



**Corporate Social Responsibility Report 2018-2019
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 2019 CSR report

As one of Europe's large 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 a front seat 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 2016. 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 2018-2019 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.



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 and Asia.

Vega employs 235 people across our Head Quarter in Denmark and our Production Facility in 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 foot-print*
- 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

We are 235 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.

It is important to have a safe and welcoming work environment to support our positive development. In Vega we focus on prevention of work-related accidents and sickness along with initiatives to create a social environment that supports employee satisfaction and daily motivation.

Working in food processing is a job associated with higher risk than other jobs. Because of this it is of the utmost importance for Vega to uphold a safe working

environment for our employees. Consequently, Vega has chosen to take a proactive approach and avoid the accident before it happens by taking preventive actions and educating employees in topics related to safety.

Our goal for 2018/19 was to increase education, improve equipment safety and minimize hidden dangers in our production space. Some of our major initiatives included:

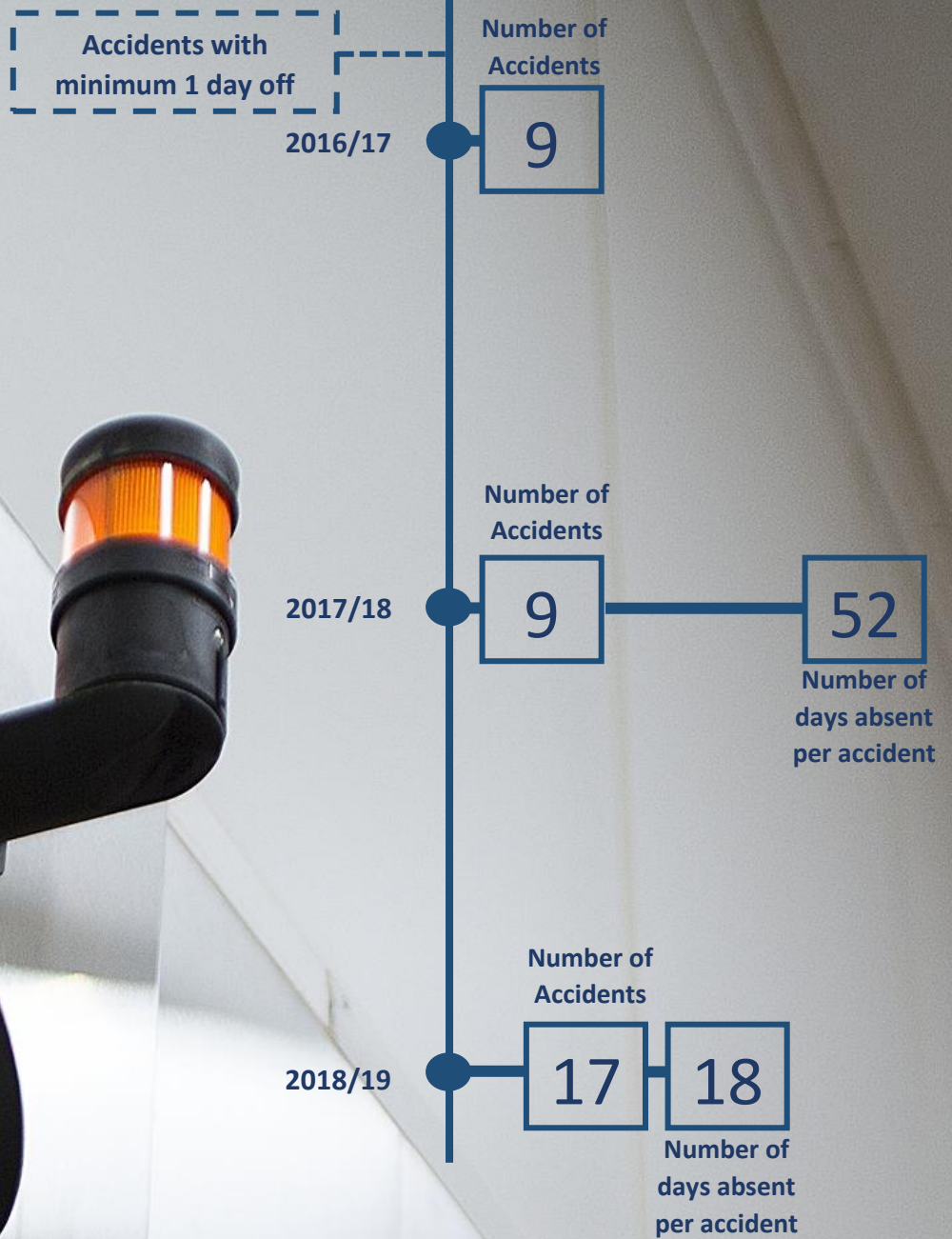
- Education of employees in production equipment usage
- Improve safety of passageways
- Introduced safety as a measure when renewing contracts for production equipment
- Installed an alarm system to highlight hidden dangers behind closed gates



Going forward our goal is to introduce work and pedestrian zones in our production space while also continuing the initiatives started in 2018/19.

