



## Corporate Social Responsibility Report 2021/22 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 2022 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 further improvements can be made in all areas for the better. Both our successes and challenges will be covered throughout this report.

The report constitutes Vega Sea A/S' statutory reporting on corporate responsibility cf. §99a.

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 €180 million from sales to more than 30 different countries in Europe, North America, Oceania and Asia.

Vega employs 468 people across our Head Quarter in Kolding, Denmark, Sales Offices in Spoleto, Italy & Bangkok, Thailand, 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*

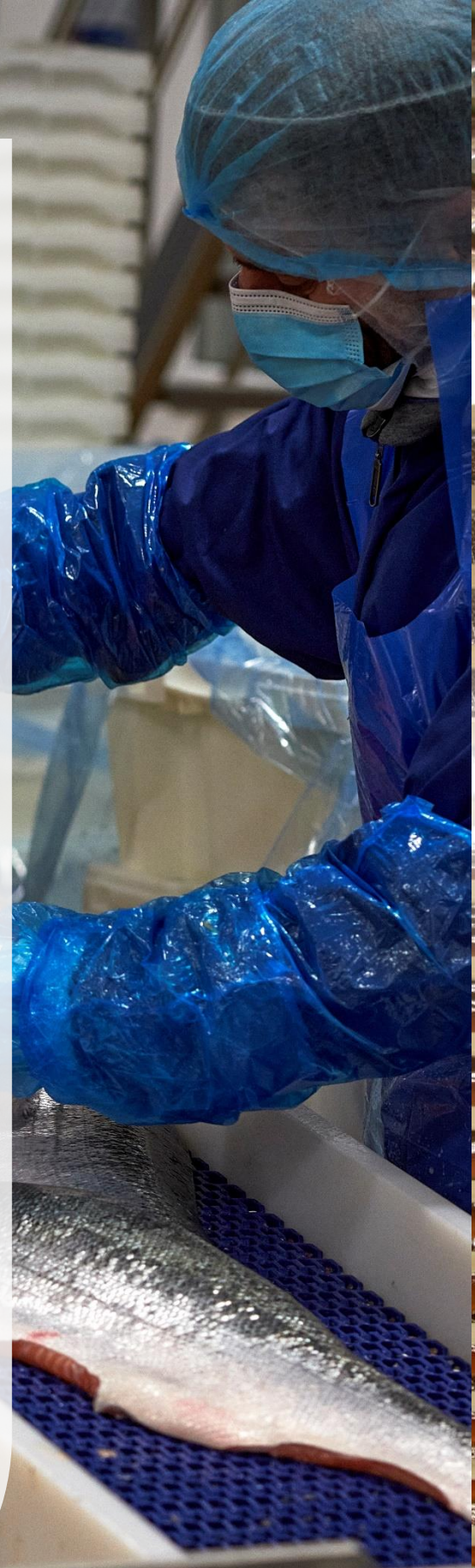
Our effort is led by groups appointed to specific cross-functional areas.

- 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 and a vital part of our DNA and values at Vega, people always come first. We are 468 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 2021/22, 12 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. A new workplace assessment is planned for the first half of 2023. Through our whistleblower process we have received 1 incident. The incident has been processed and appropriate action has been taken. 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 ensured all employees have access to fast and free testing at via self-tests at our facilities.

Lastly, we established home-offices and increased the office space, to reduce the density of employees per M<sup>2</sup> in our offices thereby reducing the risk of potential spread of COVID-19 and to offer an alternative for worried employees in periods with high infection rates.

Accidents with minimum 1 day off

## Accidents

For the period 2021/2022 we have seen an increase in number of accidents from 6 to 12 compared with the period 2020/2021. We have increased the number of employees considerably, and taken several actions to prevent accidents from happening and working towards making it even better every day.

2018/19

Number of Accidents

17

18

Number of days absent per accident

2019/20

Number of Accidents

9

16

Number of days absent per accident

2020/21

Number of Accidents

6

10

Number of days absent per accident

2021/22

Number of Accidents

12

11

Number of days absent per accident

## 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 during 2021/2022 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.

The other managerial positions consist of employees with employee responsibilities, below KPI's are measured on headcount.

The Board of Directors consists of 5 men and 0 women, the target for the underrepresented gender

is 20% by 2023/2024 reporting.

No changes were made to the board in the current financial year.

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.
- Further invest in aids in production areas that provides gender equality in the job function.

**Underrepresented  
gender**

**Manager**

**30%**

**Underrepresented  
gender**

**Office Employees**

**43%**

**Underrepresented  
gender**

**Production Employees**

**46%**

***“The overall gender diversity is satisfactory with a 46%/54% split – we do acknowledge the uneven gender distribution in management with 30%.*”**

## 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 ESG policy clearly states our view on corruption.

*"We have zero tolerance for corruption or bribery. We will not receive or accept any bribes, nor will we offer, promise or give any kind of bribes to improperly influence public officials, judges or business associates"*

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 other European countries. 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 represented Vega during 2021/2022 have been 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, reports 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. Our whistleblower platform is publicly accessible and we encourage our partners e.g. to report any worrisome behavior throughout the value chain. No reports have been made.

## 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 straining 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's 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 2021/22, the Group invested in a new packaging solution and machinery, called the paperboard. The paperboard consumes up to 64% less plastic compared to the industrial standards.

The paperboard solution was presented to our customers during the period and are being introduced and expected implemented to the international market in 2022/23.

- A reduction in packaging material used significant per kilo raw material.
- A reduction in packaging material shipped to the international markets.

### Actions

In the year to come, Vega will center its innovation process on further packaging materials, including reducing the thickness of carton and printed foil, and

if technology can support it, limit the need of poly boxes.

We are also focusing on further optimizing the way we prepare our goods for transportation. Our goal is to decrease the amount of cardboard used as well as increasing the kilo of products shipped by lowering the packaging materials to help our partners reduce their carbon footprint.

We will also in the next years to come participate in a Life Program through a Life Conquer project collaborating with Biomega on seeking for alternative usage of our rest raw materials for human contribution with the benefit of also lowering the carbon footprint.

In 2021/22 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 2021/22, Vega Sea reports the levels and targets for 2022/23 below.



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

KPI/Goal	Level 30.06.22	Target 30.06.23
1. Reduction of energy consumption, <i>(In kWh, development energy used per kg fish produced)</i>	-0,01	-0.02
2. Reduction of water consumption <i>(In m<sup>3</sup>, development water used per kg fish produced)</i>	0,00	0,00

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 30.06.22	Target 30.06.23
3. Utilization of the food for consumption <i>(in % of kg fish produced)</i>	87%	84%

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 30.06.22	Target 30.06.23
4. Production of fish with certification <i>(in % of total fish sourced)</i>	94%	95%

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, BAP/SPS/BSP, EU Organic, OU Kosher, and an IFS/GFSI certification covering all aspects of food safety, legality of products,

hygiene, food defense, food fraud, quality management and HACCP/GFSI. In the year 2021/22 we also kept our FDA License.

These international certificates all focus on quality, responsible sourcing, traceability, and food safety are audited by 3<sup>rd</sup> 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 and outline of any planned changes that will be implemented to further strengthen our effort.



