NIREUS GROUP OF COMPANIES

COMMUNICATION ON PROGRESS

Year: 2017

Country: Greece

STATEMENT OF CONTINUED SUPPORT

Dear Mr. Antonio Guterres,

NIREUS AQUACULTURE SA, was established in 1988 and is the parent company of the vertically integrated NIREUS Group with core activities being mainly focused on the area of Aquaculture.

Within these 30 years, we have been able to conquer the world's leading position in the production and sale of Mediterranean fish farming products, while we are positioned among the 10 largest fish farming companies in Europe.

As a leader in our industry, we recognize the importance of sustainable development, as well as the ever-increasing significance of informing all stakeholders with respect to the values that govern our Group and our impact on the economy, society and the environment.

Nireus Group has been a member of the United Nations Global Compact, since 2009. Since its establishment, NIREUS has been constantly focusing on the value of business development with respect to both the environment and to people. The Group has been supporting international voluntary initiatives such as the UN Global Compact and the SDG's, which are applied in this C.O.P. for the first time this year.

Furthermore, we are implementing several measures and procedures which enhance corporate governance and corporate responsibility.

We are proud for our deep and honest conviction that ethics in business and legal compliance comprise the basic principles by which we operate and function, is also reflected throughout the context of this Communication on Progress Report.

Under my capacity as the CEO of Nireus, I am very pleased to reconfirm our commitment and support for the United Nations Global Compact for this year as well.

Sincerely yours,

Antonios Chachlakis
CEO
Koropi Attiki, June 2018

Description of the nature of business

Nireus Group has the following activities:

- ✓ Production and sales of juveniles for marine fish farmed in the Mediterranean Sea
- ✓ Production and sales of Mediterranean marine fish (mainly seabass and seabream) in raw and processed form (fresh and frozen, whole, gutted and fillets)
- ✓ Production and sales of fish feed for Mediterranean farmed fish and trout
- ✓ Production and sales of aquaculture equipment (cages and nets)
- ✓ Sales of genetic material, feed, medicine and hygiene products to swine, poultry and cattle farmers

For all these activities, the Group owns and operates hatcheries, farming units, and factories.

We employ 1.096 people in Greece and Spain, who work in over 60 locations.

Principles of the UN Global Compact :

1. HUMAN RIGHTS

***PRINCIPLE 1*: Businesses should support and respect the protection of internationally proclaimed Human Rights.**

***PRINCIPLE 2:* Business should ensure that they are not complicit in Human Rights abuses.**

Commitment

Our company is committed to upholding the United Nations' Universal Declaration of Human Rights. We also comply with the relevant Greek Legislation, as well as the local laws and legislations of all the countries in which we operate. To ensure that we constantly improve our commitment, we continuously review and revise our internal and external policies.

Nireus' Group Code of Conduct as well as our Internal Labor Code explicitly provides for the protection of Human Rights and prohibits any kind of abuse thereof.

a. Corporate Ethics

More specifically the Group's principles on corporate ethics and employees' appropriate conduct towards its customers, suppliers and other partners are, inter alia, referred to in the Group's Code of Conduct in Chapter Z "Protection of interests and resources". The Code, also provides for the imposition of penalties in case of violation of rules, which are escalated according to the seriousness of the misconduct from reprimand up to dismissal.

Policies on regular and extraordinary reports: Having established numerous branches in Greece and abroad, and aiming at the establishment of direct and structured communication of local working groups with headquarters, NIREUS Group has established, since 2013, a monthly policy on completing Regular and Ad hoc grievance reports through a special form.

Grievance Management Policy (Whistleblowing Policy): Furthermore, the Groups has established since 2013 a Grievance Management Policy implemented in all facilities, aiming at establishing early warning procedures in view of tracking any illegalities and irregularities for any matter relating to the Group's operations.

