

Corporate Social Responsibility Report 2015-2016

Communication on Progress

VEGA SEA A/S



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

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ABOUT THIS REPORT

It is our pleasure to present Vega Sea A/S's 2015-2016 Corporate Social Responsibility (CSR) Report.

This CSR Report is based on qualitative and quantitative data from our business units. All our sites in Denmark, Sweden and Germany have reported data in a systematic manner.

The report serves as our annual Communication on Progress (COP report) as required by the United Nations Global Compact.

The 2015-2016 CSR Report complies with our legal obligations and voluntary responsibility. In the reporting period, none of our sites has received administrative or judicial sanctions for failure to comply with laws, regulations or prevailing industry standards¹.

Our reporting is in accordance with the Global Reporting Initiative's (GRI) G4 Guidelines. We have followed the process of G4 and identified a list of material sustainability aspects that are currently the most important to Vega Sea A/S and its stakeholders. During this process, we have identified the sustainability impacts that matters and are critical to be managed in our organization, and furthermore we have drawn up our management approach. Our Sustainability report also contains Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines. The list of used Standard Disclosures and their location in the report can be found in the GRI G4 Content Index on page 14.

The report has not been verified by a third party. However, a comprehensive work with the collection and internal verification of information has been completed during the preparation of this report.

The CSR Report covers the period from 1st July 2015 to 30th June 2016.

¹ GRI G4 SO 08

A LETTER FROM THE CEO



In Vega Sea, we want to add value and take responsibility for the way our business impacts society while delivering the highest quality salmon to our customers. Fundamentally, we want to behave responsibly as individuals and as a company.

We want to acknowledge that people are the heart of our business by working hard on creating an environment able to nurture and inspire, an environment where everyone feels welcome and an environment that encourages people to share their ideas and contributions on how we can improve and do things better together.

We are collaborating with others in order to improve working conditions at our production sites and reduce environmental impact to make our products more sustainable.

I am pleased of the way that we have committed to doing business responsible. Holding ourselves to high standards of ethics and corporate responsibility, including that of following the United Nations Global Compact. It is with pride that we renew our commitment to the Ten Principals in the areas of human rights, labour, environment and anti-corruption.

Yours sincerely,

A handwritten signature in blue ink, reading "Michael Budtz Berthelsen". The signature is fluid and cursive, with the first name being the most prominent.

Michael Budtz Berthelsen
CEO, Vega Sea A/S

PROFILE

Vega Sea is a Danish producer of smoked and fresh salmon products. Vega Sea has a long history in the salmon industry, using only the best of old tradition combined with innovative approaches. We focus on processing, packaging and selling high quality private labels to retailers, wholesalers and food service customers worldwide.

We have our sales offices in Denmark and modern production facilities in Sweden and Germany, in which we employ more than 250 people. We are IFS, MSC and ASC certified, and all employees regularly attend hygiene courses in accordance with international food safety standards.

We have established, and follow adequate internal procedures for product information and labelling, in accordance with various regulations on product information. The Handewitt site is certified by the International Food Standard (IFS Food version 6) and ISO 50002, that includes regulations on product labelling. Information on product sustainability is declared in compliance with legal requirements and MSC/ ASC requirements. Hörviks Rökeri 2009 AB has been certified and approved to comply with the requirements of the ISO 22000 Management system standard and KRAV-standard, which also includes regulations on product labelling².

In 2015-2016 Vega Sea generated revenue of DKK 1,021 million and EBITDA (earnings before depreciation, amortisation and impairment losses) was DKK 23,9 million.³



² GRI G4 PR-03

³ GRI G4 EC-01 Please refer to Vega Sea Annual Report 2015-2016

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuses.

Our support

We support and respect international human rights contained in the International Bill of Human Rights. We assess our actual and potential adverse impact on these international human rights. We remedy adverse impacts on human rights in case we are involved in such.

We respect the privacy of our customers and employees.

We work to ensure non-discrimination and equal opportunities. This applies internally with regard to our employees and externally in our value chain.

Attention towards employee satisfaction, health and safety improves the quality of life of individual employees and the society. Focus on employee satisfaction, health and safety is linked to positive trends in morale among our employees and to improved productivity.

