

# Corporate Social Responsibility Report 2016-2017 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.

## A letter from the CEO

It's been almost two and a half years since I took the reins at Vega Sea, and everyday I continue to be inspired by the effort of all the people working at the company that strive to create a great workplace environment, improve safety and wellbeing for all employees, advancing seafood safety standards and increase the sustainability of our operation.

In Vega Sea, we want to add value and take responsible choices for the way our business impacts society while delivering the highest quality products made from salmon and trout to our customers. Fundamentally, we want to behave responsibly both as individuals and as a company.

We want to acknowledge that people are the heart of our business by working hard on creating an environment able to nurture and inspire, an environment where everyone feels welcome and where people are encouraged to share their ideas and contribute on how we can improve and do things better together.

We are collaborating with others in order to improve working conditions at our production sites and reduce environmental impact to make our products more sustainable.

Yours sincerely,



Michael Budtz Berthelsen

CEO, Vega Sea A/S



I am pleased by the way that we have been committed to do business responsibly. Holding ourselves to high standards of ethics and corporate responsibility, including that of following the United Nations Global Compact. It is with pride that we continue to renew our commitment to the Ten Principles in the areas of human rights, labor, environment and anti-corruption.

## CORPORATE PROFILE



### PROFILE AND HISTORY

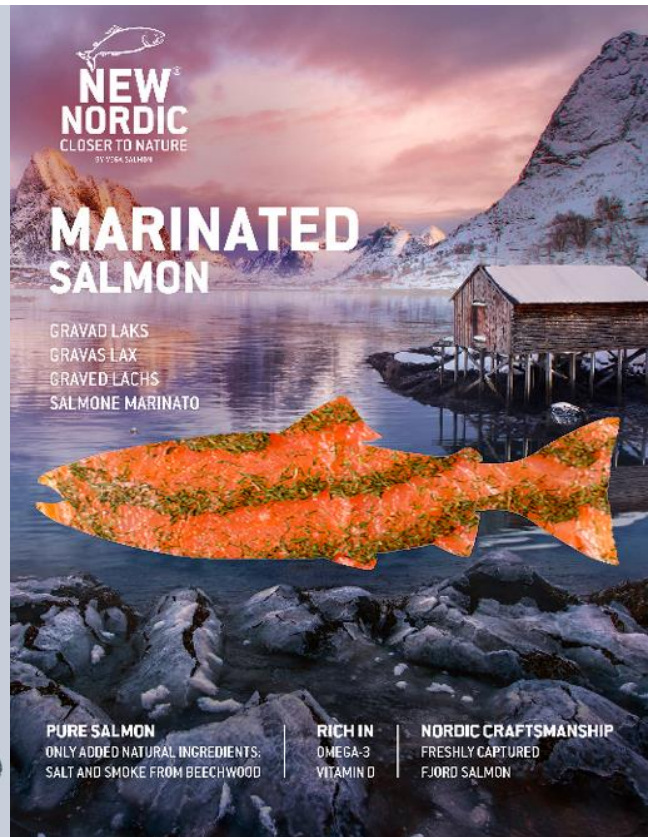
Vega Sea is a Danish producer of smoked and fresh salmon products. The main production unit Vega Salmon was established in 2004. Back then, the fish processing industry was mostly competing on price, and cost cutting was the name of the game. Quality, food safety and sustainability were buzzwords, which seldom made it to the cooling disks, as price concerns dominated.

We quickly realized that the game needed to change. Consumers were becoming more focused on quality and food safety, and the world needed a more gently way to produce food. So, we set out to find a way to deliver better quality in a sustainable way while maintaining competitive cost levels.

The answer was to combine the latest technology with lean production principles. We designed a unique, new processing facility in Handewitt, Germany, which was to become one of the most advanced fish processing factories in the world.

In 2012 the new factory was ready, and we could take Vega Sea to the next level.

Today, we are able to provide a quality and uniqueness in all aspects and to create value in all stages. Our aim is to be the best and most relevant salmon partner – an active contributor to our customers' business and future development



## Brand Promise

Vega delivers high quality products to retailers, wholesalers, food service and food industry suppliers across the globe under private label brands and in Vega brands. This includes two new fish concepts, Purity, a premium brand of Vega specified salmon, and New Nordic, conventional specified salmon that will also be under the premium brand bracket; there is also Vega Basic and private label products.

## New Nordic

Named after the New Nordic area, which has a reputation for craftsmanship, sustainability, high quality, healthy and delicious salmon that is hand salted and smoked on beech wood.

## PURITY

Described as one of nature’s diamonds, Purity Salmon is raised by two impassioned and dedicated northern Norwegian farmers who care for the environment and constantly follow the impact of their salmon farming in Astafjord; it is absolutely premium in every aspect, from the Norwegian Fjords to serving.

