1 Marel in Tomé Plant = Increase productivity by 0.7%
Compliance with growth plan	Smolt stocking that allows the production plan to be implemented for 2018 and 2019.
Productivity improvements at farm sites	·Excellent results in productivity, best figures in the last 10 years in FCR, Mortality and Cost
Development of new products	Increase in recovery of byproducts at Tomé plant
IPO on Chilean and Norwegian stock exchanges	Began IPO process with excellent results
Earned ProPYME Seal	This recognition distinguishes us as a company that is concerned about our suppliers.
Implementation of SAP project	The SAP system was implemented successfully throughout the Company.

Initiatives for 2018

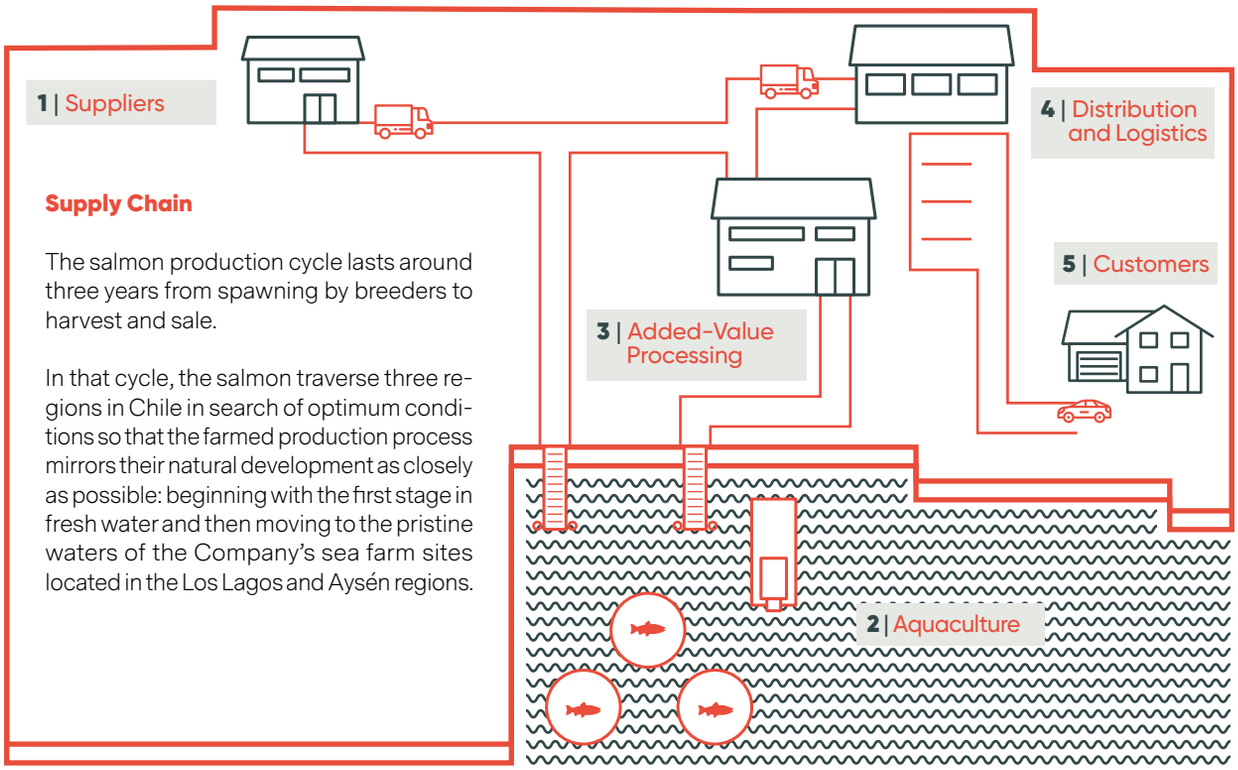
Increase production in a sustainable way, improving fish survival and increasing harvest weight.	Carry out a capital increase/investment, in order to implement projects to improve production efficiency.	Implement several environmental projects such as recycling and reducing waste.

Salmones Camanchaca and the Sustainable Development Goals

In 2015, the United Nations member countries adopted a set of global goals that aim to end poverty, protect the planet and ensure that all people enjoy peace and prosperity as part of the agenda 2030 for sustainable development.

Chile has subscribed to these Sustainable Development Goals (SDG), setting for the nation the very important challenge of attaining inclusive and sustainable development and defining its aspirations for 2030. Achieving these goals and objectives requires a systemic, multi-sector approach in order to improve living conditions for people.

At Salmones Camanchaca, we carried out an assessment of our Company's contribution to the SDGs and how we manage our operations to reduce negative impacts. After reviewing available information regarding the indicators for each goal, the Company has determined that, based on our current operating conditions, our organization is aligned with goals 2, 3, 8, 12 and 14, which should be incorporated at the core of our business and be a key component of corporate analysis in order to keep our actions aligned with these goals. Based on this analysis, we have decided that we can contribute to more goals in the medium and long term, which we will gradually develop over the next few years.



Supply Chain

The salmon production cycle lasts around three years from spawning by breeders to harvest and sale.

In that cycle, the salmon traverse three regions in Chile in search of optimum conditions so that the farmed production process mirrors their natural development as closely as possible: beginning with the first stage in fresh water and then moving to the pristine waters of the Company's sea farm sites located in the Los Lagos and Aysén regions.

Río del Este Hatchery – Breeders (12 months)

As part of the Genetic Enhancement Program in Polcura, breeders are obtained and then transported over land to the Río del Este hatchery in the town of Ralún, Los Lagos Region. Here, at the mouth of the Petrohué River, we obtain male and female gametes that are then used in the fertilization process. The eggs then undergo a selection process in order to identify those meeting the highest quality standards. Once they reach their last state ("eyed eggs"), the eggs are moved 28 km northeast to our Río Petrohué recirculating hatchery to continue the process. This production process is carried out continuously throughout the year.

Río del Este has historically participated in educational co-ops with aquaculture students from Juan Soler Manfredini High School in Cochamó. This program has been in place for around five years. Throughout the school year, the Company provides several spots for students to complete technical internships. It also welcomes students once each year to tour its facilities and observe the spawning process.

Río Petrohué Hatchery (4 months)

This hatchery was one of the first in the world to use a recirculating system for farming Atlantic salmon. One of the main benefits of this type of system is significant water savings (as compared to other types such as open-flow hatcheries). It also allows for good control of all environmental variables such as oxygen, temperature, pH, etc.

Recirculating systems reduce the risk of fish leakage and interaction with wildlife and allow for strict traceability of the process.

Río Petrohué supplies its tanks using water from deep wells (very pristine and temperature-constant), which is optimum for this type of farming.

Recirculating systems are characterized by reusing the same water in several cycles of its processes. However, to make this possible, the water must undergo a three-step treatment process:

1) Extraction of solids (mechanical treatment)
2) Removal of organic matter using a biofilter (biological treatment)
3) Disinfecting with ultraviolet (UV) light and other physical/chemical treatments that maintain it at optimum conditions to be reused once again in the production process.

Petrohué receives eyed eggs from Río del Este and keeps them under ideal temperature conditions. After approximately 30 days of incubation, the fry hatch (are born). At this stage, a fry weighs between 0.2 and 0.3 gr. After being intensely fed for a period of three to four weeks, they reach a weight of 5-7 gr. They are then moved to larger, fresh water units for their final growth phrase.

Smolt Production Unit (SPU) (4 months)

The last stage of production in fresh water takes place in the Smolt Production Unit (SPU). The SPU tanks are adapted to farm larger fish and optimize control of the most critical process that fish undergo in fresh water, that of acclimating to the major change of environment from fresh to seawater. This last period lasts between three and four months, at which point the fish weigh around 120 gr.

Overall, around 56 people work at these two production units, 65% of which are local residents of Ensenada.

For years, the Río Petrohué hatchery has had a close relationship with the Epson Rural School, which was formalized in 2017 through a reciprocal collaboration agreement that includes educational site visits and sustainability training. The institution is part of the Sustainable Schools Program developed by Salmones Camanchaca with three schools in the region. With help from the Friendly Camanchaca Program, all three schools recently earned Environmental Certification for Educational Establishments from the Ministry of the Environment. The Company has also held guided tours and participated in working groups with local tourism operators, fire departments and other stakeholders in Ensenada, which has helped strengthen bonds and resulted in collaborative work to benefit area inhabitants.

Maqui Beach-Frutillar

In addition to the Smolt Production Unit, the Company has a smoltification center in Llanquihue Lake (Los Bajos sector in the district of Frutillar). For years, this center has been dedicated to producing trout for other companies in the industry. However, the personnel, inputs and supplies belong to Salmones Camanchaca. At this facility, 87% of the team are local residents.

In recent years, the Company has built a relationship of collaboration with area residents and representatives from local organizations, specifically the Los Bajos Neighborhood Council, as part of neighborly dialogues being held throughout the region in order to establish long-lasting relationships with all communities. The Company has joined forces with municipal officials to identify the district's basic needs and develop several trade courses designed to improve the employability of local inhabitants: security guard, oxy-fuel welding and, most recently, canning and food pastes in partnership with the Female Heads of Household Program.

Grow-Out Sites (15 - 18 months)

Once they are ready to continue growing, smolts are moved using ground and sea transport from the town of Ensenada, district of Puerto Varas, to the different grow-out sites in the Los Lagos and Aysén regions.

For salmon, the grow-out stage does better in cold water, making southern Chile the ideal place for them to complete the growing process.

The scenery surrounding these production centers is generally packed with native flora and fauna and devoid of human intervention. Amidst snow-capped peaks and austral fjords, employees work in shifts scheduled to ensure work-life balance.

In on-land lodges or floating pontoons, men and women co-exist with nature, protecting both the caged salmon under their care and the environment around them.

During the grow-out process, seawater teams use an automatic feeding system that today can even be activated remotely when weather does not permit them to enter the site. Other technology has been added to monitor feed consumption, extract mortalities and wash nets in situ that make our teams more efficient. When the fish have reached the right size, they are transferred in wellboats to the primary processing plant in Calbuco.

San José Primary Processing Plant, Calbuco. Los Lagos Region

The island of Quihua in the district of Calbuco, a primarily rural (albeit industrial) area, is home to our primary processing plant and temporary fish storage facilities, which are capable of processing 80 thousand salmon per day. This plant is responsible for harvesting seawater production in the Los Lagos Region.

It has sufficient capacity to also provide harvesting services for other companies in the region and can export head on fresh chilled salmon directly to countries like Argentina, Brazil and China.

Next to the plant lies the San José Rural School, which has a total of 150 students, all from Quihua Island and the surrounding areas of Yaco, Pureo, San Antonio and Chullehua. Since 2015, the Company has an annual work plan with the school focused on environmental education. This plan engages and receives support from the entire school community, where many of the students' parents also work at the plant.

These efforts have strengthened the school's environmental education programs and earned it Environmental Certification for Educational Establishments (SNCAE in Spanish) from the Ministry of the Environment in 2017.

Primary Plant Surproceso S.A., Quellón, Island of Chiloé, Los Lagos Region.

Fish from seawater sites in the Aysén Region are harvested in Quellón at the Surproceso plant, which has a processing capacity of 115,000 fish per day. Salmones Camanchaca owns one third of this company and also has a nursery concession adjacent to the facilities. This has allowed the Company to optimize its work in San José and to provide harvest services to other companies in Calbuco.

Tomé Secondary Processing Plant

All products that require added value processing are transported in closed containers to the district of Tomé (Biobío Region), making sure to preserve the cold chain. This beach town is home to a plant that can process 250 tons of salmon per day, including stages such as filleting, deboning, portioning, freezing and vacuum sealing. Given the plant's proximity to Chile's capital city, fresh-chilled products can be exported from the Tomé Plant to the United States.

This plant provides close to 1,000 jobs each year, with 85% filled by local hires, thus signifying an important contribution to the district's economic and social development.

Polcura Hatchery - Genetic Enhancement Program (GEP) (3-4 years)

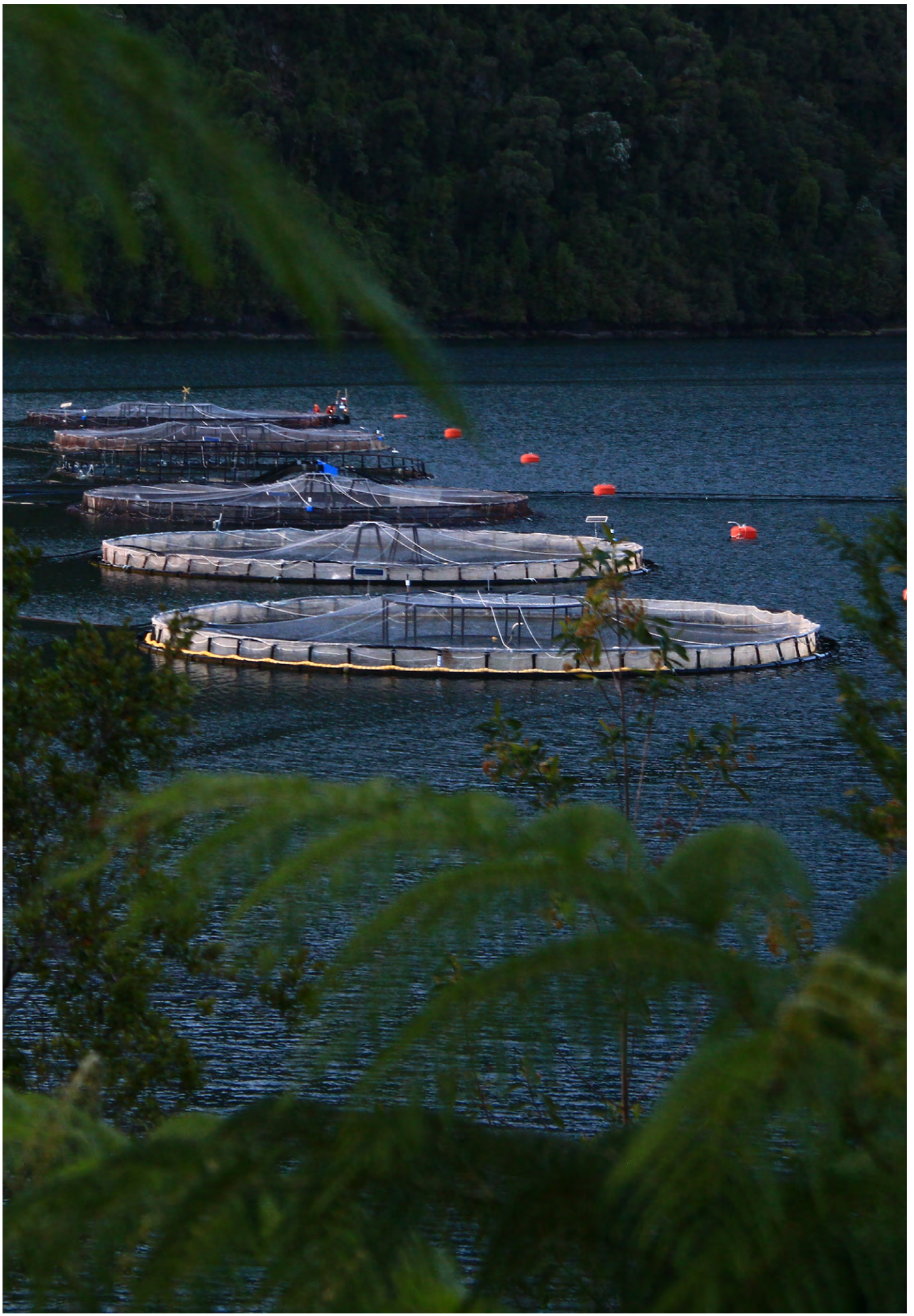
The process starts at the Polcura Hatchery in the Biobío Region, near Laguna del Laja National Park and the river sharing the same name. At these facilities, the Company's Research and Development and Freshwater divisions have jointly developed its Genetic Enhancement Program (GEP) for salmon over the last 16 years.

