



**Corporate Social Responsibility Report 2020/21
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.

Introduction

Vega Sea 2021 CSR report

As one of Europe's largest salmon processing companies, Vega plays a central role in bringing seafood to the global markets. As millions of consumers enjoy Vega's products, we wish to take the wheel and help set the direction of the salmon processing industry. This implies that Vega must take social and environmental responsibility to fulfill our ambition.

Vega's point of view is that our social and environmental ambitions should be measured by our actions. To emphasize this, we joined the UN Global Compact initiative in 2014.

As part of our commitment Vega has implemented the Global Compact principles for Human Rights, Labor Rights & Working Conditions, Anti-corruption & Environment as part of our daily operation.

We wish to be measured by our actions and help set the salmon processing industry direction

In addition, Vega is also committed to communicate our progress and CSR activities on a yearly basis as part of our Communication of Progress (COP) report.

This is our COP report and we sincerely hope you will enjoy learning about our progress and future ambitions.

In prior years we introduced many new initiatives within all areas covered by the CSR report. Overall, we are satisfied with the results, but we are also aware that improvements can be made in areas where we did not meet our own expectations. Both our successes and challenges will be covered throughout this report.

Feel free to visit: <https://www.unglobalcompact.org/what-is-gc/participants/33781-Vega-Sea-A-S>



About Vega

Vega Sea was established in 2010 as a merger between two Danish companies. Vega's main activity is processing fresh and smoked salmon products. The company has grown from a small Danish producer to an international player with an annual turnover of €140 million from sales to more than 30 different countries in Europe, North America, Oceania and Asia.

Vega employs 284 people across our Head Quarter in Kolding, Denmark and our Production Facility in Handewitt, Germany.

Our CSR effort is centered around five core values that all our employees know and act upon in our daily operation.

- 1. We support and respect the protection of the international bill of human rights*
- 2. We strive to minimize our environmental & climate impact and reduce our global footprint*
- 3. We do not accept corruption in any form*
- 4. We respect labor rights and support healthy working conditions*

- 5. We strive to provide the highest grade of quality and food safety for all our products*

Our effort is led by groups appointed to specific cross-functional areas.

- Energy optimization
- Health & Safety
- Product Quality
- Sourcing & Packaging

These groups consist of employees from all parts of our organization and each group have a responsible manager appointed to ensure direct access to the management team.

The executive management have the overall responsibility for leading and anchoring Vegas Corporate Social Responsibility efforts in the organization. In daily operation work with specific actions is done by our area work groups.

Each group is responsible for setting their own targets reflecting Vegas overall ambitions towards our core values.



Working Environment

Health & Safety is one of our focus areas. We are 284 employees at Vega, working together to obtain our common goals. Our employees are our greatest asset as their creativity, commitment and ambitions drive our positive development and help us to reach our goal which is to bring the highest grade of quality food to the end consumer.

Working in food processing is a job associated with higher risk than other jobs. Vega Sea has sound and effective health and safety procedures which comply with industry and national standards, and employees have been given industry-relevant and mandatory training. An occupational health and safety organization is in place at all company sites, and an appointed person oversees health and safety. Daily health and safety status meetings are held for production, evacuation drills have been held in cooperation with local authorities, education and equipment handling courses have been held, and an introduction of mandatory use of safety equipment has been given.

Workplace accidents are reported and systematically registered. In 2020/21, 6 accidents resulted in sickness absence in Germany, none in Denmark. Vega Sea continuously carries out risk assessments on critical areas and train employees to report on potentially dangerous situations and risks in the working environment. Vega makes a monthly KPI report on accidents and discusses the cases individually for limiting the risk of accidents to occur.

A workplace assessment (APV) was carried out in June 2020 with few suggestions for improvement in the physical environment in the office from employees. No incidents of harassment have been reported during the year. Vega has a zero-tolerance policy for harassment.

COVID-19

To make sure we have a safe working environment, we have established guidelines, provided protective equipment, and intensified cleaning to ensure our employees can come to work and not worry about being infected by COVID-19.