Every Purity Salmon has its own passport because we want our customers to know that we are not just pretending, but it is our mission to become as environmental friendly as possible and add value to our products. Our “salmon” passport will ensure the traceability of every Purity salmon from the supplier to the end customer and it will be guaranteed by Global G.A.P certification through the supply chain from salmon egg until final product.

# Vega Sea

## Certifications

Vega Sea have established, and follows strict internal procedures in production and for product information and labelling in accordance to various regulations in order to be a certified producer and ensure that the consumers can purchase products of highest quality.

Our flagship factory in Handewitt is certified by the international Food Standards (IFS) and ISO 50001, that includes regulations on product labelling in order to provide consumers with all relevant product information and energy audits to decrease our carbon footprint.

In addition, our flagship factory have several other certificates including but not limited to MSC and ASC. These certificates ensures that product sustainability are declared according to set standards and in compliance with both legal requirements and the requirements of the individual certificates.

Vegas production site in Hörviks, Hörviks Rökeri have been certified and approved to comply with the requirements of the ISO 22000 management system standard for food safety, which also includes regulations on product labelling.

All of these certifications and regulations ensures that consumers of our product always know what are in their food and allows them to take healthy and educated choices related to their food.



# Human Rights

**Principle 1: Business should support and respect the protection of internationally proclaimed human rights**

**Principle 2: Make sure that they are not complicit in human rights abuses**

## Our Support

At Vega we support and respect international human rights contained in the International Bill of Human Rights. We assess our actual potential adverse impacts on these and we remedy adverse impacts in case we are involved in such.

We respect the privacy of our customers and employees and work to ensure that non-discrimination and equal opportunities exist both internally in regards to our employees and externally in our value chain.

Vega acknowledges that attention towards employee satisfaction, health and safety improves the quality of life of individual employees and the society as a whole. Focus on employee satisfaction, health and safety is linked to positive trends in morale among our employees, to improved productivity and ensures a good work-life balance.

Employee satisfaction, health and safety is also an essential part of risk management as a

mean to avoid accidents, illness and lost working days.

We provide all of our employees with an employment framework that follows applicable laws and collective agreements in our areas with regard to the payment of fair wages as well as other employment conditions. We work to ensure that our employees have development opportunities at work by offering education and training.

We provide our employees with a safe and healthy working environment. We protect our employees against any corporal punishment, mental coercion or harassment.

We are using internal as well as external labor forces in order to ensure the appropriate flexibility in our production processes. We are always aiming at taking care of external work forces in the same way as our own internal employees.

## Implementation

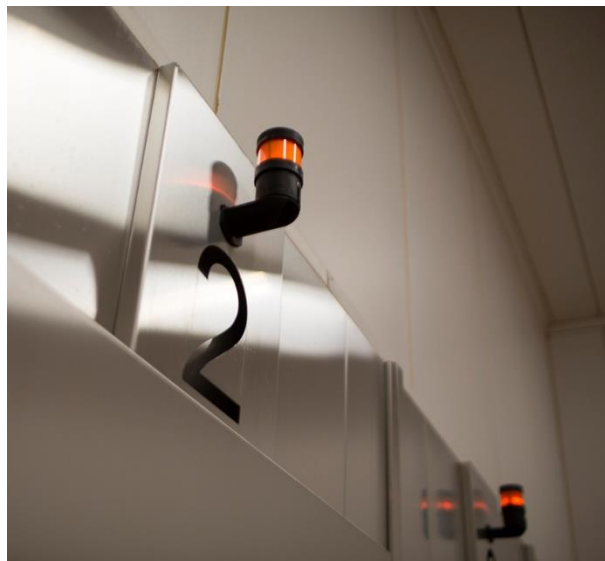
Vega publishes our CSR policy at our website [www.vegasalmon.dk](http://www.vegasalmon.dk) to make it available for all interested stakeholders.

In general, we follow national labor market regulations and make sure that the salary of our employees is fair and equal; that the average workweek is limited to an absolute maximum of 48 hours; that overtime is infrequent and limited; and that employees are given reasonable breaks and rest periods.

All employment related decisions are taken based on relevant and objective criteria.

We have established and follow adequate health and safety policies and procedures and we have an Occupational Health and Safety organization at all sites<sup>1</sup>. We also focus on improving the work environment through external work environment agencies and daily meetings for all production departments. Any health and safety issues brought to the attention of the management at these meetings are swiftly taken care of in order to ensure a safe and healthy environment and remove the risk of accidents to employees and visitors.

We take concrete measures to improve health and safety and all our sites have appointed a person who is in charge of health and safety.



All employees and visitors are provided with the correct protective equipment and we strive to make use of new technology in order to constantly improve health and safety.

All employees at Vega receive the necessary training to perform their tasks safely. This training includes both personal and food safety through implementation of standards and adequate procedures.

The Handewitt site is certified by the International Food Standard version 6. This certification includes health and safety issues for employees.