The GEP is one of Salmones Camanchaca's greatest strengths, allowing the Company to control production variables by studying the genetic component of populations from the outset in order to ensure optimum yields throughout the production cycle.

The town of Polcura, located on the road to Antuco, is part of the district of Tucapel, which had around 14,000 residents according to the 2017 census (CENSO, 2017). Since its beginnings, the hatchery team has included members from the neighboring towns of Huepil and Polcura, including some individuals with more than 30 years of experience. Relations with neighboring communities have focused on supporting local organizations represented by neighborhood councils and providing educational tours of the hatchery for area preschools and schools. One particular initiative is the Open Doors Event for the Los Avellanos de Polcura School, where all students had the chance to tour the facilities and understand what takes place there.

Some of the activities carried out as part of the GEP in Polcura for genetic selection purposes included:

1. Selection of fish with high genetic values for resistance (population/family genetic value).
2. Yearly production of breeders for 100% of Company's egg production.
3. Challenge testing to evaluate resistance to disease.
4. Challenge testing to evaluate the effects of co-infection versus single infection.
5. Challenge testing to evaluate the effect of vaccinations on fish selection.
6. Start of genomic selection for SRS resistance (QTL marker).



Investment in R+D

Salmones Camanchaca S.A. knows that investing in research and development is fundamental to facing industry challenges, harnessing opportunities and adding value to the Company.

Currently, Salmones Camanchaca invests in both internal R&D projects as well as collaborative efforts where partnering with other companies and government agencies makes for a more effective work model.

Internal Projects

ENVIRONMENTAL

CODE	NAME	AREA IN CHARGE	IMPACT ON SUSTAINABILITY	STATUS
P002-17	Use of flaps to control HABs.	Project Division (Chonos)	Testing technologies to lessen impact of HABs (Climate change)	Undergoing feasibility study
P010-17	Evaluation of optimum environmental conditions for the development of Pseudochatonella sp., as a tool to predict blooms.	Environmental (Puelche, Mañihueico; Contao; Porcelana)	Developing predictive models for controlling HABs	Under development

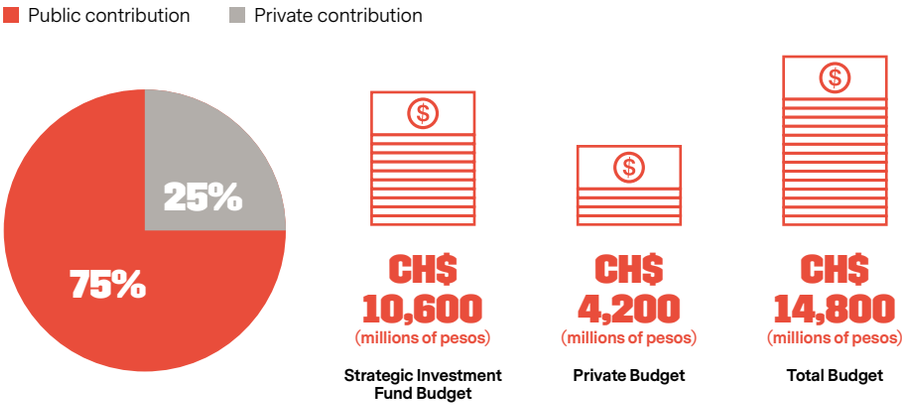
FISH HEALTH AND WELFARE

CODE	NAME	AREA IN CHARGE	IMPACT ON SUSTAINABILITY	STATUS
P003-17	Production evaluation of cages Monosexo Lochy.	Seawater Division (Islotes)	Shortening production cycle at grow-out sites (minimizing production costs)	Under development
P004-17	Production evaluation Lochy photoperiod	Seawater Division (Pilpilehue)	Shortening production cycle at grow-out sites	Completed
P005-17	LOCHY eggs throughout the year.	Fresh Water Division (Río del Este)	Expanding window for LCY smolt stocking	Under development
P006-17	Study of chilled eggs	Fresh Water Division (REste/Pth)	Improving incubation conditions to favor hatching and SF in Petrohué	Completed
P007A-17	Production of eggs selected for SRS resistance (population selection)	Fresh Water and Seawater Divisions (Porcelana, Leptepu and Pilpilehue)	Producing eggs selected for SRS resistance and results at grow-out sites	Under development

Collaborative Projects

The most important collaborative R&D initiative in which Salmones Camanchaca takes part is the Aquaculture Sanitary Management Program (ASMP). This project involved an investment of MCh$14,800 (aprox US$23 million), which was co-financed by the Chilean Ministry of Economy through its Strategic Investment Fund (75%) and by salmon industry companies (25%), including Salmones Camanchaca. A full description of the project, its research lines and results to date can be found at http://pgsa.sernapesca.cl/.

Contributions to ASMP - Disease Center Project



The "Aquaculture Sanitary Management Program" is structured into five working packages, detailed as follows:

Pharmacological Line

Impact: Improving the process of manufacturing medicated feed. Defining the post-sale shelf life of medicated feed based on storage conditions. Improving dosing systems, minimizing selection and spreading of resistant bacteria.

Host Response Line

Impact: This project has generated important knowledge for understanding the action mechanism of the bacteria Piscirickettsia salmonis on the host, which could potentially aid in the creation of vaccinations, therapy alternatives and immune system modulations, among other applications.

Piscirickettsiosis Line

Impact: Consolidation of the official strain collection for Piscirickettsia salmonis, which will help with basic and applied scientific research on Piscirickettsiosis. Generation of basic knowledge for understanding the pathogen and epidemiology of Piscirickettsiosis.

Objectives

Address knowledge gaps for sea lice and Piscirickettsiosis, the main diseases that affect the salmon industry in Chile through research and innovation.

Impact of Main Results 2016 – 2017 (Source: Bulletin 2 – FIE INTESAL)

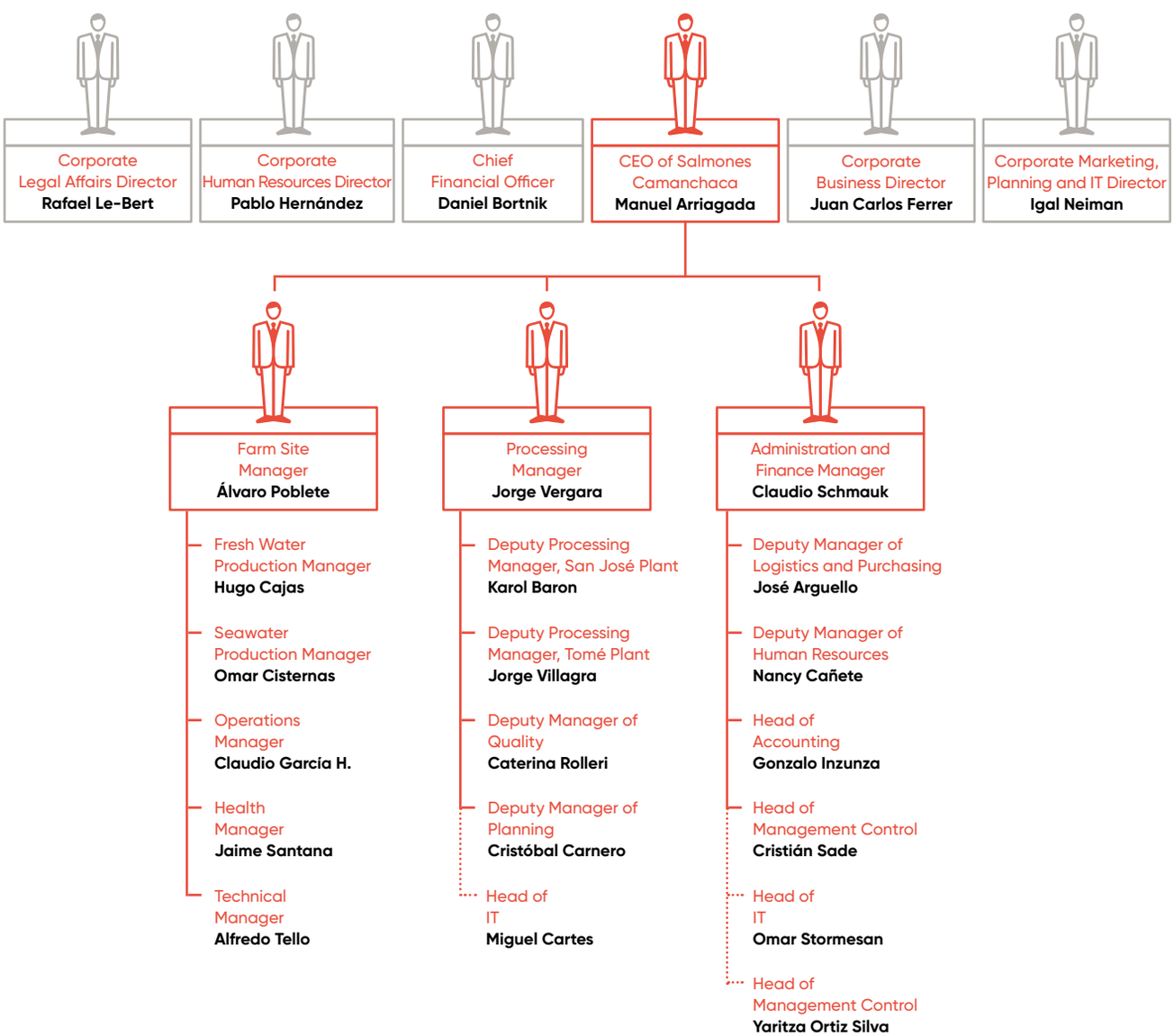
Corporate Governance

Salmones Camanchaca S.A., a subsidiary of Compañía Pesquera Camanchaca S.A., is committed to maintaining high standards of corporate governance to ensure effective operations, improve performance and strengthen corporate social responsibility efforts.

The Company is managed by a Board of Directors with five members that serve two-year terms and can be re-elected. It holds shareholders' meetings, which include one annual general meeting held during the first quarter of the year and can also include extraordinary meetings that can be held at any time deemed necessary.

The Company's Board of Directors has a Corporate Governance Handbook, which is available for download at www.salmonescamanchaca.cl. A mechanism has also been approved by the Board that addresses the compensation, termination benefits and incentive packages for its key executives.

The Board elects a Chairman and Vice-Chairman. It meets monthly along with the Company's Chief Executive Officer, to review business strategy and performance in corporate sustainability matters.



The organizational and corporate structure, as well as any significant changes that may have occurred during the reporting period can be found in the 2017 Annual Report published on our website. http://www.salmonescamanchaca.cl/en/wp-content/uploads/2018/04/SC-Annual-Report-2017.pdf

Anticorruption Policies

Salmones Camanchaca has properly communicated its ethics and conduct policy and crime prevention model and formalized procedures for implementation. These tools are constantly reviewed by the Board.

Ethics and Conduct Policies

Ethical behavior by all employees in the everyday performance of their professional duties is a key component of the Company's culture and values.

This behavior is particularly important and should always strictly comply with standards, regulations and laws. Employees must show respect for the dignity of others and the communities where they work as well as care for the environment.

In order to define these behavior guidelines, the Company has a Code of Corporate Conduct and Ethics applicable to all persons within the Company that is available on its website. http://www.salmonescamanchaca.cl/en/wp-content/uploads/2017/07/Camanchaca-Code-of-Conduct-and-Business-Ethics-2017.pdf

Crime Prevention Model

As a subsidiary of Compañía Pesquera Camanchaca, Salmones Camanchaca's Crime Prevention Model (CPM) was recertified in November 2017.

See CPM and Certification at:
http://www.salmonescamanchaca.cl/en/wp-content/uploads/2015/12/Crime_prevention_model_2.pdf

Stakeholder Engagement

Salmones Camanchaca has a Code of Conduct and Business Ethics, which was approved by the Board of Compañía Pesquera Camanchaca S.A. five years ago.

This code identifies and defines the Company's stakeholders on the basis of the Company's vision for corporate sustainability, as these are the entities that could be directly or indirectly involved in the Company's decisions.

Salmones Camanchaca has the following commitments to its diverse stakeholders:

Employees

Its employees are essential to the success of Salmones Camanchaca. For this reason, the Company promotes their development in order to improve and strengthen their skills and competitiveness, giving priority to internal promotions.

It encourages employees to treat everyone with dignity and respect, which entails: a close and direct relationship, taking into account that each human being is unique and valuable; appreciating diversity and non-discrimination; always seeking to provide work conditions that ensure safe environments that favor the wellbeing and development of people based on their own merits; and giving people the opportunity to express their honest opinions in an open and constructive environment. People also deserve the chance to correct their performance in response to fair, accurate and timely feedback regarding their work.

Salmones Camanchaca S.A. respects human rights and commits to prohibit forced or child labor in any form.

Consumers and Customers

To offer its customers and consumers products of the highest quality, always aiming to provide healthy nourishment and disclosing product characteristics and qualities.

Shareholders

To continuously develop strategies and plans to secure long-term profitability for the Company and thus business sustainability over time, creating value for shareholders, weighing the interests of other groups (employees, suppliers, customers, communities, etc.), and complying with all applicable regulations.

The goal is to provide shareholders with consistent returns in line with their investment, creating value that is sustainable over the long term. As a result, the Company must conduct itself so as to provide timely information to the market, thus allowing shareholders to make decisions with the appropriate tools without any advantages for certain shareholders over others.

Suppliers

With suppliers, it aims for honest and fair negotiations without discrimination or deception. All suppliers will always be treated with respect and will have the information they need for bidding processes, competitions or tenders to ensure that these processes are competitive, transparent and fair.

One of Salmones Camanchaca's main commitments to its suppliers is timely payment for their services and products in accordance with agreed payment conditions. To accomplish this, the Company establishes clear payment terms and stable, simple and transparent processes that are not open to interpretation or susceptible to bad practices.