Remediation Plans: Electronic submission of Regular and Ad-hoc Grievance Reports through means of direct electronic submission and automatic notification to all responsible officials concerned is in place, thus maintaining, in this manner, an electronic file for the purpose of transparency.

b. Protection of personal data (GDPR)

Our company is also committed to respect the human right to privacy and to comply with the new European Union General Data Protection Regulation [Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016] on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

We are committed to high standards of information security, data privacy, and transparency, and to managing data in accordance with legislation and regulation, including but not limited to GDPR. We attest that Nireus Group of Companies will comply with applicable GDPR regulations to the extent provided by law.

c. Support to local communities.

Our company is also committed in supporting local communities, as an entity inseparable from the society, within which it operates, affects and is affected by the circumstances of our times and its place of action.

Outcomes

Our Group acknowledges that highly rated companies are judged not only by their financial results or by the quality of their products and services which they provide, but are also judged in terms of their contribution to the social groups with which they interact, given that there is a risk of losing their "social license to operate", i.e., from the confidence provided by the local communities to continue their operations.

Protection of personal data (GDPR)

Nireus group of Companies began, during 2017, to work on the following main areas of focus in preparing for GDPR:

1. Building on existing security and business continuity management policies, processes and controls, to ensure compliance.
2. Performing gap and privacy assessment to support GDPR compliance for its personnel / suppliers/customers.
3. All Nireus staff have been notified about their rights to protection of their personal data; processing is lawful, fair and transparent; personal data are collected for specific legitimate purposes (payroll, tax and social security authorities) while they are kept secure; Nireus group of Companies does not process sensitive information, with the exception of employees' certificates on medical conditions that may affect their work which are provided by law; Nireus has a notification process in case of breach.

Support to local communities

Creating value in local communities, comprises a permanent chapter in the formation the CSR and the strategy of the NIREUS Group and its employees. Managing the issue directly impacts local communities of the regions in which we operate. Furthermore, influences are

acknowledged to exist at various stages of our Group's value chain, such as in the production of fish feed, cultivation and processing.

The Group creates value for local societies by:

- product donations and other grants
- employment workers from the local communities in a very large percentage of total Group employees
- selecting suppliers from the local communities
- carrying out educational activities in our facilities
- stable and frequent contact with them
- encouraging volunteerism

In 2017 our product donations amounted 7.903 kgs and had a cost of € 25.935. Other additional fianancial aid to organizations, amounted to € 13.580, as analysed below:

REGION	**KILOS**	**BENEFICIARY INSTITUTION**	**PRODUCT DONATION (KILOS)**	**FINANCIAL DONATION (€)**
		2017		
ATHENS	1984	CHARITABLE ASSOCIATIONS - CULTURAL INSTITUTIONS	4067	3950
CHIOS	3727	NURSING HOMES - ORPHANAGES - HOSPITALS	1894	
EVIA	1032	MUNICIPALITIES – SOCIAL GROCERY - PORT AND FIRE DEPARTMENT SERVICES	405	680
PATRA	174	SPORTS ASSOCIATIONS	200	7380
ASTAKOS	584	ACADEMIC INSTITUTIONS- SCHOOLS- UNIVERSITIES	203	1570
		CHURCHES	1134	-
FOKIDA	347			
IGOYMENITSA	55			
Total (10.188 KGR OF A TOTAL VALUE OF EURO 32.601)			7903	13580

Also, Nireus has a Blood Bank which has helped many times our employees and their relatives in their needs.

Other voluntary actions:

- Participating in road races with humanitarean purposes, with our corporate team, such as the Race For the Cure of breast cancer and many others
- Participation in the cleaning of a local harbor and seabed (Kardamyla Chios)
- Fund raising though our Cristmas and Easter bazaar to aid colleagues with financial difficulty
- Food collection action for people in need (flood victims in Athens, Attica)

We also offered eleven (9 more than 2015, +450%) practical trainings in aquaculture to university students.

All these acitivities will be included in our Group's Corporate Social Responsibility Report.