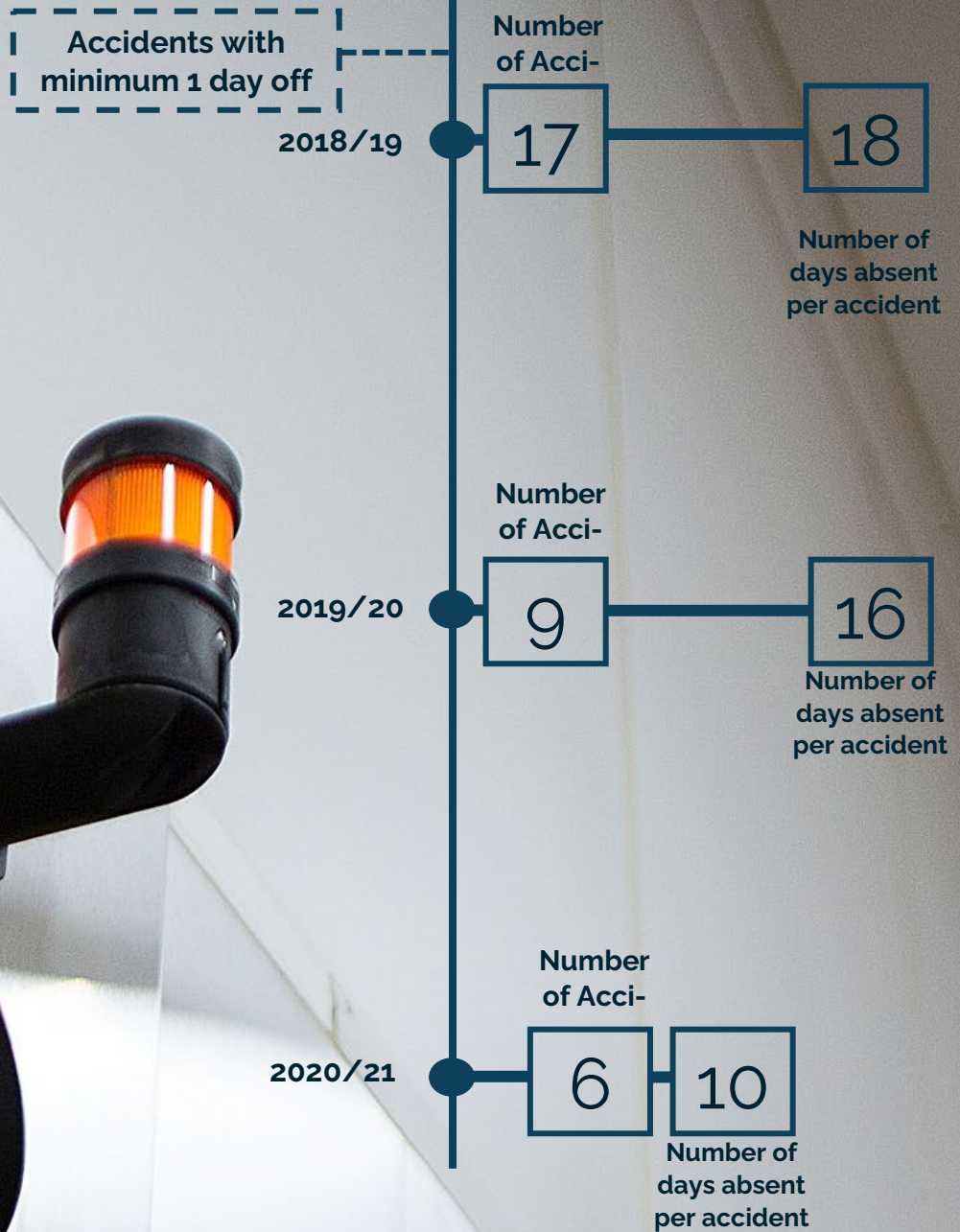


Furthermore, we have established our own test center at our factory in Handewitt, to give our employees access to fast and free testing.

Lastly, we established home-offices, to reduce the load on our offices thereby reduce risk of spread of COVID-19 and to offer an alternative for worried employees in periods with high infection rate.

Accidents

From our actions Vega has managed to reduce the number of reported accidents in 2020/21 compared to 2019/20. Furthermore, the number of days needed to recover has also decreased significantly. This is viewed as a positive development, though Vega's Health & Safety team is working towards making it even better every day.



Diversity

At Vega, we believe that a diverse workforce creates value. We work to support diversity by creating structures which do not limit employees based on gender, nationality or religious beliefs, as we believe diversity and the principle of equal opportunity to be the most relevant topics within human rights. Decisions made in the hiring process is based on an assessment of the merits and qualifications of the individual based on the principle of equal opportunities for all.