In 2017, we had commercial relationships with 1,242 suppliers of goods and/or services, with total billing of US$ 210.3 million, up 2.4% from 2016.

The ten largest suppliers accounted for 52.0%, invoicing US$ 109.4 million. The leading two suppliers, which are feed companies, together billed US$ 64.7 million and accounted for 30.7% of the total.

The twenty largest suppliers accounted for 62.3% of expenses, invoicing US$ 131.0 million. The fifty largest suppliers accounted for 76.9% of this total, invoicing US$ 161.7 million.

The one hundred largest suppliers accounted for 87.0% of this total, invoicing US$ 183.1 million.

The most significant concepts were: Fish feed, 37%; operational services and inputs, 18%; transportation and logistics, 7%; medication and laboratory services, 6% and construction, 6%.

Competition

The Company competes correctly and fairly within a framework of integrity and respect in a free, transparent market, where transactions are based on merit, including price, quality and service.

To avoid any conduct that creates monopolistic competition or encourages collusion as a tool to improve sales conditions.

Government and Authorities

The employees of Salmones Camanchaca must fully comply with all applicable regulations and laws, thus contributing to the common good and social order. Each individual has the duty to report any violations and/or incidents of non-compliance.

Society and the Environment

The Company promotes universal ethical values, supporting the economic and social growth of the communities where Salmones Camanchaca operates, and caring for the environment with a perspective of long-term sustainability.

The Company promotes the hiring of individuals from areas near its operations and trains employees to make them more productive, material and integral.

07.

Our People

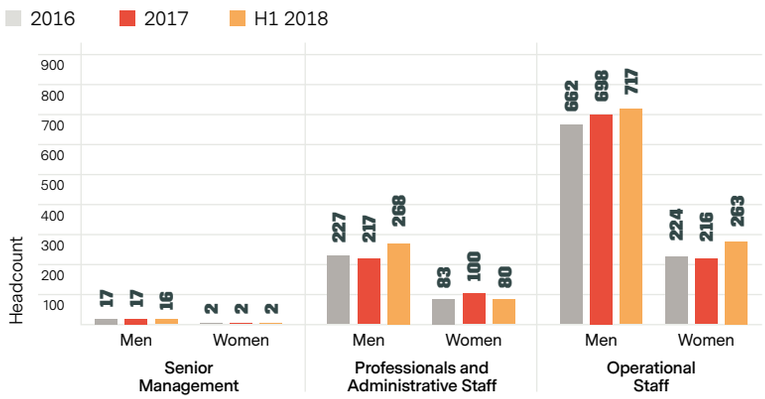
At Salmones Camanchaca, our people are our most valuable asset and a strategic component of our success. The Company places special emphasis on cultivating an organizational culture based on efficiency, collaboration, team work, safety, excellence and innovation.

We aim to promote the personal and professional development of our team members to ensure that the Company is staffed with prepared, trained employees that enable us to achieve our goals. We also strive to create a positive working environment within the organization by promoting opportunities for participation and involvement along with appropriate organizational communication.

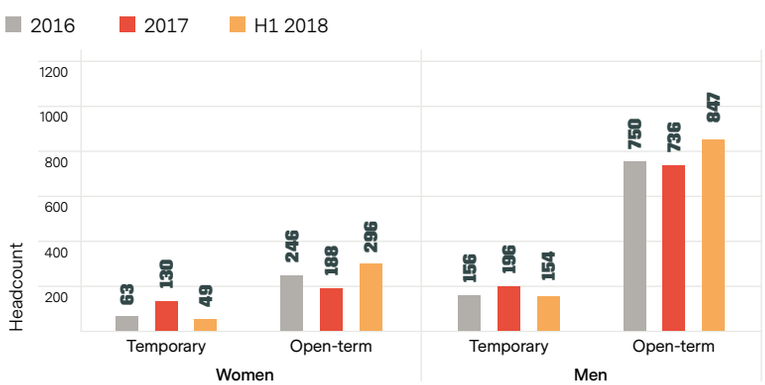
Employee Profile

In 2017, Salmones Camanchaca had an average of 1,250 employees distributed throughout its facilities in the Biobío, Los Lagos and Aysén regions.

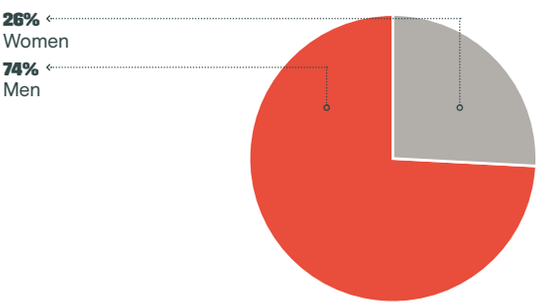
Employees by Gender and Level



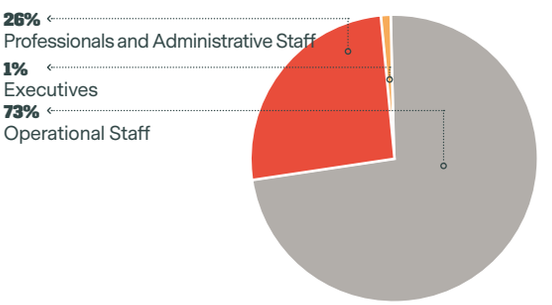
Employees by Type of Contract and Gender



Employees by Gender

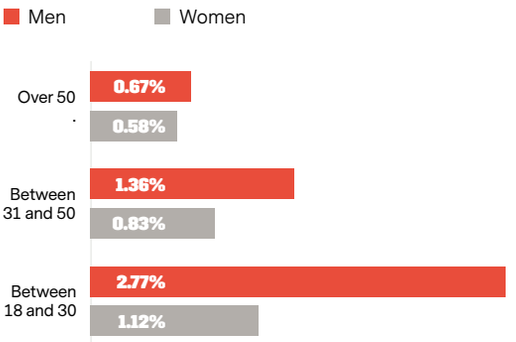


Employees by Level

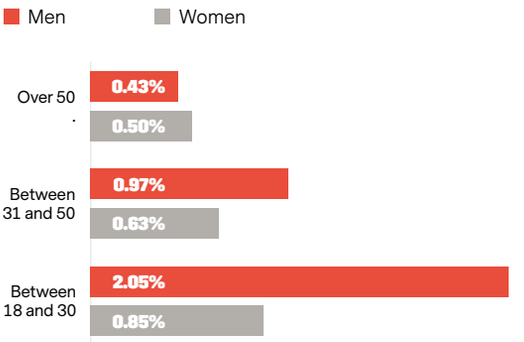


Hiring and Turnover

Hires

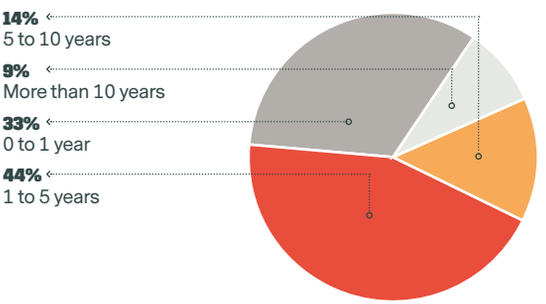


Turnover



Employees by Years of Service (years)

Years of Service at Salmones Camanchaca

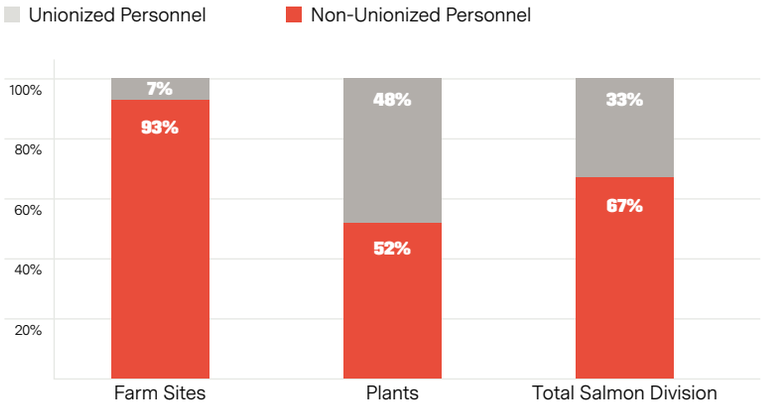


Labor and Union Relations

Developed in a setting of collaboration, respect and closeness, the Company cultivates good relations with employees, labor unions and their representatives, all in accordance with our internal regulations and current labor law.

In aggregate, 33% of our employees are covered under collective bargaining agreements

Distribution of Unionized Personnel 2017



Training and Development

Salmones Camanchaca considers professional development to be a fundamental tool for retaining talent. We are convinced that our professionals have countless skills and competencies that provide considerable value for the Company. Annually, training programs are designed and implemented on regulatory, technical and soft skills topics. They aim to mold well-rounded professionals who focus on continuous improvement and are efficient and empowered in their positions.

1,034 employees were trained in 2017. The following section presents detailed information on our training efforts plus data updated as of June 30, 2018.

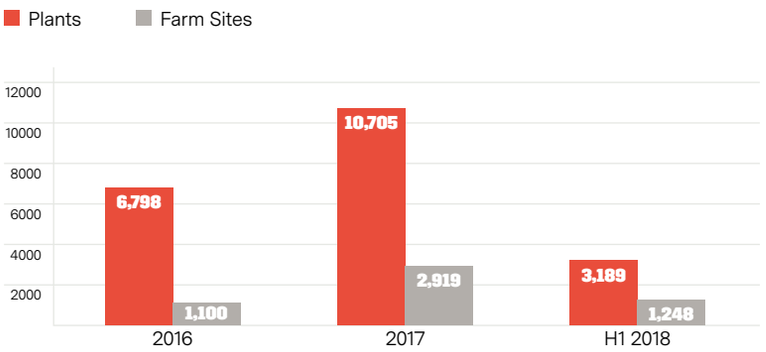
Corporate Leadership Program for Professionals and Supervisors

Given the importance of the role professionals play in our business, we have implemented a series of yearly modules focused on strengthening and empowering directors, supervisors and assistants through self-knowledge and interpersonal skills in order for them to be faithful representatives of the profile of a Camanchaca leader.

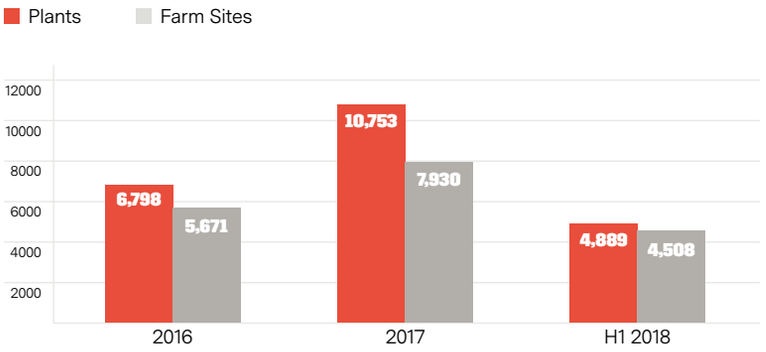
Course for Tomé Supervisors

This program is designed to train supervisors from the Tomé Plant and put them all on a level playing field by developing and strengthening technical competencies and personal skills needed to best perform their jobs, based on the plant's current challenges.

Training (Total Hours)



Hours Trained by No. of People



Distribution of Training by				Distribution	
Division	Executives	Admin Staff	Operators	Women	Men
Plants	0.0%	0.7%	7.3%	5.2%	2.8
Farm Sites	8.0%	79.0%	5.0%	16.8%	75.2%
TOTAL	8.0%	79.7%	12.3%	22.0%	78.0%

Important Projects

In this competitive industry, human capital sets Salmones Camanchaca apart as it seeks to adapt to change, meet the highest standards and provide high quality products in a timely manner. In order to achieve these goals, we focus on aligning programs and implementing initiatives to support continuous improvement, teamwork, cost cutting and achievement of goals.

SAP Project:
In August 2017, the Company migrated to the SAP system, its new integrated management system. This new software gives us greater control over information and facilitates decision making using online data.

Pro Pyme Seal
Recognition Ceremony:
This certification is a major accomplishment for the Company and reflects our ongoing commitment to suppliers, representing our commitment to paying them in no more than 30 days.

Signing of Agreement on
Good Practices in Salmon Farming:
In August 2017, the Company signed the document "Progress in Chilean Salmon Farming: Dialogue and Promoting Good Practices." This agreement promotes efforts to strengthen good labor relations between the Company and its employees.

Organizational Climate

In the search for a people-focused organizational culture, we are committed to generating a positive working environment that fosters close, transparent relationships with all employees. To accomplish this, our operations must meet high standards and our workers must be motivated to develop and committed to perform. This has been reflected in the excellent results attained in our most recent evaluations, with perception of workplace climate stabilizing at over 78%.

Results of the Employee Satisfaction Survey

Year	Index
2015	74.6%
2016	78.7%
2017	78.1%

In 2017 we had no cases of discrimination at our Company.

Performance Evaluations

The Company places great importance on promptly and fairly evaluating employee performance using a specially- designed methodology applied each year for executives, professionals and administrative staff. Operators have a direct performance evaluation system, which is linked to their compensation.

This evaluation is considered in succession plans, salary adjustment processes, internal job offers, training programs, etc.

Occupational Health and Safety

Occupational health and safety is the foundation of controlled, safe operations, where the wellbeing of our employees is the number one priority. Working from this premise, we will continue to strengthen the concept of self-care and internalize a prevention-based culture, encouraging all employees to display leadership in everything they do.

Corporate communication campaigns were carried out in 2017 to further emphasize these concepts. Although our lost-time injury rate has risen since last year, we have seen continuous improvement in preventative and safety conduct over the last four years, introducing these concepts into the organizational culture. In 2017 we had no days lost due to professional illnesses.

Furthermore, the Chilean Safety Association (ACHS) recognized Salmones Camanchaca S.A, for its efforts to internalize a preventative culture.