Future Commitments

Protection of personal data (GDPR)

Nireus is in the process of assessing the risks to privacy and security. Our Comitments to this end during 2018 will be:

- Conduct a full risk assessmen
- Implement measures to ensure and demonstrate compliance
- Proactively help third-party customers and partners to comply, and
- Prove full data control

Support to local communities

We strongly believe that food is nowadays one of the basic human rights, therefore we will continue to materially support social groups in need.
We will also support universities and students, promoting the right to education.
Finally, we will continue to implement internal procedures that acknowledge the respect of human rights within the corporate environment of our organization as one of our top priorities.

LABOR

PRINCIPLE 3: **Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.**

PRINCIPLE 4**: Business should uphold the elimination of all forms of forced and compulsory labor.**

PRINCIPLE 5: **Business should support the effective abolition of child labor**

PRINCIPLE 6**: Business should support the elimination of discrimination in respect of employment and occupation.**

Commitment

We recognize that our employees are our greatest asset and that is why we recruit, hire and retain the most talented people, thus striving to assist all our employees in maintaining a healthy work-life balance.
Nireus is committed to supporting, encouraging and facilitating employee's personal and professional growth and wellbeing, offering them several benefits.
We encourage them to develop their professional skills through enrollment in seminar courses and conference attendance to enhance and broaden their skills and knowledge.
To maintain the highest standard of honesty, openness and accountability employees are encouraged to express their opinions and concerns to any member of the management.
Our company complies with the Greek Labor Legislation on all its activities, as well as the local laws and legislations of all the countries in which we operate. These, among other things, forbid all forms of forced and compulsory labor give the right to employees to resign from their work voluntarily and reward extra-hours of work with additional payment.
We have four workers' unions in our company with which we communicate openly and frequently. They are based in the island of Chios and Eviaas well as in Chiliadou of Nafpaktos and Igoumenitsa.
We do not support, encourage or endorse any form of child labor in all our operations in Greece and abroad.

Outcomes

Given the wide dispersion of our branches, NIREUS is, in most areas, the largest and most preferred employer. The selection of our personnel is based on their qualifications, work experience, and, if necessary, on personal interviews without gender or age discriminations. A recruitment procedure approved by the Group Management is strictly followed by all branches.
All employees sign a contract of employment upon being hired that includes: hiring date, place of work, working hours, job title, wage and collective agreements applicable to the specific job, as well as the relevant laws that determine the amount of indemnity in case of involuntary termination of employment. The government authorities examine employees wages at the time of hire and every time there is a change they verify that the rate and overtime provisions are equal or greater to the minimum rates applicable for each job. The same authorities also check that there is no illegal or forced labor.

Regarding our support on the abolition of child labor on our application form for employment, we request information on the age of the applicants to ensure that we don't consider, when hiring, persons under the age of 18.
Again, upon recruitment, the age of the employees is validaded from official documentation as provided.
Our personnel has the following age distribution:

Age group	% of total
20-30	6.8%
31-40	29.6%
41-50	38.7%
50+	25.2%

At the date of payment all employees receive a wage receipt with an analysis of their payment that includes tax and social security deductions.

Nireus provides its employees the following benefits:

- ✓ Advance Payments/No interest loans.
  The basic policy of the Nireus is to support employees both financially and psychologically when they are in need. To achieve this goal a standard policy is in place regarding non-interest-bearing loans to the amount of 1.500€ for a period not exceeding 12 months.
  Additional payments may be also provided for a particularly important and urgent situation such as health problems of the employees or members of their families or other serious financial needs that are impossible to predict.
  During the year 2017 Nireus provided 94 loans to its employees. (Total amount 88.910€)

- ✓ Extra paid annual leave for health problems.

- ✓ Financial gifts when they are married or have children.
  Nireus offers the amount of 300€.

