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The Manager Listings  
ASX Market Announcements  
Australian Securities Exchange  
Level 4  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Tassal Group Limited  
ABN 15 106 067 270  
Tassal Operations Pty. Ltd.  
ABN 38 106 324 127  
De Costi Seafoods Pty. Ltd.  
ABN 81 606 307 804  
GPO Box 1645, Hobart  
Tasmania, AUSTRALIA 7001  
email: [tassal@tassal.com.au](mailto:tassal@tassal.com.au)  
website: [www.tassal.com.au](http://www.tassal.com.au)

### **Via e-lodgement**

## **Tassal Group Limited (Tassal) – Tasmanian Salmon Sustainability**

Tassal wishes to advise that on or about 11 October 2016 Mr. Mark Ryan, Managing Director & CEO, was interviewed by the ABC Four Corners crew during their recent visit to Tassal to discuss sustainable salmon farming in Tasmania.

Tassal provided extensive access to its facilities to assist in the production of the ABC program. Only operational issues including biosecurity, food safety and occupational health and safety considerations restricted access in certain areas. It is also noted that ABC Four Corners alerted Tassal about its inability to film interviews and other discussions while on our feed barge due to occupational health and safety considerations.

Tassal takes a pro-active approach to disclosure as part of its core values and corporate principles.

A number of matters were not fully discussed during the interview and Mr. Ryan undertook to follow up and review its position on them.

As the market leader and largest producer in the Australian salmon industry and having recently been benchmarked as the world's top salmon farming company in corporate, social and environmental reporting, Tassal has an unwavering commitment to continue its work with its stakeholders, staff and partners to achieve further improvements in sustainability and responsible farming.

Set out below are the subject matters discussed in that interview together with the relevant additional information that deals with those matters that were not fully covered in the interview.

### **Food labelling**

During the interview, Caro Meldrum-Hanna asked about the supplement astaxanthin used in Tassal's fish feed for fish consumption and ultimately fish health and growth.

**Hobart**  
Level 9, 1 Franklin Wharf, Hobart, Tasmania 7000  
Telephone (03) 6244 9099  
Facsimile (03) 6244 9002

**Melbourne**  
Level 2, 1-9 Derrick St, Kew, Victoria 3101  
Telephone 1300 66 4731  
Facsimile 1300 88 1429

**Huonville**  
20 Glen Rd, Huonville, Tasmania 7109  
Telephone 1300 66 4251  
Facsimile 1300 88 0239

**De Costi Seafoods**  
29 Bachel Ave, Lidcombe, NSW 2141  
Telephone (02) 9649 7699  
Facsimile (02) 9649 7655

Mr. Ryan's response confirmed that Tassal did not believe that it was necessary to include all of Tassal's fish feed ingredient details on its food labelling given that astaxanthin is a minor additive in Tassal's fish feed formulation for fish consumption and has been approved by the relevant regulatory authorities as safe for both fish and humans at the minor levels contained in Tassal's fish feed formulation.

Tassal's labelling complies with Food Standards Australia and New Zealand (**FSANZ**) requirements. It is not a FSANZ food labelling requirement to include ingredients relating to animal and fish feed. Any ingredients that are added or in contact with Tassal's product post harvesting are detailed in the ingredients section on all Tassal's packaging.

Astaxanthin is an important nutrient for salmon as well as providing colour to both wild and farmed salmon. In salmon, astaxanthin is important for fish health, growth and survival, it is an anti-oxidant that protects essential fats from degrading and also works to support the salmon's immune system.

It should have been added that Tassal's food label (packaging) provides a link to the Tassal web site where interested consumers can find this level of detail on Tassal's website about astaxanthin in Tassal's feed: [www.tassal.com.au/sustainability/our-salmon](http://www.tassal.com.au/sustainability/our-salmon).

This has been the case since Tassal first published its updated website in 2013. Tassal is also aware that Tassal's feed supplier, Skretting, sent ABC Four Corners detailed information about the use of astaxanthin in salmon farming.