The following section details our Occupational Health and Safety indicators:

	2017	H1 2018
No. of fatalities	0	0
Lost-time injury rate	8.94	3.07
Absenteeism rate	0.2	0.026

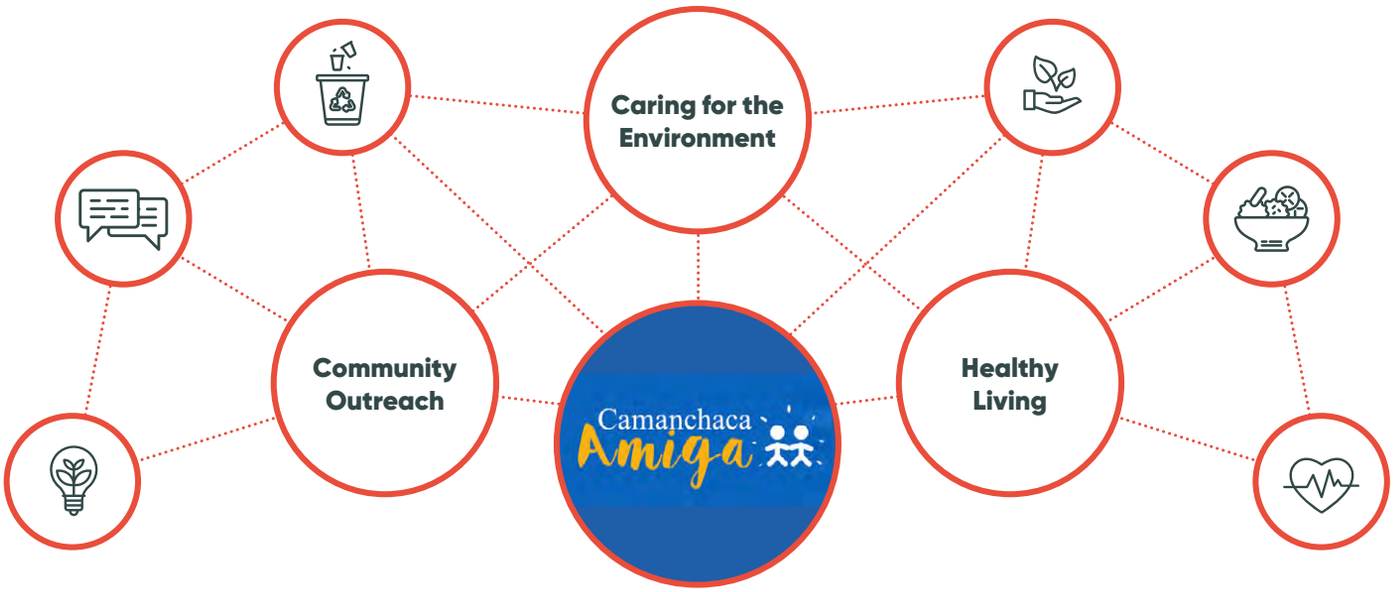
In order to reinforce a culture of self-care, we have four Joint Committees on Hygiene and Health (Petrohué hatchery, the primary plant, secondary plant and management), which meet monthly to organize annual preventive management programs.

08.

Community Relations

Our policy is to strengthen universal ethical values, supporting the economic and social growth of the communities where Salmones Camanchaca operates. We recognize that we must respect and be sure to benefit and develop the society where we work. We promote responsible participation by our employees in different community activities.

In order to bring these intentions to fruition, we have implemented the "Friendly Camanchaca" program at all our facilities. This program includes different activities coordinated and implemented in partnership with local and community organizations in the areas surrounding our operations.



Friendly Camanchaca Program

Strengthening ties with neighboring communities, fostering progress and collaboration.

Since all production activities have an impact on their surroundings, Salmones Camachaca decided to create the Friendly Camanchaca program in 2013. The initiative aims to build and maintain constructive relationships with communities, employees, customers, suppliers and authorities built on trust, community outreach, care for the environment and healthy eating and lifestyles.

The program's impact has grown every year, and it is now considered one of the Company's areas of influence.

Through ongoing dialogue, the Company has strengthened ties with the communities where we operate while creating opportunities for new projects and joint development opportunities that are still in motion today. Over time, the specific initiatives developed have been fine-tuned to target the right areas and support the true needs of neighboring communities.

To coordinate activities and generate real impact on the community, Friendly Camanchaca is based on three main elements: Community Outreach, Caring for the Environment and Healthy Living.

At Salmones Camanchaca, we are proud of the new strides the program has made. Throughout its existence, the Company has managed to incorporate community support into its corporate culture, generating a positive, beneficial impact on both the Company and its neighbors and employees.

In 2017, the Company continued to work in this spirit to foster a culture of active employee participation, with about 86 activities, and also continued to strengthen Company alliances with its various stakeholders. In 2017 alone, the program reached more than 54,000 people in the Biobío, Los Lagos and Aysén regions, including 5,400 people at a variety of fairs and festivals; over 2,000 at beach cleanup activities, 483 at facility tours and 93 students completing an internship at our farm sites or plants; among other activities.

1. Community Outreach

This element responds to the importance that Salmones Camanchaca places on the development of neighboring communities, where a large number of its employees and their families live. The Company sets the priority of cultivating stable, long-term bonds of reciprocal collaboration with them, generating mutual benefits and creating shared value for everyone. As a result, one of the Company's main objectives in 2017 was to strengthen relations with different communities through neighborly dialogues. Meetings were held beginning in August that brought together around 48 neighbors from three communities: Río del Este, Playa Maqui and Contao. A second meeting was held in the last two communities because of progress made in those areas.

At a corporate level, the Company has maintained its open door policy, through which numerous civic associations, retirement homes, educational institutions and other organizations are invited to tour its facilities and learn more about what Salmones Camanchaca does. One highlight this year was a visit by undergraduate chemistry students from Universidad Católica de la Santísima Concepción to our plant in Tomé, and by undergraduate environmental engineering students from Universidad de Los Lagos to our Playa Maqui farm site in Frutillar. Salmones Camanchaca also participated in other activities in partnership with schools, expositions and local events.

Neighborly Dialogues: Starting in August the Company held six meetings with neighbors from the towns of Ralún, Los Bajos (2) and Contao (2). Through these meetings, 60 neighbors learned more about what Camanchaca does and were able to ask questions about its operations. Neighbors from Ralún also had the chance to see the facilities on a guided tour led by the professional team from the hatchery.

Relations with Authorities: As in years past, the municipalities of Tomé, Puerto Varas, Calbuco and Frutillar joined efforts with the Company on several initiatives, including beach cleanup days, health fairs and soccer tournaments.

Trade Courses: In May, the Company organized a certification course on "ornamental weaving" in the town of Hualaihué. Ten students from local indigenous communities took part to learn weaving techniques.

In October, the Company partnered with municipal labor authorities to certify several neighbors as security guards. This partnership equipped 17 individuals, 47% of which were females, with new job skills.

2. Caring for the Environment

Caring for the environment has always been a core value for the Company since its founding. The Friendly Camanchaca Program has played a major role in beach cleanup campaigns organized jointly with educational institutions and neighborhood groups in different areas and complements government cleanup efforts. The Company continues to partner with maritime authorities on International Coastal Cleanup Day, organized nationwide by Directemar. In 2017, over 1,400 people participated in several trash pick-up days, which included the shore of Llanquihue Lake for the first time, in collaboration with the Epson School in Ensenada.

The Company also maintains a close bond with local schools. As a result of this relationship, three schools in the Los Lagos Region were selected by the Company this year to receive support for the process to obtain Environmental Certification for Educational Establishments granted by the Ministry of the Environment. All three schools successfully completed the process and were certified in early 2018.

Environmental Certification for Educational Establishments (SNCAE)

The Environmental Certification for Educational Establishments program is coordinated by the Ministry of the Environment, the Ministry of Education, the National Forestry Corporation, the Ministry of Energy, the Chilean Agency for Energy Efficiency and the United Nations Organization for Education, Science and Culture (Unesco). The program's objective is to encourage educational establishments to incorporate environmental variables in three areas: teaching, school management and relations between the educational community and its surroundings.

This seal recognizes schools that have integrated a sustainability criteria into their educational process and management.

The Company selected three neighboring schools to provide them support during their certification process: Mauricio Hitchcock School in Contao, San José Rural School in Calbuco and Epson Rural School in Ensenada.

Using a systematic approach over several months at each school, the Company provided support for diverse activities designed to teach students about sustainability and caring for the environment. Some examples include a day to plant trees in March to commemorate World Environment Day, construction of a greenhouse at the Mauricio Hitchcock School and beach cleanup activities together with the three schools. The three schools were notified in January 2018 that they had obtained the certification.

3. Healthy Living

Companies that produce food for human consumption must meet rigorous quality standards to certify that their products are suitable for consumption and not harmful to individuals who consume them. They must also certify that their process is not harmful to those with whom they share the land. However, Camanchaca has taken on the additional responsibility of promoting activities to encourage a healthy lifestyle that includes physical activity and spending time outdoors.

In 2017, the Company once more demonstrated its commitment to promoting healthy living among its communities, taking part in diverse activities such as cultural fairs in several towns and health fairs at numerous schools that attracted over 1,700 children, youth and adults. At these events, the Company set up stands to distribute information on healthy eating and invited chefs to give visitors live demonstrations on how to prepare meals with seafood products. In addition, Salmones Camanchaca also provided support for several sporting events during the year, distributing water and sunblock to athletes.

The Company initiated another, more innovative project this year, preparing informative radio news bulletins to inform communities about the advantages of consuming seafood products, providing advice about making the most of the products and showing them how best to prepare them. These programs were broadcast on eight radio stations in the towns of Calbuco, Llanquihue, Chiloé, Palena, Castro, Iquique, Hornopirén, Contao, Hualaihué, Coronel, Melinka and Tomé.

For three years, the Company has also organized a fair in partnership with the municipality of Tomé to promote consumption of healthy products. The 2017 version featured well-known chef Miguel Valenzuela, who showed participants new recipes using our brands and other local products. This live cooking demonstration took place at Bellavista Beach, a beach town that attracts a large number of local residents and tourists to the activity offered by the Company. Over 2,000 people attended the event in 2017.

For the second straight year, Camanchaca renewed its agreement with Aramark, a leader in institutional food service, to promote healthy and nutritional seafood-based diets in the communities where they operate, each through their respective businesses.

Our Relationship with Indigenous Communities

In the regions where Salmones Camanchaca operates, legally recognized indigenous communities have a strong presence. In keeping with their ancestral values, they work together to safeguard and care for the environment and native animal and plant species (customary use).

From a regulatory standpoint, relations with indigenous communities are subject to Environmental Impact Assessment System regulations (Decree No. 40, 2013, SEIA) and the Lafkenche Act (Law No. 20,249, 2008), which created the Coastal Marine Space for Native Peoples (ECMPO).

Thus, in general, there is a certain distance from industry, including salmon farming. However, since mid-2014, Salmones Camanchaca has been building relationships based on mutual respect with the indigenous communities where they operate. These efforts have given rise to joint round tables which seek mutually beneficial actions and projects.

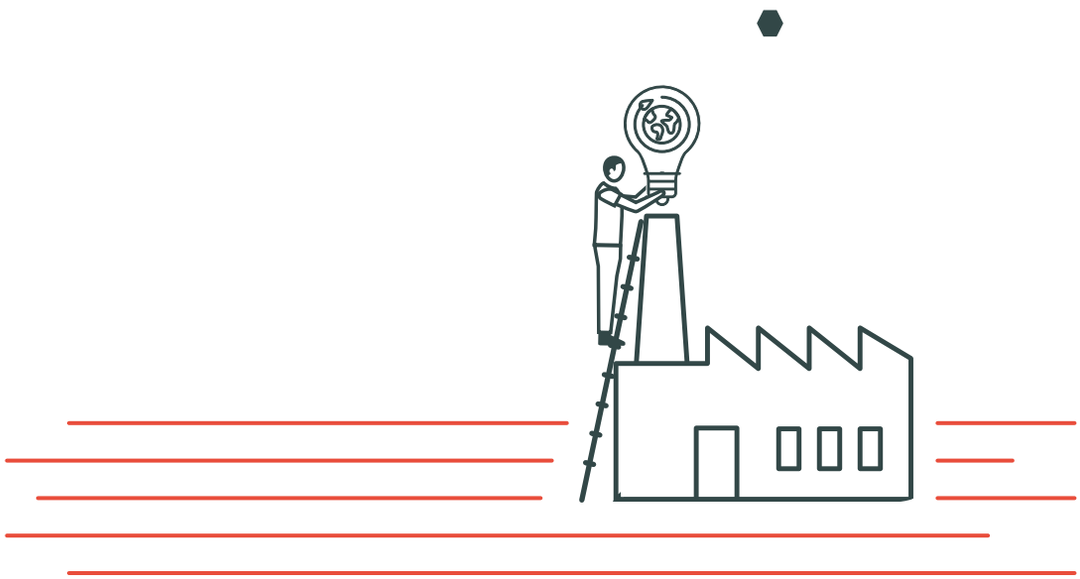
In 2006, the Association of Indigenous Communities of Hualaihué began the Coastal Marine Spaces for Native Peoples (ECMPO) civil process, which is rooted in the Lafkenche Act. Salmones Camanchaca, along with SalmonChile and other salmon farming companies with operations in Hualaihué, has been an active proponent of ECMPOs. One of the first achievements resulting from this process occurred in 2018 when the Regional Commission on the Use of Shorelines (CRUBC) approved the association's ECMPO request. Also in 2017, the Company began the process of approaching and working with the Aduen and Daniel Cheuquemán indigenous communities in El Dao and Isla Marimeli, respectively, which filed the Isla Quihua ECMPO and Isla Marimeli ECMPO requests, respectively. Through all of these initiatives, Salmones Camanchaca has drawn closer to and formed bonds with the indigenous communities in areas where the Company operates by facilitating and coordinating delivery of information about the Company's and/or the industry's intended use of the coastline.

The Planning Table for Territorial Sustainability for the Coast of Hualaihué, established in 2015, brings together several local actors and users of the municipal coastline to discuss mainly local development, the environment and tourism. Likewise, it has also established a Protocol for Agreements and Communications in order to create a platform for direct communication between the various participants within a geographic area of influence. The protocol aims to resolve potential contingencies or conflicts locally and in the short term.

In 2017, we have not had any incidents with indigenous communities in the areas where we operate.

09.

Caring for the the Environment



Our commitment to caring for the environment is applied throughout the entire salmon production cycle, incorporating sustainability criteria from planning production to distributing our products.

We are cognizant of the potential impacts of our operations, which is why our processes are designed to reduce or minimize these effects, making our business project viable in the long term.

Environmental management at Salmones Camanchaca is determined, first and foremost, by our commitment to comply with all applicable regulations. We have also developed policies and procedures that ensure implementation of the highest globally recognized environmental standards, incorporating the objectives defined by the Company and concerns of our stakeholders. This includes mitigating and controlling impacts related to the sea bottom, biodiversity, emissions, discharge, waste and efficient management of resources as vital as water and energy.

Waste Management

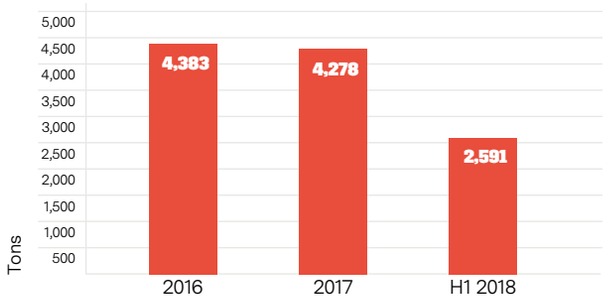
Waste management is a fundamental issue for Salmones Camanchaca given the potential impact of the Company's operations on Chile's southern waters. Through its waste management policy, implemented in all facilities more than eight years ago, Salmones Camanchaca commits to responsible waste production and proper waste management.