- ✓ Employee of the month & Year
  The Employee of the Month is a type of a "reward program" which is being given out by Nireus. The main purpose is to encourage the employees to work more productively as teams and individuals. It involves recognizing employees for achieving excellence in their field, and being the best employee across all fields. A very important factor for the program is that candidates are elected from their fellow workers.
  The award of 150€ is given out every month to every winning employee.
  At the end of the year the winner of each month is also a candidate for the Employee of the Year. The award is 1500€.

- ✓ An annual painting contest for our employees' children with special prizes and gifts for all the contestants. Some of the paintings become the company's Christmas cards.

- ✓ Special discount on the company's products.

Job descriptions have been designed for all work positions within the Group and, apart from the central organizational chart; each individual Department has its own detailed organizational chart. Furthermore, the operating procedures of each Department are documented under the ISO system.

In 2017 emphasis was given on" Health & Safety in labor" courses and quality of food subjects (HACCP)
Training on 10 subjects (such as HACCP, employment and tax legislation, financial topics,selling skills etc.) was carried out throughout the year, both at the company's headquarters and at the other branches of the Group, with a total duration of 441 hours and a value of EUROS 36.705€

All our facilities are being frequently visited by a doctor and a safety technician to inspect or solve Health & Safety issues. Medical records for all employees are kept. Safety inspections are carried out frequently by our safety technicians to oversee that safety rules are kept and to train workers in the use of personal protective equipment. All employees working on the fish cages are required to wear special lifejackets suitable for work in aquaculture.

In 2017, we had (in a total of 1082 employees) 6 minor accidents such as abrations and light limb sprains.

The number of accidents per site is an indicator in the performance evaluation system for all our production managers.

Future Commitments

We shall continue to support universities for the required practice of their students and to provide all our employees with a balanced work-personal life.
We shall continue to invest in our employees' education to enhance their personal and professional development.
We shall enhance internal procedures that encourage the freedom of expression on behalf of all our people.

ENVIRONMENT

PRINCIPLE 7: **Business should support a precautionary approach to environmental challenges**

PRINCIPLE 8: **Business should undertake initiatives to promote greater environmental responsibility**

PRINCIPLE 9: **Business should encourage the development and diffusion of environmental friendly technologies.**

Commitment

As stated in its Environmental Policy, Nireus Aquaculture S.A. commits to:

- complying with the environmental legislation and all the codes and principles that apply to the company's activities
- preventing pollution in coastal and marine establishments
- preserving the quality of the marine environment that surrounds the existed production units, as well as the new ones
- promoting recycling
- monitoring the environmental performances of all its production sites
- providing the appropriate environmental training and educating employees on the environmental aspects of the activity
- working cooperatively with third parties to further promote common environmental objectives

Nireus always conducts an Environmental Impact Assessment before starting any new activity. Also, when we plan for new and existing operations, all environmental factors such as wastes, water and land, emissions, natural resources and energy consumption are considered.

We set environmental targets and we monitor critical parameters so as to establish early indications of any possible environmental risks. We promote recycling and manage natural resources to enhance the viability and sustainability of aquaculture.

Nireus identifies and evaluates all environmental aspects related to its activities and sets measurable objectives and targets.
This procedure is standardized and applicable to all activities and all company's operational sites.

Outcomes

The implementation of the Environmental Management System which is based on ISO 14001:2004 continued for the eleventh year in 2017 in our Group's production facilities. During this year, Nireus expended the GLOBALG.A.P. Certification to an additional production area in Igoumenitsa and in a new pregrowing farm in South Evia.

Apart from the GLOBALG.A.P., the Group is additionally certified in accordance with ISO 9001:2008, ISO 22000:2005 (HACCP), ISO 14001:2004 and BRC Global Standards (British Retail Consortium).

Monitoring the Quality of Sea Water

During 2017, 992 physicochemical and 650 microbiological analyses were undertaken in the aquatic farming.

