



## Corporate Social Responsibility Report 2019/20 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 2020 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 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*

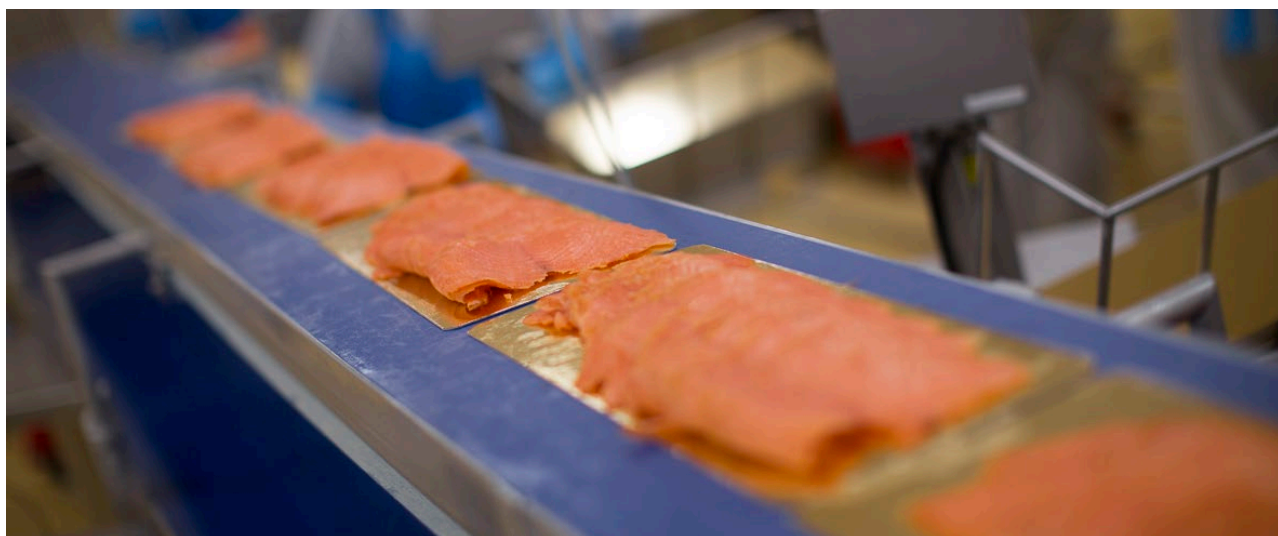
In addition, Vega is also committed to communicate our progress and CSR activities on a yearly basis as part

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 2019/20 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 287 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. As COVID-19 started it was an easy choice for us to raise the standard and demands in our procedures and guidelines regarding Health & Safety. We decided to implement the best from the public guidelines in both Denmark and Germany 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 make sure our employees have easy and instant access to testing, securing the highest possible Health & Safety standard for our employees.

We are 222 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.

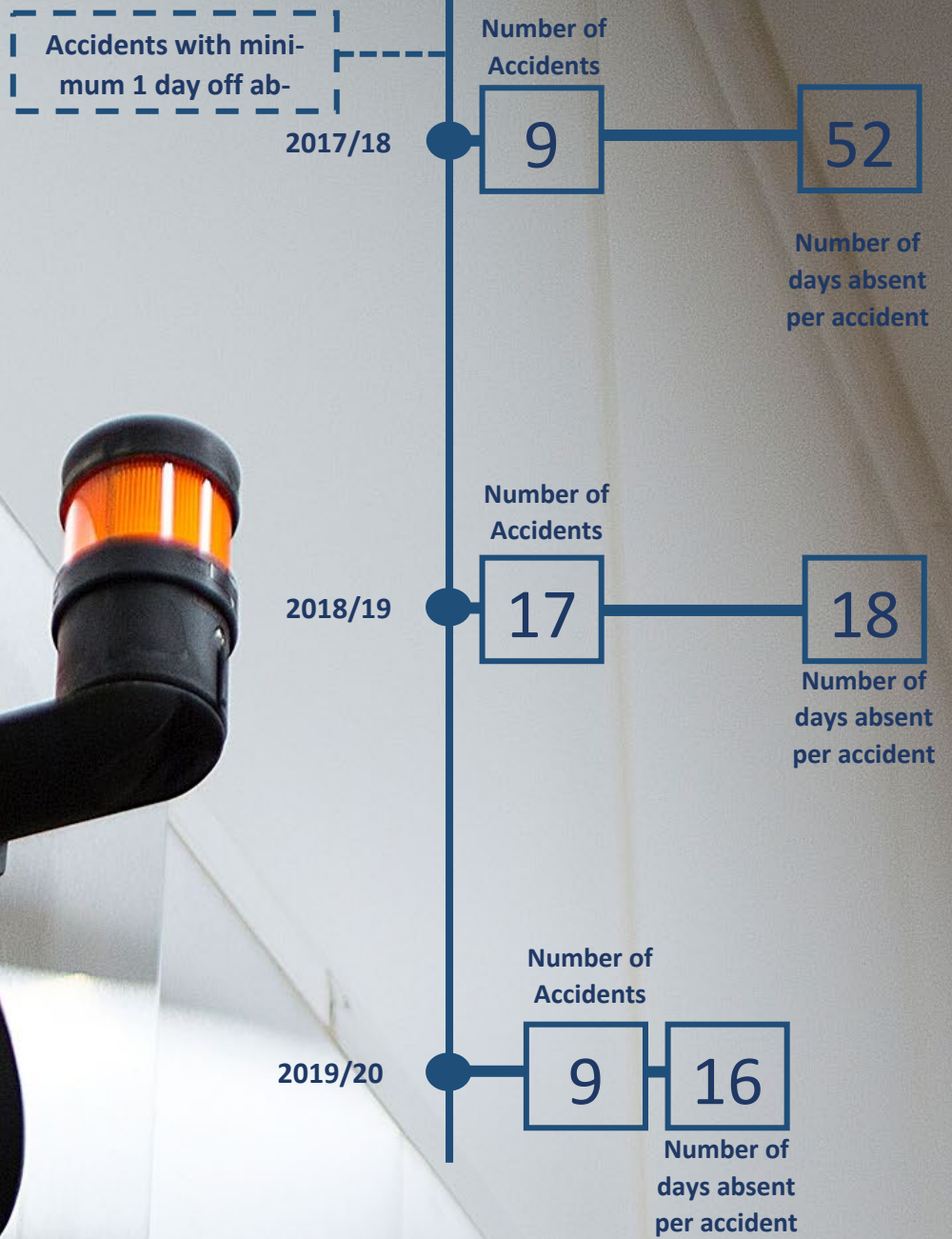
Our goal for 2019/20 and onwards was and is to increase education, improve equipment safety and minimize hidden dangers in our production space. Some of our major initiatives included:



- 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.

## Accidents

From our actions Vega has managed to reduce the overall number of hours lost due to occupational accidents in 2019/20 compared to 2018/19. While simultaneously reducing the number of reported accidents and the number of days needed to recover. The number of days is still high and our Vega's Health & Safety team is working towards making it better every day.



*“The number of accidents and days absent, have decreased in 2019/20 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 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.

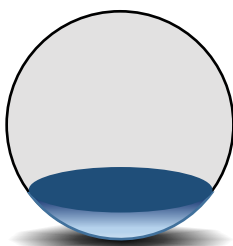
The gender balance for office workers is more equal and we are happy with the level of female employees in the office. Vega have yet to

reach our ambition to increase the share of female managers set in 2018/19. We haven't seen progress in this area in 2019/20.

To support diversity and equality Vega started the following initiatives:

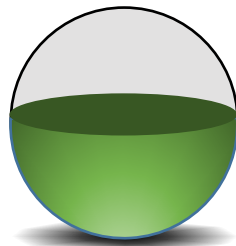
- Onsite English language education for employees to strengthen communication.
- Create a culture that support teamwork, fairness and empowers the individual to reach their full potential.
- Strengthen our HR organization to ensure diversity in recruitment and to educate management with the right tools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

**Female Managers**



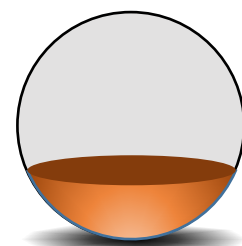
**17%**

**Female Office Employees**



**56%**

**Female Production Employees**



**37%**

***“The overall gender diversity is satisfactory with 42% 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 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 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.

Vega is also looking into these three goals posted by the UN:



In 2019/20, 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 gas, electricity and water.

## Actions

For the coming year, one of our main actions driving our effort is to innovate and reduce the thickness of carton packaging and printed foil used in production of our goods. We are already moving in the right direction with the following stats:

- 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 in order to help our partners reduce their carbon footprint.

In 2019/20 we have continued implementing the energy standard, ISO 50001 for which we are holding a formal third-party certification.



## *Our effort measured by numbers*



**3% lower production volume compared to 2018/19**



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

**8.270 km Plastic Foil used in production (+2% Y-o-Y)**

**2.751.000 Cardboard Boxed for transportation (+3% Y-o-Y)**

**24.562.079 Product Plates used for goods (+7% 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**

**4.555.745 kWh. Natural Gas (+1% Y-o-Y)**

**6.216.890 kWh. Electricity (+9% Y-o-Y)**

**125.105 m<sup>3</sup>. Wastewater (-12% Y-o-Y)**



**4.814.791 tons of Fish Waste used for animal food (4% 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 aspects of

food safety, legality of products, hygiene, food defense, food fraud, quality management and HACCP with a score of 97,6 out of 100. In the year 2019/20 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 on a monthly basis, along with and outline of any planned changes that will be implemented to further strengthen our effort.