It is our goal to create an environment of parity among employees rewarding involvement and commitment without discriminating based on age, gender, sexual preferences, ethnicity, or disabilities.

A challenge is that food production is a sector previously dominated by male workers due to the physical aspect of the job. Therefore, there is a risk of female applicants being rejected in the recruitment process. This has led to an unequal gender balance in our production area due to a recruitment pool primarily being dominated by men. To change this situation Vega have made efforts to identify work areas in production with lower physical requirements and educate our internal recruiters to decrease gender balance inequality.

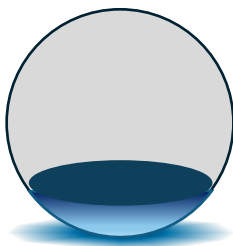
The gender balance for office workers is more equal and we are happy with the level of female employees in the office. In 2020/21 Vega reached the ambition with increasing the % of fe-

males in middle management to 34%. This is not in balance but considered a huge step in the right direction.

To further support diversity and equality Vega will continue the following initiatives:

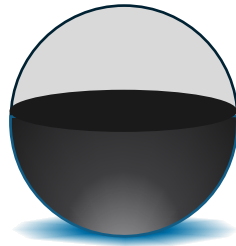
- Onsite English language education for employees to strengthen communication.
- Create a culture that support teamwork, fairness and empowers the individual to reach their full potential.
- Strengthen our HR organization to ensure diversity in recruitment and to educate management with the right tools to lead a diverse workforce.

Female Managers



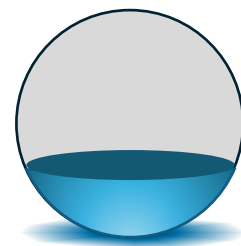
34%

Female Office Employees



54%

Female Production Employees



30%

“The overall gender diversity is satisfactory with 39% female employees – we do acknowledge the uneven gender distribution in management and have created a policy that requires 25% of all applicants interviewed to be of the least represented gender”

Anti-Corruption

Vega adheres to fulfill all laws and regulations in the countries we currently are operating in. This is fundamental for Vega's ambition to be a responsible company. Our CSR policy clearly states our view on corruption.

"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, intermediaries or other persons acting on our behalf are subject to the same obligation to not participate in corruption or bribery."

As stated, Vega does not find any form of corruption acceptable. It is not part of our business practice, and we have clear expectations of our employees to neither use nor accept any form of corruption in their line of business.

Vega's products are sold globally but most of the raw material is sourced from Norway, while minor volumes are sourced from Canada and Chile. These are all countries rated highly by Transparency International.

To support our stand against corruption 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 supporting the anti-corruption commitment and ensure that relevant employees are properly informed.

In addition, all employees who represent Vega are instructed in good business etiquette and in standards defining correct behavior in any interaction with external relations.

Status

We have not received any administrative or judicial sanctions for failure to comply with anti-corruption laws. No claims or request for monetary sanction for corruption and no legal corruption cases against any of our sites have been reported. We intend to continue with our anti-corruption effort to ensure that our risk assessment tools, policies and processes are updated continuously to reflect the world around us.

Environment

Vega is a large player in a very competitive market driven by commodity volatility. An essential part of our success is therefore to be as resource efficient in our production processes as possible to be competitive and sustainable. Vega use three main inputs for production of our salmon products that each constitute a risk of starring the environment through excess resource use and packing:

- Raw material
- Packaging materials
- Utilities

Since Vega operates in the food processing industry it is a risk that the energy needed for processing unnecessarily strains the climate.

To ensure that Vega' effect on the environment is reduced as much as possible we strive to be innovative and efficient in our usage by utilizing as much of the raw material as possible, so we reduce waste, while limiting our use of packaging materials and utilities by adopting new technologies and methods.

In January 2020, the Group invested in its own wastewater treatment plant to ensure an even cleaner

discharge in the local area, and to ensure our production facility is optimized for the future. This is truly an important step, when looking forward and pursuing our goals of focus on sustainability.

After installing this we have seen a significant improvement in our wastewater monitoring parameters, including a reduction of lipophilic substances and aromatic organic chlorine.

The material is now removed from our wastewater and not discharged into the environment but is instead collected to produce biogas.

This is in line with our current goals:

- A reduction in fish waste (sold for animal food).
- A reduction in packaging material use per item.
- Reduction in use of electricity and water.
- Support sustainable farming.