The physicochemical analysis includes heavy metals, mercury, residue of pesticides, as well as nutrient salts and the microbiological analysis includes TVC (Total Viable Count), Total Coliforms, E. coli, Staphylococcus aureus, Salmonella, Listeria, Fecal streptococci, Clostridium perfringens, Pseudomonas, Fecal coliforms. The intensification of the analysis and the systematic monitoring of the farming parameters ensure the maintenance of the quality of the sea environment.

Monitoring the Quality of the seabed

In 2018, 198 chemical analysis of sediments were undertaken, as well as 101 samples of benthos for biological analysis and classification.

Monitoring Liquid Waste Parameters

Liquid waste is monitored with respect to the biochemical oxygen demand (BOD), the chemical oxygen demand (COD), the total suspended solids (TSS), the total nitrogen and total phosphorus levels through laboratory analysis which are carried out in both internal and external accredited laboratories. The purpose of the analysis is to ensure that the liquid waste will not alter the physicochemical properties of the final recipient (sea, underground, drainage systems). In 2017, 876 analyses of waste waters were carried out.

Recycling Programs

The company actively participates in the Joint Recycling Programs that have been created at a nationwide level including smaller programs which the company also develops on its own.

- In 2017, 58 tons of paper were gathered for recycling and were disposed of to accredited by the Ministry of Environment, subcontractors who have been granted a license for management of used paper.
- Portable batteries which were delivered to the accredited bodies AFIS and SIDESIS reached 750 kg
- Old electrical and electronic equipment in addition to fluorescent light bulbs are gathered and disposed of to the recycling organisations Recycling Devices SA and Photocycling respectively. In 2017, 2,83 tons of lamps and electronic equipment were delivered.
- Used lubricant oils were gathered in specially formed containers and are gathered by the management body ELTEPE. In 2017, the quantities which were gathered in the production units of the company reached 3,65 tons
- Used reagents from the physicochemical analysis plant are delivered to the supplier who has developed a network for the gatherings and exploitation of the materials which are produced.
- Significant amounts of iron which are produced from the upgrading works carried out in the production facilities are disposed of the accredited subcontractors. In 2017, 18,02 tons of iron were given for recycling and/or reuse.
- Plastic from feeding bags as well as from the cages is also gathered and disposed to licensed subcontractors. In 2017, 400 tons of plastic were given for recycling.

Management of Production By-products

Total processing by-products are used in accordance with the European Regulations on management of fish by-products. The intestines and fish heads are sent to a fur farming breeder who uses these as raw materials to produce feed. The fish farming units' by-products are incinerated either in the company's veterinary furnace or in collaborating licensed premises.

Communication actions

The company places great emphasis on communication with interested parties such as with the Association of Hellenic Sea Culture, the Authorities, the Local Communities and the University community.

The results of the monitoring programs on the quality of aquatic farming are communicated to the responsible authorities in a form of an analytical report.

High level employees of the Group actively participate in conferences held by accredited University Academics, on the issue of the interaction of aquaculture and the environment. In addition, these employees are also members of the Scientific Advisory Committee of the Association of Hellenic Sea Culture.

Collaboration with Academic Institutions and Research Organizations

Nireus in collaboration with other fish farming companies operating in Mediterranean Sea, launched the discussion on common Key Environmental Perfomance Indicators. The approval of new KEPI's among Mediterranean fish farmers, in PerformFISH project funded by EU under H2020 program, expect to increase awareness of whole industry about the impacts of fish farming in the surrounding environment. In the same multinational project, Nireus establishes a protocol to identify fish that can have good growth rates independently of the precence of parasites. Choosing their progenies to grow, will be possible to reduce the enforcement of antiparasitic treatments by fish farmers in the long run. The company approved a medium term plan to reduce the use of fish meal and fish oil sourced from wild socks with fish meal and fish oil sourced from trimmings of fisheries and aquauculture products intended for human consumption. All the aforementioned actions are in cooperation with world class research institutions and based on solid science. The annual budget for these actions is 50.000€.