In order to comply with this policy, we have service agreements with specialized companies that recycle waste generated by the Company such as paper and cardboard, different types of plastic, Styrofoam and iron, along with any other recyclable materials from farm sites located between the Biobío and Aysén regions, as well as processing plants and administrative offices in Puerto Montt.

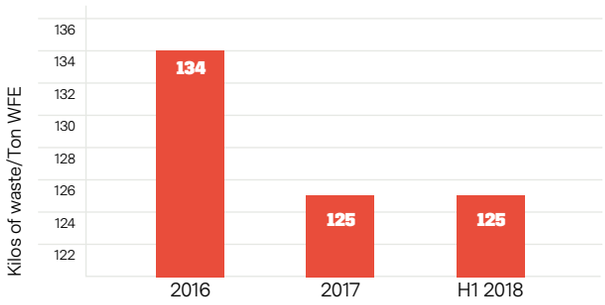
More complex materials are managed through companies that have all necessary authorizations to properly treat them.

During 2017, all our production facilities, including the hatcheries, generated in aggregate 4,278 tons of waste, which is equivalent to a reduction of 2.3% in relation to 2016, explained mainly by a decrease in the volumes of plant waste. The ratio of the volume of waste generated per ton produced indicates greater efficiency in 2017, giving a relative indicator 7% below 2016.

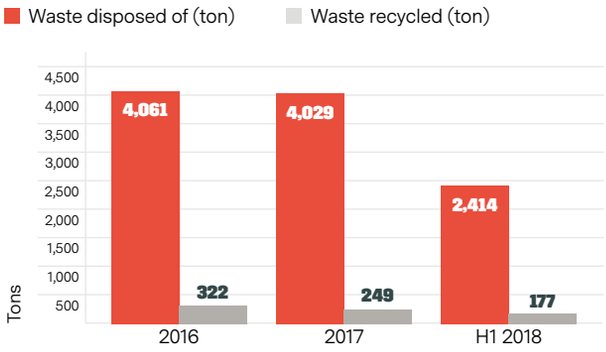
Waste Generated



Waste Generated (intensity)



Disposal and Recycling



Ratio of waste disposed of versus recycled (%)

Source:
Environmental Area - Salmones Camanchaca

In order to establish a base of reference for recycled waste, at this time we have only considered solid waste and have excluded organic waste from the evaluation.

Based on this, we can conclude that 6% was recycled and, in keeping with our commitment to manage waste responsibly, the remainder was disposed of in authorized locations. Recycled waste includes industrial waste, like metals and plastics from farm sites, as well as paper and cardboard from our administrative offices.

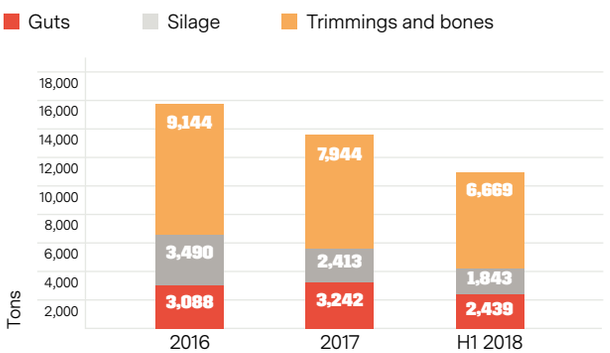
We have also added information analyzed as of June 30, 2018.

Nutrient Recovery

One of the most significant types of waste from Salmones Camanchaca's operations, from a perspective of reuse, is organic waste generated in our facilities such as mortalities from farm sites and guts, trimmings and bones from our processing plants in San José and Tomé.

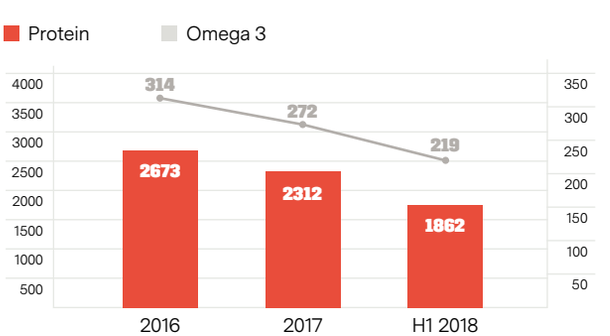
These are gathered and sold to reduction plants that turn them into other usable products such as fishmeal and fish oil.

Recovered Nutrients



Some of the nutrients recovered from our operations, like protein and omega 3 fatty acids, are more important from a perspective of human consumption. Thus, to create the indicator for our process, we have calculated their volume relative to total organic waste recovered from our operations.

Recovered Nutrients(tons)



Source:
Management Control Department, Salmones Camanchaca

Likewise, 100% of the organic sludge generated in the Río Petrohué, Polcura, Río del Este and Río de la Plata hatcheries is treated using earthworms and later used as humus on the grounds at the Company's facilities.

The sludge generated by our processing plants is brought to authorized industrial landfills for final disposal.

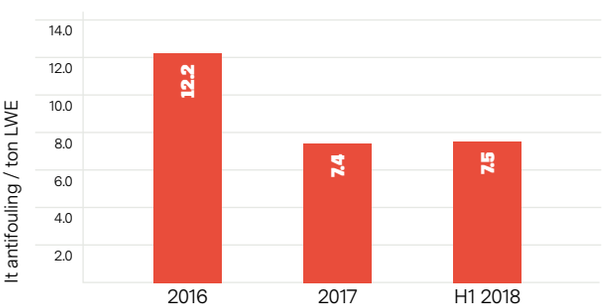
Managing the Use of Antifouling Paint

The Company uses various strategies to maintain animal welfare conditions within our sites. This includes keeping nets clean in order to allow water flow and good oxygenation. This is the main reason for using nets with antifouling paint, an important waste given its contribution of copper into the environment. This occurs either by directly dissolving into the water or from the liquid industrial waste generated in workshops where nets are washed and repaired. However, we are using less and less antifouling paint each year, as treated nets are replaced with in-situ cleaning of untreated nets.

In 2017, there was a relative reduction in the use of antifouling paint of just over four percentage points compared to 2016, due mainly to increased annual production and the strategy implemented by the Company since 2013 to continuously reduce the use of this product.

We have also added information obtained as of June 30, 2018.

Use of Antifouling Paint



USE OF ANTIFOULING PAINT
(lt antifouling paint/ton produced LWE)

Source:
Management Control Department, Salmones Camanchaca

Water Quality Management

Salmones Camanchaca has set for itself the goal of meeting all Chilean environmental regulations and, from that foundation, takes actions and sets guidelines to exceed them.

Since our process is vertically integrated, from egg to harvest, our area of influence includes rivers in the foothills of the Andes, lakes, estuaries, fjords and channels that closely impact the ocean.

Water quality is very important to both ecological processes, as it sustains the surrounding flora and fauna, and our production processes. Sustaining the quality of seawater at a high level is a vital component of our strategy to achieve the best conditions for fish health and welfare.

Hatcheries:

Reproduction stages take place at our hatcheries, culminating with smoltification in the lakes and estuaries of the Andean foothills. We uphold Chilean environmental regulations and other voluntary certifications at all our facilities in order to push ourselves to improve our practices and processes.

Chilean emissions regulations: We fully comply with Chilean environmental regulations at all our hatcheries. We report all our liquid industrial waste emissions, normal industrial waste and mortalities (to the National Waste Declaration System), hazardous industrial waste and atmospheric emissions.

Aquaculture Stewardship Council (ASC): Our commitment to industry sustainability has led us to implement this standard, which involves the production process starting with smoltification. As a result, our recirculating hatchery in Río Petrohué must meet the requirements of this standard, including an environmental monitoring program of the surroundings and our effluents.

Best Aquaculture Practices (BAP): Always striving to improve our processes, we decided to align our Río Petrohué recirculating hatchery with these requirements, which include strict monitoring of effluents, proper community practices and animal welfare, among others.

GLOBAL G.A.P: At Salmones Camanchaca, we want to guarantee that all our processes are carried out with minimal environmental impact. Therefore, we have decided to include egg production at our open-flow hatchery in Río del Este under this standard, monitoring the physical-chemical impacts that could be generated from discharging our liquid industrial waste.

Grow-out sites:

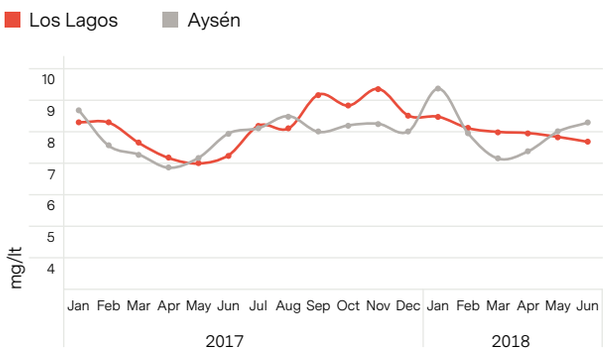
At our grow-out sites, located on estuaries, fjords, bays and canals throughout the Los Lagos and Aysén regions, we have developed and implemented systems that monitor the biological and physical oceanographic variables that are most relevant to farming fish. These initiatives include programs for monitoring internal and external phytoplankton, monitoring of nutrient contribution and systems for real-time oxygen and temperature logs. This has enabled us to react with contingency plans in a timely manner when faced with adverse environmental conditions, like harmful algae blooms and low oxygen.

Aquaculture Stewardship Council (ASC): Our commitment to industry sustainability has led us to implement this standard, which applies to the grow-out process. Consequently, we are incorporating these standards in order to certify as many of our sites as possible by 2020, regularly monitoring nutrients in the water column and their influence on the surroundings.

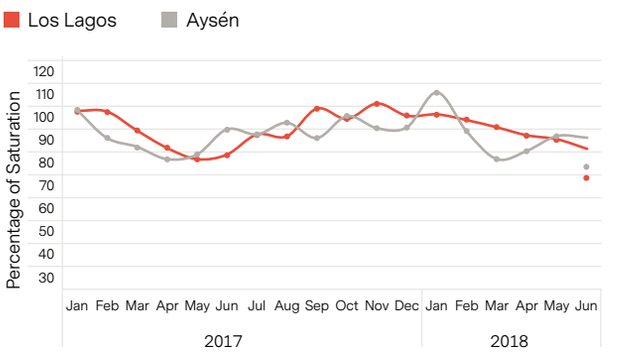
Best Aquaculture Practices (BAP): Always striving to improve our processes, we decided that 100% of our grow-out sites will meet the certification requirements, which include ongoing monitoring of water quality at each site and nutrients contributed by the production system.

The following are summaries of the ongoing monitoring of temperature parameters, dissolved oxygen and oxygen saturation performed in 2017 and the first half of 2018 at our grow-out sites in the Los Lagos and Aysén regions:

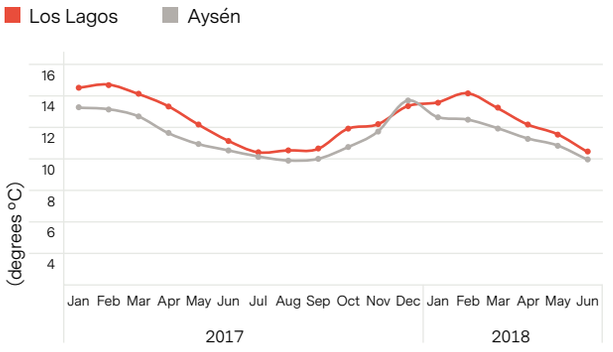
Dissolved Oxygen



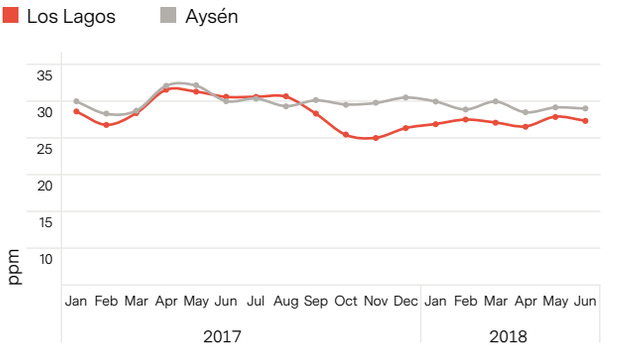
Oxygen Saturation



Water Temperature



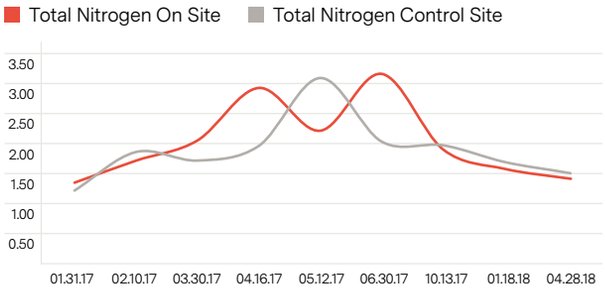
Salinity



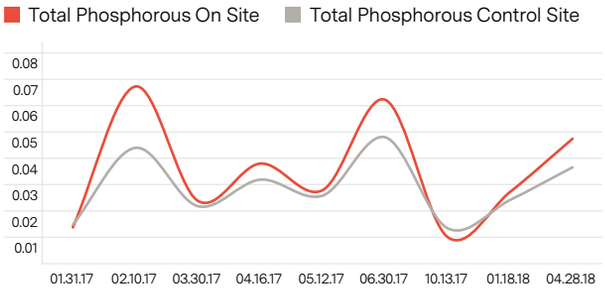
There are no Chilean water quality standards for the marine bodies where Salmones Camanchaca operates. However, we have conducted monitoring to analyze the nutrients that our operations contribute to the water column such as nitrogen and phosphorus.

Throughout 2017 and the first half of 2018, we have monitored the contribution of nutrients into the environment at six of our production sites located in areas such as the Reloncaví Sound, Comau Fjord, Chaitén Bay and the Desertores Islands, in the Los Lagos Region.