Accidents

From our actions Vega has managed to reduce the overall number of hours lost due to occupational accidents in 2018/19 compared to 2017/18. However, the number of reported accidents have increased. An explanation behind the increase in the number of reported accidents is the efforts made by Vega's Health & Safety team to report all accidents - assisting us to mitigate risks in the future.



“The number of hours lost per accident have decreased by 65% due to efforts by our Health & Safety team”

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 and 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.

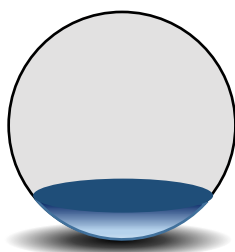
The gender balance for office workers is more equal

and Vega have reached our ambition to increase the share of female managers set in 2017/18.

To support diversity and equality Vega started the following initiatives:

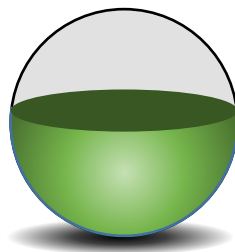
- Onsite English language education for employees to strengthen communication
- Create a culture that support teamwork, fairness and empowers the individual to reach their full potential
- Strengthen our HR organization to ensure diversity in recruitment and to educate management with the right tools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

**Female
Managers**



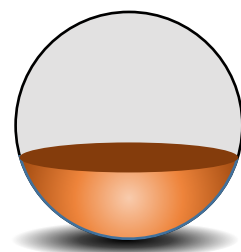
17%

**Female
Office Employees**



59%

**Female
Production Employees**



41%

“The overall gender diversity is satisfactory with 44% 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 our countries of operation. 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 Internationals.

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 input for production of our salmon products, each constituting a risk of starrng 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

Because of this risk, Vega strive to be innovative and

efficient in our usage by utilizing as much of the raw material as possible to reduce waste, while limiting our use of packaging materials and utilities by adopting new technologies and methods.

In 2017/18 Vega set an array of ambitious goals to drive our sustainable efforts and the main goals consist of:

- A reduction in fish waste (sold for animal food)
- A reduction in packaging material use per item
- Reduction in use of gas, electricity and water

Going forward our goal is to continue our work within these areas using the principles of the lean philosophy.

Actions

One of our main actions driving our effort was to innovate and reduce the thickness of carton packaging and printed foil used in production of our goods.

Going forward Vega will continue this process of packaging innovation while we also closely monitor the new packaging solutions introduced to the market focusing on a higher degree of recyclability.

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

“We continue our hard work to innovate our packaging solutions with the goal of reducing resources used for production of consumer goods”



Our effort measured by numbers



22% lower production volume compared to 2017/18



Decrease in packaging consumption not at the same level as production volume due to change in consumer trends towards smaller packaging sizes

8.106 km Plastic Foil used in production (-11% Y-o-Y)

2.657.500 Cardboard Boxed for transportation (-6% Y-o-Y)

22.835.797 Product Plates used for goods (-8% Y-o-Y)



Energy consumption increase is due to construction work of new facilities. Once the capacity is fully utilized, overall energy consumption per kg produced is expected to decrease

4.497.118 kWh. Natural Gas (+2% Y-o-Y)

156.206 kWh. Electricity (+2% Y-o-Y)

141.537 m³. Waste Water (-22% Y-o-Y)



4.621.283 tons of Fish Waste used for animal food (-29% Y-o-Y)

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

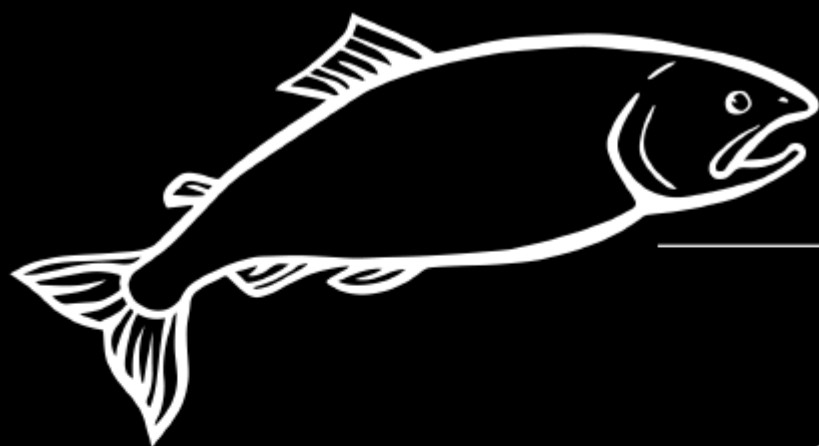
Vega holds a list of certifications including ASC, Global G.A.P, MSC, EU Organic, OU Kosher, and an IFS certification covering all as-

pects of food safety, legality of products, hygiene, food defense, food fraud, quality management and HACCP with a score of 99,1 out of 100.

These international certificates all focus on quality, responsible sourcing, traceability and food safety are audited by 3rd parties on a continues 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 on a monthly basis, along with and outline of any planned changes that will be implemented to further strengthen our effort.





PURITY[®]

CLOSER TO NATURE

BY VEGA SALMON