Collaboration with environmental NGO

The impact of the aquaculture industry, which is growing rapidly in fish populations, marine ecosystems, water quality and society, can be significantly and measurably reduced when responsible practices are applied.

The implementation of the pioneering program "Aquaculture Improvement Plan", which was developed in collaboration with two important and trustworthy organizations, WWF and AB VASSILOPOULOS, continued in 2017.

The production facilities of Aliveri, Phokida and Astakos were audited by TUV Asutria Hellas, who recorded the course of implementation of the commitments aimed at further improving the management practices already in place. In 2017, another production center was added to the scope of the "Aquaculture Improvement Plan", which is the farm of Chios Island.

This initiative falls within the broader strategic plan of our Group for the sustainable development of its production process. Our achievements and awards so far, form the basis of and our commitment to an ongoing effort for even better performances in terms of sustainability and corporate social responsibility.

Also, in 2017, Nireus participated in the Pilot Audits conducted by the Aquaculture Stewardhip Council in order to develop a new ASC standard for the certification of mediterrannean species farming as a responsible aquaculture process.

Future commitments

We shall continue our environmental efforts to contribute to the decrease of our ecological footprint.

We shall also continue our collaboration with the universities and other educational institutions to promote innovative methods that will allow the sustainability of our sector at the maximum possible level.

Finally, our company, respecting once again its commitment to substantially contributing to environmental protection, is planning a voluntary action of coastal and beach cleaning for the upcoming year. The main objective of this action is to jointly communicate through these actions and via social media attraction and our corporate newspaper, a symbolic message of awareness for the preservation of the natural beauty of the Greek coasts, thus contributing not only to the protection of the natural and cultural wealth of Greece, but also to the creation of a sustainable future.

ANTI-CORRUPTION

***PRINCIPLE 10:* Business should work against all forms of corruption, including extortion and bribery.**

Commitment

Nireus SA is against all forms of corruption (bribery, extortion, money laundering and law disobedience).
Corporate governance regulations are in place, while compliance is being monitored by the Audit Committee, external and internal Auditors as well as from the Legal and Corporate Affairs Department.

Outcomes

The Group's supplies policy requires an assessment of Nireus suppliers in Greece and abroad, apart from the traditional aspects of cost, quality and consistency, and is in line with the Group's code of values and the principles of corporate governance.
The group acknowledges the important role of chain markets for its growth and wishes its suppliers to act with responsibility, integrity, honesty and transparency. We evaluate suppliers based on the following standards:

- The overall business activity should be guided by respect for and compliance with the applicable laws and regulations.
- Fair competition and refraining from unfair trade practices. Suppliers must also take care to safeguard the integrity, prestige and dignity of the profession to which they belong, respecting the interests of consumers.
- Disposal of products and services consistent with the applicable quality and safety standards.
- Conduct of business with respect for the environment and compliance with applicable environmental laws and regulations.

The group has long standing relationships of healthy and profitable collaboration, which require trust, honesty and constant communication between the parties. For this reason, key suppliers are visited at least once a year.

Our Internal Labor Code refers (in Chapter Z) to our business principles on our employees' ethics and conduct to our suppliers, clients and other coworkers.

According to our company's Code of Conduct all our employees are encouraged to report any case of violation which comes to their attention so that it be dealt with immediately for the benefit of all and do justice. For this purpose, a special e-mail address was created (codeofconduct@nireus.com) which addresses solely, under strict confidentiality, by the Legal & Corporate Affairs Department.

Furthermore, an international auditing firm audits our financial statements every six months. Regular and extra audits are also conducted for all departments by the Internal Audit Department.

Future commitments

We are also in the process of drafting and implementing enhanced Compliance Programs throughout the organization in order to promote clearer and precise policies and procedures to prevent all potential forms of corruption.

Contact:
Mrs. Maria Labrinou,
Legal & Corporate Affairs Director
E-mail : m.labrinou@nireus.com
Phone : +30 210 6698328,
Fax: +30 210 6624926