<b>Health &amp; Safety</b>	<b>2016/17</b>
Number of occupational injuries for employees	9
Lost working hours because of occupational injuries	250
Fatalities arising from occupational injuries	0
Sickness absence	4,97%

<sup>1</sup> GRI G4 LA-05

# LABOUR RIGHTS -& WORKING CONDITIONS

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargain

Principle 4: The elimination of all forms of forced and compulsory labor

Principle 5: The effective abolition of child labor

Principle 6: The elimination of discrimination in respect to employment and occupation

## Our Support

At Vega we ensure that no discrimination takes place in the workplace because of age, sex, race, color, disability, religion or belief, language, nationality or social origin, trade union membership or any other discrimination grounds recognized by international law. All decisions taken regards hiring and employment are based on relevant and objective criteria and applicants are only assessed and their qualifications and experience.

We recognize our employees right to freedom of association and collective bargaining and denounce forced labor and child labor and ensures these principles are uphold throughout our supply chain.

## Implementation

According to Danish standard we have implemented a policy on equal opportunity, supporting diversity and non-discrimination with regards to gender.

We ensure that accommodation and living conditions for all external labor at our German production site meets the requirements according to German legislation and yearly audits are performed by an independent 3rd party.



## Progress

None of our operations or suppliers were identified, in which the right to exercise freedom of association or the option for collective bargaining were violated or at significant risk<sup>2</sup>.

There were found no significant risk for incidents or child labor at any of our suppliers and we do not ourselves hire children or young employees below the age of 18. In addition, no claims of child labor were reported in 2016.<sup>3</sup>

We do not support forced or compulsory labor and the risk for such incidents were not significant at any suppliers. At Vega all employees are provided with a contract of employment which clearly states the agreement between both parties.

When it comes to age and gender we have a relatively diverse workforce.



### Vega Employee Statistics

Gender Composition	Male	Female	Total
Board & Management	10	2	12
White Collar	24	27	51
Blue Collar	100	86	186
<b>Total</b>	<b>134</b>	<b>115</b>	<b>249</b>

Age Composition	Age < 30	Age 30-50	Age > 50
Board & Management	0	6	6
White Collar	12	29	10
Blue Collar	70	92	24
<b>Total</b>	<b>82</b>	<b>127</b>	<b>40</b>

<sup>2</sup> GRI G4 HR-04

<sup>3</sup> GRI G4 HR-05

# ENVIRONMENT

Principle 7: Business should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility and...

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

## Our Support

At Vega, we find it important to prioritize environmental considerations, equally to other matters in the way we do our business activities.

We are committed to sustainable seafood and through our UN Global Compact membership, we are generally committed to undertake initiatives to implement and promote environmental responsibility not only at our own sites but also throughout our supply chain.

Our decisions reflects that we at Vega support a precautionary approach to environmental challenges and we acknowledge the importance of environmental responsibility to our business.

## Implementation

We work systematically to comply with environmental legislation, including through ongoing training of employees and monitoring of processes and resource usage.

A key area is the work directed at systematically and continuously managing and improving environmental performance, to reduce our impact on the environment and to promote greater environmental responsibility.

Our Handewitt site is certified by the international Food Standard version 6 to guarantee the quality and food safety of our products including the way we process salmon and other type of fish. It is also certified by the International Organization for Standardization with the ISO 50001 certificate which implies that our site monitors and focus on reducing energy consumption.

We also have the Certified Sustainable Seafood MSC and ASC Chain of Custody Certificate. This implies that our sites are authorized to supply and process fish and fish products from sustainable and well managed farms and fisheries.

# Progress

## Materials

Use of materials is recorded in our financial system verified by accountants. An external audit company performs independent third party audits every year to verify our IFS certification.

### Use of materials and recycling

Raw material used for production	
Salmon	18.891 tons
Trout	765 tons

Materials used for packaging purpose	
Plastic foil / Plastic	598 tons
Cardboard	1.225 tons

Energy	
Natural Gas	37.398 m <sup>3</sup>
Electricity	5.295.592 kWh

Water	
Water withdrawal	158.939 m <sup>3</sup>
Wastewater	153.024 m <sup>3</sup>

Waste	
Fish waste - sold for animal food	6.268 tons
Styropore - sold for recycling	234 tons
Fat sludge - sold for recycling	442 tons

# ANTI-CORRUPTION

Principle 10: Business should work against corruption in all its forms, including extortion and bribery

## Our Support

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.

## Implementation

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 that support the anti-corruption commitment and ensure that relevant employees are properly informed<sup>4</sup>.

In addition, all employees who represent Vega are instructed in good business etiquette and standards are in place that defines correct behavior in any interactions with external relations.

## Progress

We have not received any administrative or judicial sanctions for failure to comply with anti-corruption laws<sup>5</sup>. No claims or request for monetary sanction for corruption and no legal corruption cases against any of our sites were reported in 2016-2017<sup>6</sup>.

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<sup>4</sup> GRI G4 SO-03

<sup>5</sup> GRI G4 SO-08

<sup>6</sup> GRI G4 SO-05