Actions

In the year to come, Vega will center its innovation process on packaging material, including reducing the thickness of carton and printed foil, and if technology can support it, limit the need of poly boxes. Vega has already obtained the following:

- 10% reduced plate material.
- 15% reduced foil material.
- 100% recyclable cardboard.
- 100% recyclable plastic used for mono material.

Vega will continue having focus on our process of packaging innovation while we also closely monitor the new packaging solutions introduced to the market.

We are also focusing on optimizing the way we prepare our goods for transportation. Our goal is to decrease the amount of cardboard used to help our partners reduce their carbon footprint.

In 2020/21 we have continued implementing the energy standard, ISO 50001 for which we are holding a formal third-party certification.



KEY PERFORMANCE INDICATORS & THE SUSTAINABLE DEVELOPMENT GOALS

Vega has selected a series of key performance indicators related to three Sustainable Development Goals. These indicators will serve as a contributor to the development of the CSR/ESG profile of the company and contribute to the efforts and goals set out by the UN and the 2030 agenda. For year 2020/21, Vega Sea reports the levels and targets for 2021/22 below.



Company strategy: Energy consumption, measured in relation to production activity

KPI/Goal	Level 30.06.21	Target 30.06.22
1. Reduction of energy consumption, <i>(In %, development energy used per kg fish produced)</i>	-1.1%	-2.0%
2. Reduction of water consumption <i>(In %, development water used per kg fish produced)</i>	-3.6%	-4.5%

Vega's ambition regarding **affordable and clean energy** is to make the production more efficient in respect to utilities usage, and thereby reduce utilities used per kg raw material produced. For this purpose, Vega has with the CEO in charge established an energy management team that explores energy improvements and to make sure Vega adhere to ISO 50001 certificate.

The utility consumption in 2019/20 is used as a baseline for the above calculations and targets. Furthermore, the data and targets are focussed on electricity and water consumption for all activities at the production facilities in Handewitt, Germany (including office), as that site accounts for 99.9% of energy consumption in the Vega Group. In coming years, the consumption of gas and other energy sources are to be included as well.



Company strategy: Sustainable production, measured in relation to the food waste index

KPI/Goal	Level 30.06.21	Target 30.06.22
3. Utilization of the food for consumption <i>(in % of kg fish produced)</i>	72.1%	74.0%

Vega's ambition regarding **responsible consumption and production** is to increase kg food produced that is suitable for human consumption relative to all fish produced in the Vega Group, taking all produced categories into account, both for human consumption and not for human consumption. Vega has initiated several value-added product developments that are expected to increase the ratio in the coming years.



Company strategy: Sustainable farming in oceans

KPI/Goal	Level 30.06.21	Target 30.06.22
4. Production of fish with certification <i>(in % of total fish sourced)</i>	86%	88%

Vega's ambition regarding **life below water** is to increase the ratio of fish produced with a certificate, that has sustainable farming as one of its core focus areas. Vega has this as a focus when discussing raw material usage with customers. Furthermore, Vega's own brands are only produced with a certificate that supports sustainable farming.

Food Safety

At Vega food safety is a major concern. We take every action possible to ensure that the products our customers buy, fulfill our strict requirements. Our approach is not just limited to our own production facilities, as we also take measures to help educate and improve all parts of the supply chain from farmer to retailer.

It is important for us to comply with the society's high expectations towards food safety and quality. To meet these expectations, Vega has invested resources in creating a top tier Quality Department with the purpose of testing every product batch that enters and leaves our factory. To assist our Quality Department, Vega has set

up an internal lab located at our production site to allow for efficient testing, such that we can act immediately if required.

To support our work with food safety and quality several policies have been created including a minimum number of hours required for daily cleaning and the standpoint: *"the Quality Department always has the final decision"* in any context related to food safety and product quality.

Certification

Vega holds a list of certifications including ASC, Global G.A.P, MSC, EU Organic, OU Kosher, and an IFS certification covering all aspects of food safety, legality of products, hygiene, food defense, food

fraud, quality management and HACCP with a score of 95,7 out of 100. In the year 2020/21 we also kept our FDA License.

These international certificates all focus on quality, responsible sourcing, traceability, and food safety are audited by 3rd parties on a continuous basis.

We have also implemented a set of KPIs tracking our performance on metrics related to Quality and Food safety, and these are reported internally as well as to Vega's board members monthly, along with an outline of any planned changes that will be implemented to further strengthen our effort.