Employee satisfaction, health and safety is also an essential part of risk management as a means to avoid accidents, illnesses and lost working days, fines and reputational damage. We provide our employees with an employment framework that follows applicable laws and collective agreements in our areas with regard to the payment of fair wages as well as other employment conditions. We work to ensure that our employees have development opportunities at work by offering education and training.

We provide our employees with a safe and healthy working environment. We protect our employees against any corporal punishment, mental coercion or harassment.

We are using internal as well as external labor forces in order to ensure the appropriate flexibility in our production processes. We are always aiming at taking care of external work forces in the same way as our own internal employees.

Implementation

We have published our CSR policy on our website to make it available for all interested stakeholders.

In general, we follow national labour market regulations and make sure that the salary of our employees is fair and equal; that the average workweek is limited to an absolute maximum of 48 hours; that overtime is infrequent and limited; and that employees are given reasonable breaks and rest periods.

Employment-related decisions are based on relevant and objective criteria.

We have established and follow adequate health and safety policies and procedures, and we have an Occupational Health and Safety organization at all sites⁴. We also focus on improving the work environment through external work environment agencies and daily meetings for all production departments.

We take concrete measures to improve health and safety at all our workplaces and we provide our employees with protective equipment and make use of new technology. We also provide our employees with necessary training to perform their tasks safely, including personal- and food safety through implementation of standards.

The Handewitt site is certified by the International Food Standard (IFS Food version 6), that includes health and safety issues for employees.

Progress

No incidents of human rights violations or negative impact on human rights were reported in 2015-2016⁵

Accidents, illnesses and lost working days are recorded in our systems verified by accountant, and an external audit company performs independent third party audits every year to verify our IFS certification.

Lost working Hours⁶	
Number of occupational injuries for employees	5
Lost working hours for employees because of occupational injuries	232
Fatalities of employees arising from an occupational injury	0
Sickness absence	4.55%

⁴ GRI G4 LA-05

⁵ GRI G4 HR-03

⁶ GRI G4 LA-06

LABOUR RIGHTS AND WORKING CONDITIONS

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Our support

We recognize our employees' right to freedom of association and collective bargaining. We denounce forced labour and child labour.

We do not discriminate in the workplace because of age, sex, race, colour, disability, religion or belief, language, national or social origin, trade union membership or any other discrimination grounds recognized by international law. We only make decisions regarding hiring and employment based on relevant and objective criteria.

Implementation

We have published our CSR policy on our website to make it available for all interested stakeholders.

According to Danish legislation, we have implemented a policy on equal opportunity, supporting diversity and non-discrimination with regard to gender.

We ensure that accommodation and living conditions for external labour at our German production site meets the requirements according to German legislation.

Progress

No operations or suppliers were identified, in which the right to exercise freedom of association or collective bargaining were violated or at significant risk⁷

No operations or suppliers were identified as having significant risk for incidents of child labour⁸. We do not ourselves hire children or young workers below 18 years of age and no claims of child labour were reported in 2015⁹

No operations or suppliers were identified as having significant risk for incidents of forced or compulsory labour¹⁰. All our own employees are provided with an

⁷ GRI G4 HR-04

⁸ GRI G4 HR-05

⁹ GRI G4 HR-05

¹⁰ GRI G4 HR-06

employment contract and no claims of forced labour were reported in 2015¹¹. Likewise, no claims of discrimination were reported in 2015¹². When it comes to age and gender, we have a relatively diverse workforce:

Composition of governance bodies and employment categories¹³			
	Male	Female	Total
Board, Management / Executives	15	5	20
White collar employees	19	26	45
Blue collar employees	115	89	204
Total	149	120	269

Composition of governance bodies and employment categories¹⁴				
	Board, Management / Executives	White collar employees	Blue collar employees	Total
Age <30	0	7	72	79
Age 30-50	13	23	102	138
Age > 50	7	15	30	52
Total	20	45	204	269



The Handewitt production site

¹¹ GRI G4 HR-06

¹² GRI G4 HR-03

¹³ GRI G4 LA-12

¹⁴ GRI G4 LA-12

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Our support

We find it important to prioritize environmental considerations, equally to other matters, in managing our business activities.