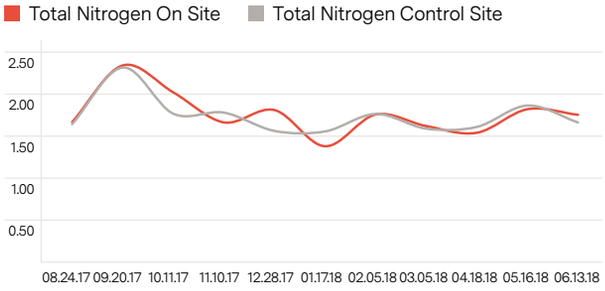
Nutrient Monitoring Total Nitrogen Porcelana



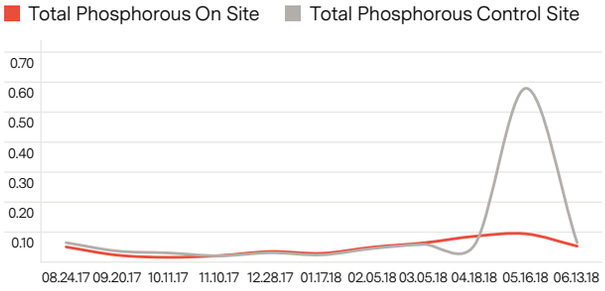
Nutrient Monitoring Total Phosphate Porcelana



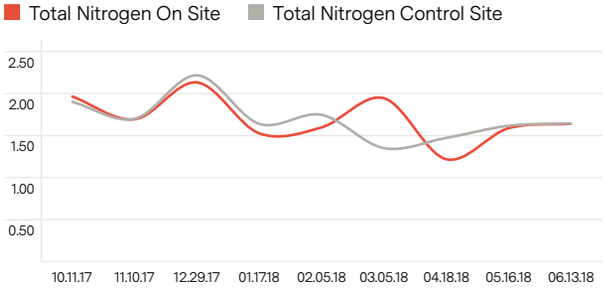
Nutrient Monitoring Total Nitrogen Puelche



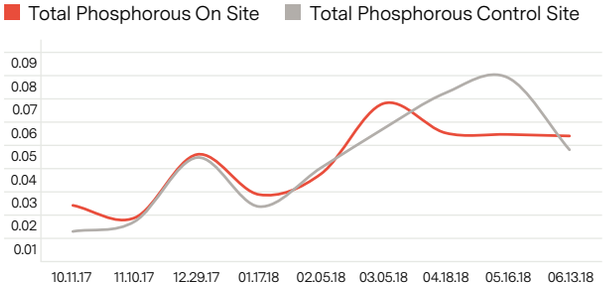
Nutrient Monitoring Total Phosphate Puelche



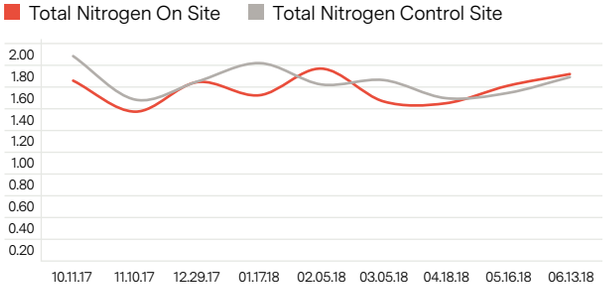
Nutrient Monitoring Total Nitrogen Contao



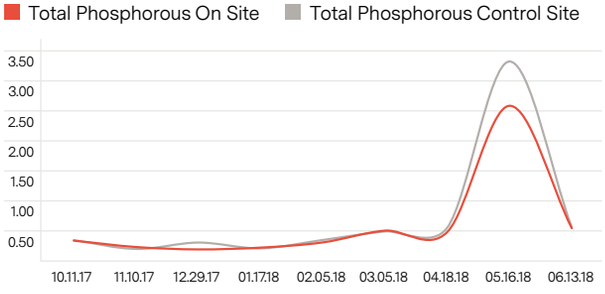
Nutrient Monitoring Total Phosphate Contao



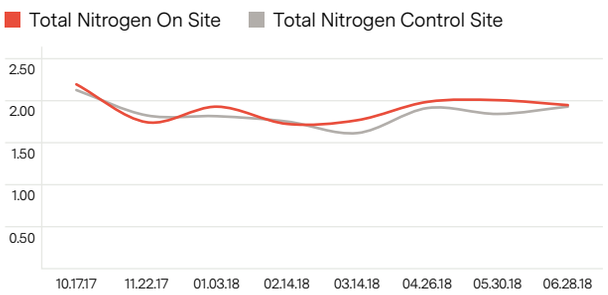
Nutrient Monitoring Mañihueico



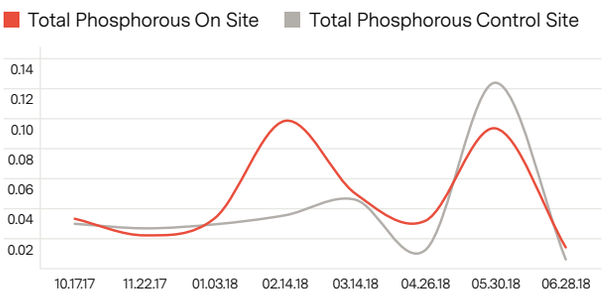
Nutrient Monitoring Total Phosphate Mañihueico



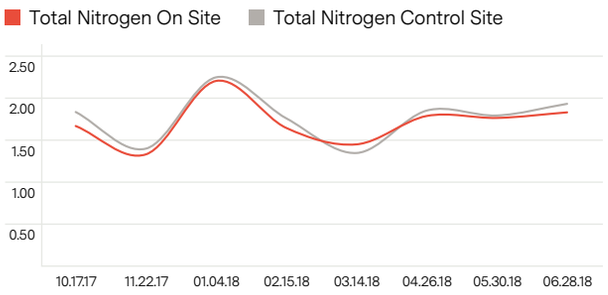
Nutrient Monitoring Total Nitrogen Edwards



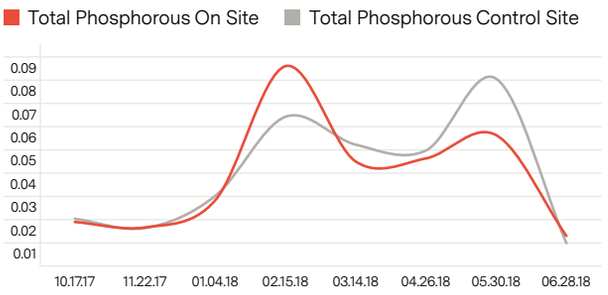
Nutrient Monitoring Total Phosphate Edwards



Nutrient Monitoring Total Nitrogen Islotes



Nutrient Monitoring Total Phosphate Islotes



From this data, one can conclude that the direct contribution of nutrients into the environment does not considerably affect the contents of the body of water as they are very similar to control monitoring conducted at a specific point located 500 meters from the edge of the site.

Processing Plants:

At our processing plants located in Calbuco (Los Lagos Region) and Tomé (Biobío Region), we have challenged ourselves to minimize the industrial waste and sludge produced by our production process.

Chilean emissions regulations: Our plants fully comply with Chilean environmental regulations. We report all our liquid industrial waste emissions, normal industrial waste and mortalities, hazardous industrial waste and atmospheric emissions.

Best Aquaculture Practices (BAP): Always aiming to improve our processes, we have implemented all monitoring required by these standards regarding the quality of liquid waste we produce.

Specifically, various biological and physical-chemical parameters of underwater discharge contemplated for this project are evaluated twice per year. Results indicate low environmental impact, well below Chilean regulatory levels.

Efficient Energy Use

At Salmones Camanchaca, we conducted a new review of indicators for responsible energy use in 2017, analyzing our energy consumption using the Greenhouse Gas Protocol (GHG Protocol Corporate Accounting and Reporting Standard) considering energy consumed by all salmon production operations in fresh water, grow-out sites, plants and administrative offices.

Emissions are calculated by applying diverse emissions factors for the consumption of fuels, electricity, use of refrigerant gases and generation of waste in different units, as appropriate (kilowatt/hour of electricity, liter or kilo of fuel, liter of refrigerant gas and volume of waste). These sources of emissions are described in the following table using the scopes included in the analysis.

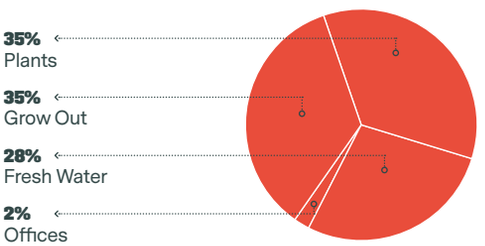
Scope	Emissions Source	Description	Detail
Scope 1	Direct	Fuel and Refrigerant Gases	Direct emissions from burning fuel at facilities and using refrigerant gases in equipment owned by the Company.
Scope 2	Indirect	Electricity	Indirect emissions from the burning of fossil fuels by power generation companies.
Scope 3	Indirect	Waste	Indirect emissions produced from waste collection, transportation and decomposition in landfills.

In 2017, total consumption was 7.3 million liters of fuel, 2,910 kilos of refrigerants, 12.8 million kw/h of electricity use and disposal of 2,500 tons of waste.

An analysis of the above data gave the following results:

For the year 2017, we reported total emissions of 25,636.06 tCO2e, of which fresh water facilities accounted for 28% of the total, grow-out sites 35%, processing plants another 35% and administrative offices 2%.

Distribution of Total Emissions By Business Unit



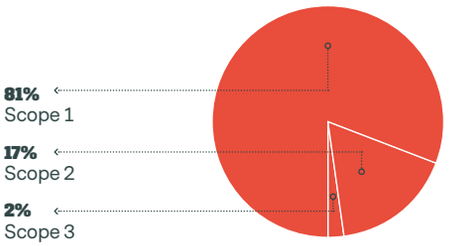
This information can also be analyzed by scope, which is more efficient:

Total GHG Emissions by Scope and Activity

Scope	Activity	Emissions GHG (tCO2e)
Scope 1	Fuel consumption	17,389.43
	Refrigerant gas consumption	3,346.90
Scope 2	Electricity use	4,347.04
Scope 3	Waste	552.69
Total		25,636.06

Based on this data, scope 1 contributes the most emissions with 20,736.33 tCO2e, considering volumes of diesel and LPG used for power generation in remote areas. This scope represents 81% of our Company's total emissions.

Distribution of Total Emissions by Scope

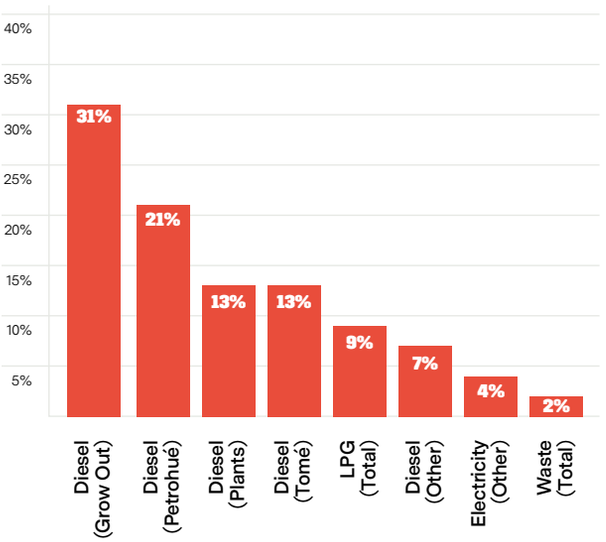


Scope 2 considers emissions from consuming electricity from the Central Interconnected System (SIC), with 12,785,422 kw/h consumed to generate emissions of 4,347.04 tCO2e, representing 17% of total inventory. This type of consumption takes place at our processing plants.

Scope 3 represents 2% of the Company's total emissions and consists of waste management with 552.69 tCO2e emitted. Our processing plants account for the largest percentage of this indicator, followed by grow-out sites.

In order to manage emissions reductions in the future, we must consider the main contributing sources from this evaluation, which are shown in the following figure.

Total GHG Emissions by Main Contributing Sources



The intensity of our emissions in 2017 was 0.749 tCO2e/ton harvested (WFE)

Efficient Use of Water

At Salmones Camanchaca, we know that water is critical to our operations and for consumption by neighboring communities.

The main sources of fresh water at our processing plants are surface water (rivers and springs) and wells. The water used at our hatcheries comes from rivers and deep wells.

We have challenged ourselves to establish baselines in order to monitor and manage water use at all facilities where fresh water is used.

In 2016 we quantified the volumes of fresh water used in our San José and Tomé processing plants and in 2017 we began measuring the volume of water used by our hatcheries.

The table shows the volumes of fresh water used, indicating total volume and its efficiency as a ratio of annual production.

Processing Plants	m^3	m^3/tons of Raw Materials
San José	43,562	1.3
Tomé	287,885	10.4

Hatcheries	m^3	m^3/ton of Biomass Produced
Polcura	19,261,093	10,960
Río del Este	5,811,860	
Petrohué	1,231,966	
Jan-Dec	26,304,919	

Biodiversity

Salmones Camanchaca is concerned with the effect our operations have on biodiversity since our production activities can potentially impact it directly or indirectly.

The aspects of salmon farming that can have undesired effects on biodiversity and to which the Company and our stakeholders pay greater attention include: fish leakage, impact on the sea floor, interaction with wildlife, careless use of resources (raw materials to manufacture fish feed), failing to protect the genetic integrity of wild populations, and its potential effect on critical habitats or high conservation value areas.

With regard to the latter, none of our facilities are located in protected or high conservation value areas. However, we are located near some national parks like Vicente Pérez Rosales National Park, Llanquihue National Reserve, Las Guaitecas Reserve and Pumalín Park.

Leakage

This topic is of utmost importance to the Company because of its impact on local biodiversity, affecting both wild fauna and the communities that depend on these species.

For this reason, we implemented a fish containment plan in 2013 aimed at preventing leakage.

As part of this plan, farm site risk assessments include rating oceanographic conditions using the methods proposed by strict international standards, like NS9415. These methods include periodic inspections by a naval engineering firm, during which a ROV (Remote Operated Vehicle) verifies that surface and submarine structure, modules and mooring lines are in proper conditions.

The status of our facilities is also checked on a daily basis by personnel in charge of managing the sites.

In 2017 and the first half of 2018, no fish leakage from our farm sites was detected.

Seabed Management

Managing and continuously improving the ocean floor is a priority for the Company. Therefore, we have ongoing programs to monitor the quality of benthic life at farming sites to verify optimum farming conditions and minimize environmental impact.

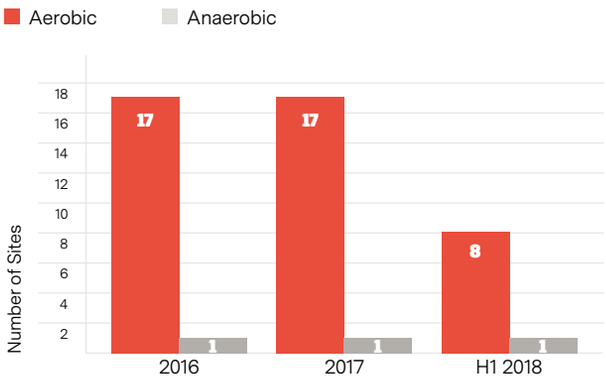
This includes resting the site for at least three months after harvest is complete and disinfecting all facilities in accordance with applicable environmental regulations. However, as set forth in the Company's strategic plan, our sites rest for slightly over seven months, which helps further minimize the impact of our farming on the seabed.

Seabed monitoring programs are scheduled during the production cycle and include underwater filming, analysis of ocean floor sediment (PH and Redox) and oxygen measurements in the water column. These controls are known as Environmental Reports (INFAS in Spanish). All favorable evaluations are classified as aerobic.