Further, it is worth noting that Skretting utilises astaxanthin in all its fish feed. Skretting is a major fish feed supplier to all of the Tasmanian salmon industry, in varying amounts and in different percentages of fish feed supplied for the industry. Other large feed suppliers similarly have astaxanthin in all their fish feed. Therefore, each producer in the Tasmanian salmon industry that receives fish feed has astaxanthin in their fish feed.

### **Halal and Kosher Certification**

During the interview, Caro Meldrum-Hanna asked whether it was inappropriate to certify Tassal's salmon products as Halal and Kosher because of the use of porcine blood meal in Tassal's feed.

Mr. Ryan advised that Tassal had been transparent with all certification bodies about Tassal's production process and had been certified for Halal and Kosher status.

To ensure an open and transparent process, given the issues raised by Four Corners, Tassal contacted relevant certification bodies in Australia to confirm that its certification remained valid. Tassal confirms that its Halal and Kosher certification remains valid and that both Kosher Australia and Halal Certification Authority Australia have confirmed that Tassal complies with all their requirements.

In relation to its Halal certification, Tassal products comply with all feed, harvesting and processing requirements of the certification. More specifically for Tassal's Australian products, recent confirmation of certification is supported by;

- The feed for Tassal's salmon complies with its certification requirements as confirmed by the feed provider;
- Continuation of current practice, that mirrors generally accepted global practices, of withdrawal from feed prior to harvest of Tassal's salmon for a minimum of three days to ensure the gut content is clear and mirrors global practices; and
- The post-harvest practice of 'gutting' is done without cutting or breaching the gut lining/cavity.

Tassal understands that requirements for Halal in the UAE are different, however, Tassal do not supply products to the UAE.

In relation to its Kosher certification, salmon is a Kosher fish and therefore, a wide range of Tassal salmon products are Kosher certified. A list of all products certified can be found at [www.kosher.org.au](http://www.kosher.org.au).

Tassal products that carry the Kosher certified logo continue to comply with harvesting and processing requirements as certified by Kosher Australia.

Once again, it is important to understand that all of the ingredients in Tassal's production process have been approved by the relevant Australian regulatory authorities as safe for the fish and safe for human consumption.

### **Tassal's Relationship with WWF-Australia**

Prior to its partnership, Tassal had already been part of a broader dialogue with WWF about seafood sustainability. Tassal's partnership evolved from these discussions with the ambitious publically stated objective of Tassal achieving ASC (Aquaculture Stewardship Council) certification across all its operations by 2015.

During the interview, Caro Meldrum-Hanna asked why Tassal had not disclosed that it had paid WWF monies under its partnership agreement to assist with capability building and environmental research projects.

It was also asked whether Tassal had made any other payments to WWF. It was suggested that such payments may generate a perception that Tassal had 'bought' WWF support. Any claim that Tassal has 'bought' such support is refuted absolutely.

Mr. Ryan said that Tassal would be pleased to disclose the payments and the nature of the work undertaken by WWF as part of its partnership. Tassal paid WWF \$250,000 in the financial year ended 30 June 2016 for services and conservation projects. It should also be noted, that Tassal has disclosed the project work undertaken by WWF in its sustainability report on its web site: [www.tassal.com.au/wp-content/uploads/2016/05/Tassal-Sustainability-Report-2015.pdf](http://www.tassal.com.au/wp-content/uploads/2016/05/Tassal-Sustainability-Report-2015.pdf). Mr. Ryan also said that he was unaware of any additional payments from Tassal to WWF. Tassal confirms that no additional payments outside our partnership agreement have been made to WWF.

Following a discussion with WWF, Tassal has agreed to be fully transparent about all of these payments on its web site. It should also be noted that WWF has previously released details on

the payments from Tassal under the partnership agreement and Tassal had previously approved the disclosure of this in WWF Australia's Business Partners Reports, which are available online.

Tassal celebrates its partnership with WWF. Many other companies have similar arrangements with WWF and other environment groups.

On this last point, Caro Meldrum-Hanna also asked whether the partnership between Tassal and WWF was exclusive and whether other companies could undertake a similar arrangement. It was suggested that Tassal was blocking other companies from being partners with WWF.

As discussed, Tassal has exclusivity clauses with WWF for specific research work for Tassal but there is nothing stopping other companies from undertaking partnership arrangements with WWF.