We are committed to sustainable seafood and through our UN Global Compact membership, we are generally committed to undertake initiatives to implement and promote environmental responsibility.

We support a precautionary approach to environmental challenges.

Implementation

We have published our CSR policy on our website to make it available for all interested stakeholders.

We work systematically to comply with environmental legislation, including through ongoing training and monitoring.

We work systematically to continuously manage and improve environmental performance, to reduce our impact on the environment and to promote greater environmental responsibility.

The Handewitt site is certified by the International Food Standard (IFS Food version 6) to guarantee the quality and food safety of our products including the way we process salmon and other types of fish. It is also certified by the International Organization for Standardization with the ISO 50002 certificate. This means that our site monitors and focus on reducing energy consumption.

In addition, we are certified by the Certified Sustainable Seafood MSC Chain of Custody Certificate. This means that our sites are authorized to supply and process fish and fish products from sustainable and well-managed fisheries.

We work systematically to monitor and improve the efficient use of water as well as to reduce our waste by recycling fish waste and packaging waste (cardboard, styropore and plastic foil).

We cooperate with the local water treatment facilities to systematically improve the quality of water discharged by us.

Our Environmental Management System makes up the foundation for environmental compliance and optimization activities with regard to energy consumption.

Progress

Materials

Use of materials is recorded in our financial system verified by accountants.
An external audit company performs independent third party audits every year to verify our IFS certification.

Total weight of fish kg used to produce our primary products¹⁵	1,000 Kg
Salmon	18,234
Trout	1,521
Halibut Slet intet I år	5
Total	19,760

Total materials being used for packaging purposes¹⁶	1,000 Kg
Plastic foil / Plastic	581
Cardboard	1,189
Total	1,770

Energy

Use of energy is recorded in our financial system, verified by accountant.

Energy consumption within the organization (excl. electricity)¹⁷	
Natural gas (M3)	290,650

Purchase of electricity within the organization¹⁸	kWh
Total purchase of electricity in kWh	6,930,006

¹⁵ GRI G4 EN-01

¹⁶ GRI G4 EN-01

¹⁷ GRI G4 EN-03

¹⁸ GRI G4 EN-03

Water

All water data is recorded in our systems, verified by accountant.

Water withdrawal¹⁹	M³
Total volume of water purchased from municipal water supply used for any purpose.	133,589

Wastewater²⁰	M³
All process water is processed in local water treatment plants in order to separate grease and sludge from process water before leading to the municipal water treatment plants. The quality of the wastewater is always above the current environmental limits and is measured regularly.	156,800

Waste

Weight of waste in kg²¹	Recycling
Fish waste - sold for animal food	4,791,929
Styropore - sold for recycling	160,240
Cardboard - sold for recycling	36,000
Fat sludge - sold for Biogas production	170,526

An approved waste contractor collects all other types of waste than the above mentioned for recycling, incineration or landfill.



Fish waste - sold for animal food



Styropore sold for recycling

¹⁹ GRI G4 EN-08

²⁰ GRI G4 EN-22

²¹ GRI G3 EN-23

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Our support

We maintain a high level of integrity and accountability in all our external relationships, and we do not participate in corruption or bribery. We do not offer, promise or give any kind of bribes to improperly influence public officials, judges or business associates.

We will also refrain from receiving or accepting any bribes ourselves.

Our agents, middlemen or other persons acting on our behalf are subject to this obligation to not participate in corruption or bribery.

Implementation

We have published our CSR policy on our website to make it available for all interested stakeholders.

All our operations undergo an overall risk assessment related to corruption. Based on this risk assessment we will act generally against corruption by establishing internal procedures that support the anti-corruption commitment and ensure that relevant employees are properly informed²².

Progress

We have not received any administrative or judicial sanctions for failure to comply with anti-corruption laws²³. No claims or request for monetary sanction for corruption and no legal corruption cases against any of our sites were reported in 2015-2016²⁴.

²² GRI G4 SO-03

²³ GRI G4 SO-08

²⁴ GRI G4 SO-05

GLOBAL REPORTING INITIATIVE G4 CONTENT INDEX

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Category	Aspect	Indicator and Description	Page
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