Environmental Condition at Sites

The following table presents the condition of our monitored concessions in 2017, with only one concession classified as unfavorable, rendering it unfit to be used until the seabed has recovered.

Status of Concessions



Source:

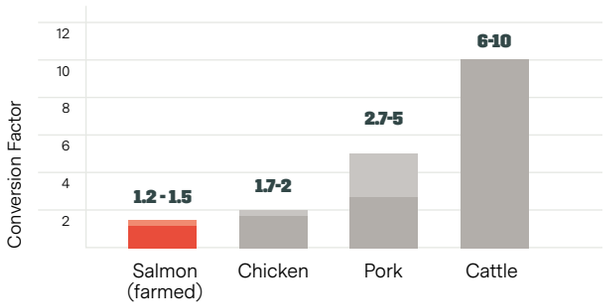
Environmental Management Department, Salmones Camanchaca (According to results from Environmental Reports (INFA in Spanish))

During the first half of 2018, nine production sites were monitored and eight classified as favorable.

Efficient Use of Raw Materials

Salmon farming is one of the most efficient food production methods. Since fish are poikilotherms and their body weight is lower in water, all of their energy is used to grow. Consequently, it requires little more than 1,000 grams of feed to produce one kilo of salmon. Furthermore, the yield of meat for human consumption is higher in salmon than in many other species.

Salmon Farming | Feed Conversion Factor



Source **GSI 2018**

Therefore, correct fish nutrition and a careful choice of feed play a predominant role. They are selected to optimize growth and maintain the best possible sanitary standards.

As fish feed is a key consumable in salmon production, we are constantly striving for greater efficiency and the best strategies to improve production and Performance, while decreasing our dependence on pelagic resources, in order to reduce our impact on their global populations.

All the fishmeal and fish oil that we use is sourced from fish feed plants certified as complying with strict sustainability standards, such as GLOBAL GAP and BAP. These are also certified as complying with the IFFO and MSC standards, to ensure that their raw materials are acquired from authorized sources and not from fisheries not on the red list published by the IUCN.

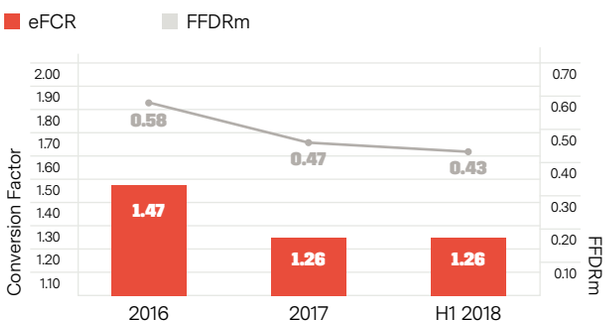
The fishing zones are mainly southern Peru, northern Chile and southern central Chile (FAO Area 87).
The indicator used to quantify the degree of dependence on pelagic resources is the food dependence rate (FFDRm – FFDRo), which determines the weight of pelagic fish needed to produce the volume of fishmeal and fish oil needed to ultimately produce a kilo of salmon.

During 2017, we decreased the fishmeal in feed by 20% and increased the amount of fish oil by 3%, compared to 2016. In other words, for every kilo of salmon produced, close to 0.5 kg of pelagic fish and 1.7 kg of oil is used in feed consumed during the period.

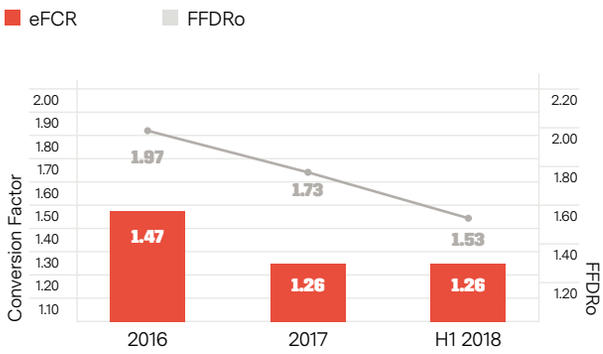
The information provided for 2016 does not include the eFCR (economic feed conversion ratio) of farm sites affected by the harmful algae bloom xxx.

Forage Fish Dependency Ratio for Fishmeal (FFDRm)

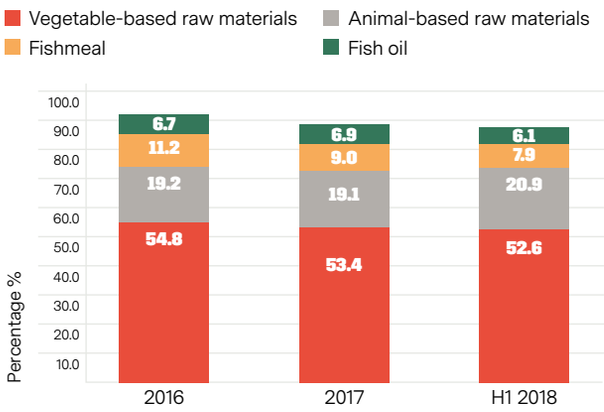
Closed Sites



Forage Fish Dependency Ratio for Fish Oil (FFDRo)
Closed Sites



Content of Raw Materials in Fish Feed (%)



Wildlife Interaction

Salmones Camanchaca implemented a wildlife interaction plan in 2013, with the objective of raising awareness in our personnel as well as communities surrounding our operations in order to avoid damaging those species that may interact with our facilities.

These measures include a mandatory induction course for all staff recruited to work at our grow-out sites before starting work, which covers topics relating to the care and protection of birds and marine mammals that are protected by specific regulations.

Salmones Camanchaca only uses passive exclusion and protection measures to prevent birds or mammals from entering or attacking the grow-out cages. Lethal methods are not used, nor is acoustic deterrent equipment, nor any form of harassment.
According to records kept at our grow-out sites, we had no lethal wildlife accidents during 2017.

Control over the Introduction or Spread of Pathogens and Parasites

Salmones Camanchaca has a sanitary strategy to prevent the emergence and spread of disease within and from our fish. It includes various preventive and management measures, both of a regulatory and voluntary nature.

Sanitary management at Salmones Camanchaca is based on seven main elements:

Regulatory management:ongoing monitoring of all general and specific sanitary programs mandated by current regulations.

Biosecurity: implementation and verification of actions implemented to maintain sanitary status at the production unit.

Contingencies: clear and timely guidelines regarding actions to be taken in the event of diagnosis or suspicion of high-risk diseases.

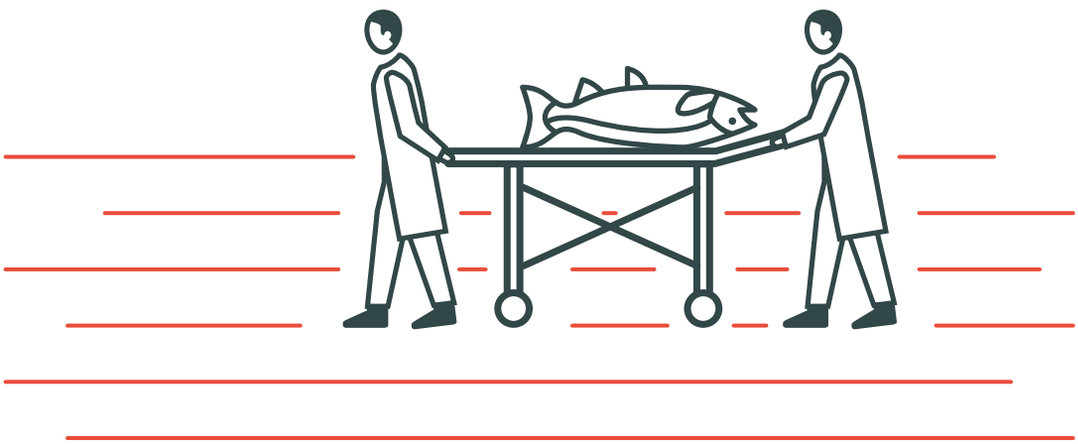
Surveillance: surveillance and control programs for routine monitoring and supervision for disease in all production units.

Immune prophylaxis: vaccination against the area's significant threats for 100% of fish destined for grow-out sites.

Therapy treatments: approved chemotherapeutic agents to treat diagnosed disease in the fish, abiding by regulatory fallow periods.

10.

Fish Health and Welfare



Fish health and welfare are extremely important to our performance. Monitoring environmental variables in the water column, implementation of biosecurity measures, supervision of a method for delivering adequate nutrition and frequently checking on the fish for timely diagnosis of disease are an important part of the animal welfare measures we have implemented.

The Company has considered the following main indicators for this report: mortality rate, monitoring of sea lice on the fish, use of antiparasitic medicines and antibiotics, vaccinations and Company involvement in concession associations where Salmones Camanchaca operates.

Sanitary Performance

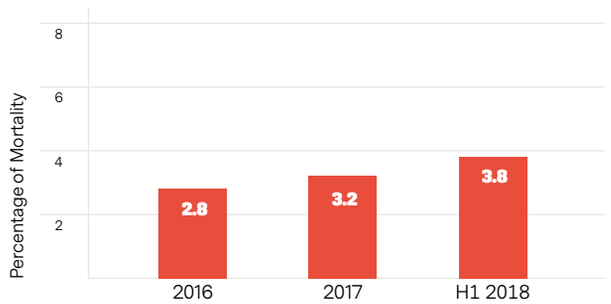
In 2017, all established preventative sanitary measures were duly implemented to reduce losses due to infectious disease. These measures include use of live SRS vaccine, which is applied in the freshwater stage to protect the fish during the first stage of its development at sea and consequently reduce the use of antibiotics. To control sea lice, the Company began using Lufenuron, administered orally in fish feed during the last fresh water stage in order to reduce the number of treatments against this parasite during the sea grow-out stage and thus improving quality of life for the fish.

Mortality

One of the most representative indicators to evaluate sanitary performance is the percentage of mortality in the production cycle. In order to evaluate this indicator over time, we use a rolling 12-month calculation method that considers mortalities over the last 12 months in relation to volumes produced during the same period.

The following chart shows rolling 12-month mortality, which was 3.2% for 2017. The figure for 2016 mortality does not include the effect of the environmental incident (HAB) during the first quarter of that year, which would increase to 17.8% if those losses were included. It also includes rolling mortality as of June 30, 2018.

Rolling 12-Month Mortality
Atlantic salmon (%)



Source:
Planning Department, Salmones Camanchaca.

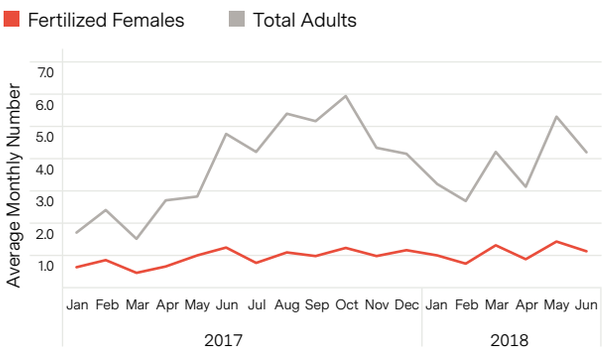
Sea Lice Monitoring

Controlling sea lice is a major concern for Salmones Camanchaca, as high levels negatively affect the immune systems of farmed fish.

All farm sites are regularly monitored (each week) to assess the degree of infestation in order to define timely and coordinated therapy strategies to maintain good sanitary status in the neighborhood under production.

The following chart displays average counts per month for mobile adults and fertilized females. The Company initiates antiparasitic treatment once the average number of fertilized females exceeds three.

Total Sea Lice Count
(Average number of sea lice per fish per month)



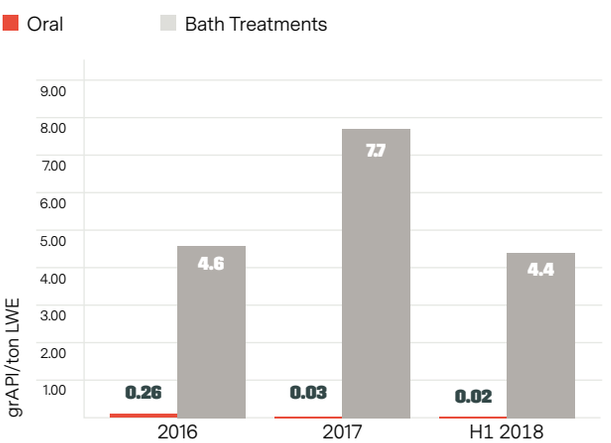
Source: **Health Department, Salmones Camanchaca.**

Use of Antiparasitic Treatments

In 2017, the use of antiparasitic treatments increased 60%, in terms of absolute volume, mainly because of a larger biomass in the water and larger loads than last year in operating areas. This is reflected in the indicator of antiparasitic bath treatments with 3.2 grAPI/ton LWE more than last year.

However, the indicator of oral antiparasitics (feed) decreased 89% compared to 2016.

Use of Antiparasitic Treatments



Antibiotic Use

This includes data as of June 30, 2018

The sanitary strategy at Salmones Camanchaca is primarily a preventive policy that includes ongoing monitoring for disease through veterinary visits to farm sites and support from clinical diagnostic laboratories, vaccinations for all smolts, functional feeding with specific diets for each productive phase and optimization of environmental conditions (water quality). Antibiotics are used on groups of fish with diagnoses supported by lab reports and assessments or antibiotic susceptibility, where such use is necessary to avoid death. Therefore, antibiotics are not used to promote growth.

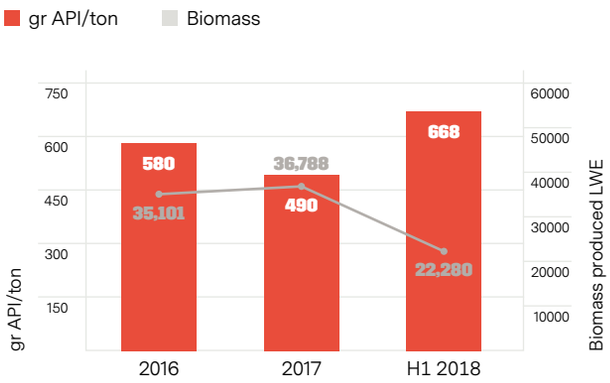
At Salmones Camanchaca, we use only antibiotics approved for use in fish and does not use those on the World Health Organization's list of Critically Important Antimicrobials for Human Medicine. Antibiotics are only used as a medical treatment. Fallow periods are respected so that treated fish can be delivered to our customers in optimal conditions for human consumption.

All our sanitary procedures are based on the guidelines found in the OIE Aquatic Animal Health Code.

The following graphs illustrate antibiotic use (grams of active ingredient) per live ton produced (LWE) and the number of treatments per farm site.