### **Aquaculture Stewardship Council (ASC) Certification**

During the interview, Tassal also disclosed that it paid for the annual auditing functions to achieve ASC certification of our production processes. This fee is paid to an independent auditor, not ASC, and is similar to paying auditors to scrutinise the accuracy of company financial accounts.

The ASC is an independent organisation and operates a third party certification and labelling programme. This means that the ASC is the standard holder, but farms must be audited to determine whether they are eligible to become certified by an independent certification and assessment body (CAB).

Auditors, and the CABs that employ them are assessed and monitored by the Accreditation Services International to ensure they have the skills and processes in place to undertake independent assessments to evaluate whether farms meet the standard.

The annual auditing costs associated with ASC certification is \$125,000. The additional \$125,000 that was mentioned during the interview relates to internal Tassal resource costs associated with meeting the standard and the audit process - this amount is not paid to ASC or ASC auditors - but it is a cost that is required to be borne by Tassal.

Again, any claim that Tassal has 'bought' such certification is refuted absolutely.

### **Dover Bay Mussels**

During the interview, Caro Meldrum-Hanna asked why Tassal had acquired the Dover Bay Mussel lease and whether it had 'bought' the silence of its previous owner, Mr Warwick Hastwell, in respect of the Senate Inquiry in 2015 that looked into industry criticisms of sustainable salmon farming practices in Tasmania.

Mr. Ryan had noted that Tassal had investigated claims by Mr Hastwell that Tassal net cleaning in Dover Bay had allegedly damaged his mussel lease and that no evidence of this was found.

Mr. Ryan had also noted that there is a confidentiality clause in the sale agreement that prevents Tassal or Mr Hastwell talking about the details of the transaction but at no point did Tassal deter Mr Hastwell from appearing before the Senate Inquiry. Indeed, Mr Hastell acted at his own discretion in relation to the Senate hearing and made a submission to the inquiry

## **Macquarie Harbour**

During the interview, Caro Meldrum-Hanna asked about the sustainability of salmon farming in Macquarie Harbour and what science base was available to support ongoing salmon farming on leases in that waterway. She noted claims that fish were suffocating and reports of significant salmon deaths on some leases in Macquarie Harbour.

Macquarie Harbour is a large estuary where saline ocean waters mix with freshwaters and the water column in the harbour is typically three-layered: fresh, marine, and intermediate. It historically has low oxygen in the bottom waters, low biodiversity and the dark colour of the water is typical of waterways throughout the southwest of Tasmania and is caused by naturally occurring tannins in the water.

In response, Mr. Ryan noted that Tassal was always within the stocking densities set in its license conditions for Macquarie Harbour and that Tassal voluntarily adjusts and lowers its stocking density if there are adverse conditions in the waterway, as it did in response to heat stress conditions last summer. This allowed Tassal's fish to comfortably access oxygenated water during this time period.

Mr. Ryan also noted that during the heat stress last summer, salmon were lethargic but that overall fish health was excellent in Tassal pens in Macquarie Harbour and that survival rates were higher there than in Tassal leases in other parts of the State.

Finally, Mr. Ryan noted CSIRO advice that the forthcoming summer was going to be wetter and windier than the previous hot and dry summer conditions and that this might improve salmon farming conditions in Macquarie Harbour. Subsequent to the interview, CSIRO have again confirmed that it is unlikely that Tasmania would see water temperatures as high this summer as they were last summer.

Tassal's monitoring shows recharge of dissolved oxygen levels at our leases in Macquarie Harbour but Mr. Ryan agreed that there could be a repeat of fish deaths on some leases in Macquarie Harbour in future, if there was a renewed extreme weather conditions. This is due to the behaviour of other sites, as some sites are more prone to inversion events.

Caro Meldrum-Hanna noted alleged claims that the forthcoming summer could be the 'worst on record' and asked whether the EPA had directed Tassal to put in place a Mass Mortality Plan for the waterway. It was suggested that some people may interpret the request to develop Mass Mortality Plans as a sign that salmon farming in Macquarie Harbour is not sustainable.

Mass mortality planning is necessary for any farming operation as these plans are necessary for business continuity. Mass mortality plans are not only developed because of environmental events, but also for the incursion of exotic disease or emerging diseases regardless of the likelihood.