Antibiotic Use

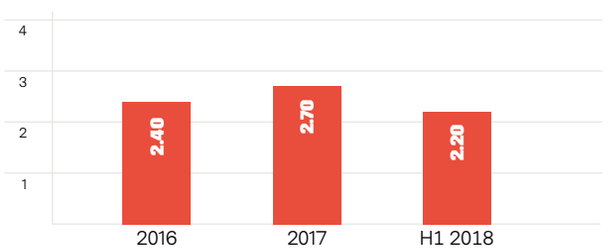
grams API



Source: **Health Department, Salmones Camanchaca.**

Antibiotic Treatments

(number of treatments/farm site)



The volume of antibiotics used in 2017 was greater than in 2016. However, the relative indicator grAPI/Ton LWE was less than the prior year because of a larger biomass. This is due mainly to a greater incidence of SRS at some farm sites.

There was a larger number of treatments per farm site in 2017 in comparison to last year, but less than prior years, because of the strategy to minimize antibiotic use by treating specific cages.

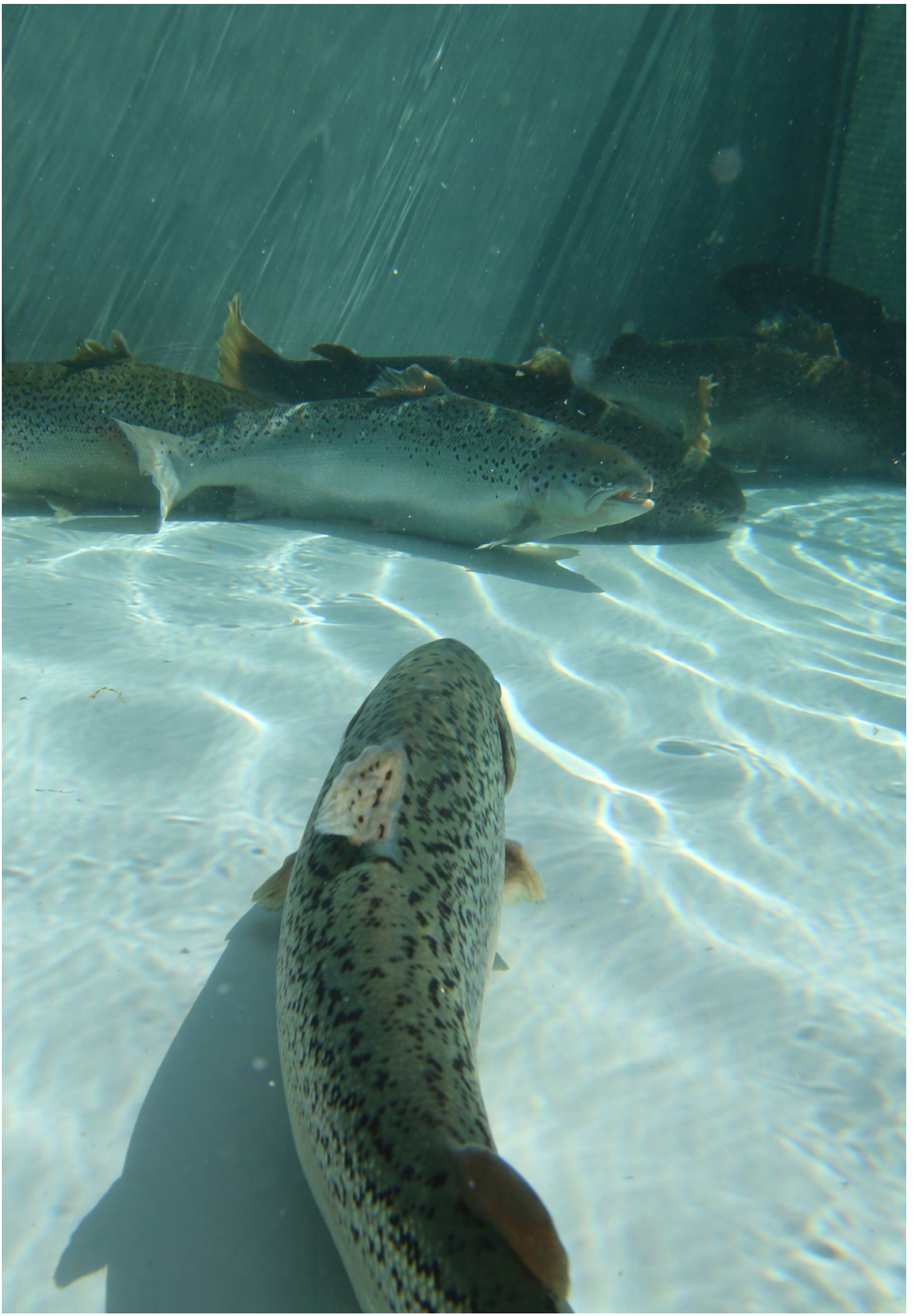
Vaccinations

We have maintained the strategy of vaccinating all fish, using effective vaccines that prevent the most important diseases in Chile.

Involvement in Area Management Efforts

At Salmones Camanchaca, we actively participate in all meetings of the nine concession associations where we operate in the Los Lagos and Aysén regions and serve as coordinator for two of them. The agreements arising from these meetings are usually related to smolt stocking and fallow periods; sanitary control strategies; treatment coordination; vaccination programs; and contingency plans.

Strategic management by area is essential to effective preventative sanitary management.



11.

Regulatory Compliance

Salmones Camanchaca places extreme importance on regulatory compliance, which is considered the baseline for our operations.

All our facilities are frequently inspected by the different authorities that regulate our activities and are also evaluated by international entities in order to verify compliance with voluntary standards that we choose to follow.

During 2017, over 50 inspections of our production facilities were conducted, including hatcheries and seawater grow-out sites. Our processing plants are also inspected every month.

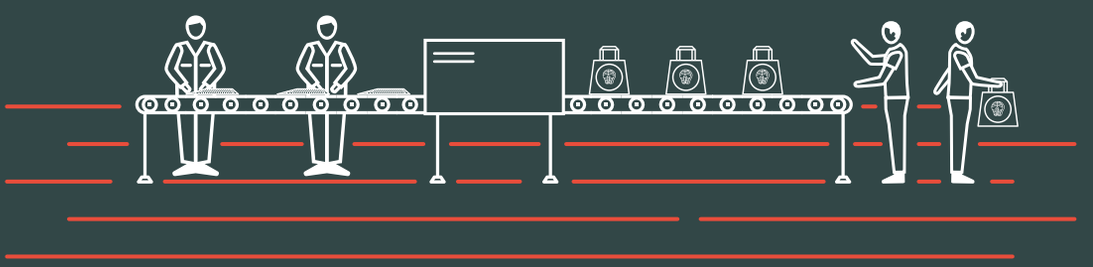
If any inspection finds evidence of non-compliance, the Company takes all measures needed to remedy any breaches as quickly as possible, applying continuous improvement tools to prevent reoccurrence.

In 2017, the Company paid fines of US$ 9,015 for environmental (4) and labor (2) issues.

During the first half of 2018, the Company paid US$ 106,208.50 in fines for environmental (1) and labor (1) issues.

12.

Our Products



As part of our management policies, Salmones Camanchaca is committed to satisfying our customers, effectively and consistently responding to their needs and always looking to exceed their expectations. To do so, we have evaluated all our processes to ensure that they are economically viable and rely on state-of-the-art technology and available resources to produce safe products and guarantee the sustainability of our business.

To honor this commitment, in 2012 we implemented a program to obtain 100% of our annual production in compliance with the Best Aquaculture Practices (BAP) standard throughout the entire production chain (hatchery, grow-out and processing plants, in addition to feed suppliers certified under this same standard). In 2015 we adopted measures to comply with the requirements of the Aquaculture Stewardship Council (ASC) at sea grow-out sites. Two farm sites were certified on June 30, 2018, and two additional sites are under evaluation. We have also certified the chain of custody standards at our processing plants under ASC requirements.

Both standards promote a sustainable business model. They ensure our responsibility for the impact operations have on our surroundings—both the environment and the communities with which we interact. They spread policies aimed at striking balance among the factors that are relevant and strategic at the Company.

Healthy Products

At Salmones Camanchaca, we promote the consumption of healthy seafood products and other positive habits, such as practicing sports, through our community relations program, Friendly Camanchaca.

The program encourages individuals to incorporate salmon into their diet because of the product's multiple benefits such as high protein content, high nutritional value and Omega 3 essential fatty acids (EPA and DHA).

Frequent consumption of omega-3 long-chain polyunsaturated fatty acids as part of a healthy lifestyle is linked to good cardiovascular health and a lower risk of cardiovascular diseases, according to data from the U.S. Food and Drug Administration (FDA).

Nutritional Values in 100 gr. (according to the USDA):	
Protein (g)	20.42
Total Fat (g)	13.4
Vitamin E (mg)	3.55
Vitamin B12 (µg)	3.23
Omega 3 (gr/100gr)	2

More information on our products and the formats in which they are sold is available at:
http://www.salmonescamanchaca.cl/en/productos/salmon

Food Safety

Food safety is one of the most important issues for our stakeholders, and is critical when preparing products for human consumption.

We have performed risk assessments in all our areas, including farm sites and processing plants, in order to ensure that we meet the highest standards and deliver products that are safe for our customers to consume.

In 2017, we underwent several demanding external audits by customers and certifiers seeking to confirm our outstanding management performance in terms of process quality, the environment and social policies. These audits were successful and we retained our certifications.

We have maintained a controlled production process and reduced levels of deviation associated with quality and safety parameters, resulting in high standards for the production of our products.

Moreover, in order to meet the most stringent international standards, our traceability system is applied throughout the entire supply chain.

In 2017, we have not received reports related to food safety.

13.

Recognition

According to the 2017 Seafood Intelligence Ranking, Salmones Camanchaca is among the top four salmon producers in the world for its sustainability reporting.

For the third straight year, Camanchaca was the Chilean salmon farming company with the best results in the 2017 ranking: "Benchmarking of the World's Top 35 Salmonid Farming & Top 3 Fish Feed Firms' Corporate, Social & Environmental Responsibility (CSER)/ Sustainability Reporting." Prepared by Seafood Intelligence, an international consulting company specializing in aquaculture and fisheries, the ranking analyzes the transparency of companies within the industry in communicating their sustainability policies and results in sustainability.

14.

Trademarks and Memberships

Salmones Camanchaca is a member of the following organizations:

Global Aquaculture Alliance

gsi Sustainability Transparency Cooperation

SalmonChile INTESAL

Salmón de Chile

Our Brands

Pier 33 Gourmet

Fiordo Blanco

Salmones Camanchaca

New World Currents 新海线

15.

GRI Content Index

STANDARD		CONTENTS	PAGE	OMISSIONS
GRI 102: General Contents 2016	Organization Profile	102-1 Name of the organization	4	
		102-2 Activities, brands, products, and services	8 and 9	
		102-3 Location of headquarters	4	
		102-4 Location of operations	8 and 9	
		102-5 Ownership and legal form	4	
		102-6 Markets served	8	
		102-7 Scale of the organization	5, 6 and 7	
		102-8 Information on employees and other workers	7	
		102-9 Supply chain	5, 6, 7, 24, 25 and 26	
		102-10 Significant changes in the organization and supply chain	There have been no significant changes during this period.	
		102-11 Precautionary principle or approach	Annual Report, 72	
		102-12 External initiatives	29	
		102-13 Membership of associations	66	
	Strategy	102-14 Statement from senior decision-makers of the organization	17	
		102-15 Main impacts, risks and opportunities	Annual Report, 72	
	Ethics and Integrity	102-16 Values, principles, standards, and norms of behavior	21, 31	
	Governance	102-18 Governance structure	30	
	Stakeholder Engagement	102-40 List of stakeholder groups	33.33	
		102-41 Collective bargaining agreements	36	
		102-42 Identifying and selecting stakeholders	14	
		102-43 Approach to stakeholder engagement	14	
		102-44 Key topics and concerns raised	14	
	Reporting Practices	102-45 Entities included in the consolidated financial statements	Annual Report, 29	
		102-46 Process for defining content of reports and coverage of topic	12	
		102-47 List of material aspects	14	
		102-48 Restatements of information	No information has been restated	
		102-49 Changes in reporting	13	
		102-50 Reporting period	12	
		102-51 Date of most recent report	12	
		102-52 Reporting cycle	12	
		102-53 Contact point for questions regarding the report	4	
		102-54 Report the GRI Index 'in accordance' option	This report has been prepared in accordance with the GRI standards: Core option	
		102-55 GRI content index	67	
		102-56 External assurance	This report will not be externally assured	

STANDARD		CONTENTS	PAGE	OMISSIONS
201: Economic Performance	201-1	Direct economic value generated and distributed	7, 33	
	201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Annual Report, 72	
202: Market Presence	202-1	Ratio of standard entry level wage by gender compared to local minimum wage	This was not evaluated at this time	
	202-2	Proportion of senior management hired from local community	All our executives are Chilean	
204: Purchasing Practices	204-1	Proportion of spending on local suppliers	33	
205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	31	
	205-2	Communication and training on anticorruption policies and procedures	31	
	205-3	Confirmed incidents of corruption and actions taken	No corruption claims have been filed during the period	
206: Anti-Competitive Practices	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There are no lawsuits of this type during the period	
GRI 302: Energy	302-1	Energy consumption within the organization	52.53	
	302-2	Energy consumption outside of the organization	52.53	
	302-3	Energy intensity	52.53	
GRI 303: Water	303-1	Water withdrawal by source	54	
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	54	
305: Emissions, 2016	305-1	Direct greenhouse gas (GHG) emissions (scope 1).	52.53	
	305-2	Energy indirect greenhouse gas (GHG) emissions (scope 2).	52.53	
	305-4	Greenhouse gas (GHG) emissions intensity.	52.53	
306: Effluents and Waste, 2016	306-2	Waste by type and disposal method	46-51	
307: Environmental Compliance, 2016	307-1	Non-compliance with environmental laws and regulations	62	
401: Employment, 2016	401-1	New employee hires and employee turnover	35	
403: Occupational Health and Safety	403-1	Workers representation in formal joint management–worker health and safety committees	36	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	38	
404: Training and Education	404-1	Average hours of training per year per employee	37	
	404-2	Programs for upgrading employee skills and transition assistance programs	36	
	404-3	Percentage of employees receiving regular performance and career development reviews	38	
GRI 405: Diversity and Equal Opportunity, 2016	405-1	Diversity of governance bodies and employees	34	

STANDARD		CONTENTS	PAGE	OMISSIONS
GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	38	
GRI 408: Child Labor	408-1	Operations and suppliers with significant risk for incidents of child labor	32	
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers with significant risk for incidents of forced or compulsory labor	32	
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous people	44	
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	40, 41	
	413-2	Operations with real or potential significant negative impacts on local communities	40, 41	
GRI 416: Customer Health and Safety	416-1	Assessment of health and safety impact of product or service categories	64	
	416-2	Incidents of non-compliance involving health and safety impacts of product or service categories	64	
GRI 418: Customer Privacy	418-1	Substantiated grievance concerning breaches of customer privacy and losses of customer data	No substantiated claim of customer privacy violations has been identified	