Mr Ryan was not across all the details of the Environmental Protection Agency (EPA) correspondence during the interview as it was a matter handled by Tassal's operations and sustainability team. However, Tassal can now advise that the EPA asked all the growers in Macquarie Harbour to develop a Mass Mortality Plan for Macquarie Harbour. This work was undertaken as an Industry and is being coordinated by the Tasmanian Salmon Growers Association (TSGA). This work has been ongoing and a draft Mass Mortality Plan was completed and lodged with the EPA on 29th June 2016.

Tassal also confirms that Tassal had, as part of its normal risk management planning over the last two years been preparing Mass Mortality Plans for all of its lease sites in Tasmania. Tassal regards this as a work in process that will be continually updated – both from Macquarie Harbour and for all its South East leases.

Preparation of Mass Mortality Plans should not be interpreted as a sign that there is an imminent adverse event expected but a sign of prudent long term planning by Tassal. Tassal advises that it is currently working with industry and the TSGA to finalise the draft Mass Mortality Plan for the EPA to assist them with contingency planning. Again a draft plan was submitted for review by the EPA on 29th June 2016.

### **Okehampton Bay**

During the interview, Caro Meldrum-Hanna asked why the proposed Tassal salmon farming development in a Okehampton Bay was causing community concern and referred to 2002 baseline data that was used to suggest salmon farming was not suitable.

Mr. Ryan acknowledged that there were some community concerns about development in Okehampton Bay but also noted that there was strong support from members of the local community, Tassal's employees that live there and both work there and away in Macquarie Harbour, and the local council for the development.

Mr. Ryan noted that 2002 baseline data was available and had been reviewed and that more recent Tassal monitoring and contemporary salmon farming practices and management techniques confirmed Okehampton Bay was suitable for salmon farming.

Mr. Ryan said that Tassal would publicly release the results of its monitoring data in Okehampton Bay to provide comfort to those who have concerns about the sustainability of salmon farming in the Okehampton lease.

Tassal is also committed to do a repeat of the baseline survey in line with more modern science methods and to monitor any future change through a broad scale type monitoring program.

It should be noted that the Tassal lease is already an active mussel farm and is 600 metres offshore and that measures have been planned to minimise any impact on local amenity.

Caro Meldrum-Hanna also asked about community and media speculation that Tassal was planning to use a marine lease in Mercury Passage for salmon farming. Mr. Ryan confirmed that Tassal considered that option several years ago but ruled it out.

Tassal confirms that it does not have any future plans to acquire, sub-lease or use a marine lease for salmon farming in Mercury Passage, this has also been detailed on its website.

### **Selective Breeding Program**

Tassal's Selective Breeding Program was discussed with Ms. Linda Sams. Tassal breeds their salmon for Tasmanian conditions through their selective breeding program. Details on this program can be found in Tassal's sustainability reports. This program is based on traditional breeding principles and Tassal does not farm GMO salmon.

### **Environmental Conditions**

During ABC Four Corners visit it was noted by the film crew travelling to the farm where filming occurred that the water was green in colouration. This was also noted on underwater footage that was taken during ABC Four Corners visit.

There has been high rainfall in the South East of Tasmania in the weeks leading up to the ABC Four Corners filming and this does affect water visibility and colouration. This a normal occurrence for this area of the State when large amounts of rainfall pulse fresh water down the river systems and this mixes with oceanic waters. These conditions are characteristic of brackish or estuarine channels.

Tassal also understands that a wide range of footage has been obtained by Four Corners during its visit in Tasmania and from its visit to North America. As different companies and regions have different policies, standards and environmental conditions, and in order to avoid misrepresenting any company or its operations or geographical area, Tassal has asked Four Corners to ensure that all footage used is clearly defined or identified as to which company or company's operations, region or country is being shown so as to ensure that viewers are not misled based on visual representation.

Tassal trusts that this additional information addresses the matters raised in the interview. Tassal notes it would be pleased to respond to any further requests from Four Corners for additional information.

Tassal is not aware when the Four Corners program will be screened but has adopted a transparent approach to full disclosure on the issues raised.

Yours sincerely



Monika Maedler  
Company Secretary