

# Corporate Social Responsibility Report 2017-2018

## Communication on Progress

# Vega Sea A/S



WE SUPPORT

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  
MICHAEL B. BERTHELSEN  
CHIEF EXECUTIVE OFFICER**

It's been a year since my last letter and when I look at the time that have passed I'm still as inspired by the effort of all people working at Vega as when I first joined the company.

These colleagues are the foundation for success and I acknowledge their contributions at every occasion. Without those people, it would not be possible to succeed.

At Vega we believe that our business will thrive and endure for the future, if those we work with – from farmers at the start of our supply chain, through to suppliers, partners, customers, consumers and ultimately the environment – thrives as well. The desire to create exceptional business based on mutual benefits for all stakeholders is the vision that Vega was built upon.

Guided by The Ten Principles, we are looking for the most effective way to minimize our environmental impact, improve social impacts and deliver excellent financial performance. These principals have become an integrated part of our business strategy to be relevant to our consumers, our retail customers and our partners, and to create value for Vega

Yours sincerely,



Michael Budtz Berthelsen



At the core of our sustainability effort is the belief that we can archive the best outcome when collaborating with others. That is why we encourage a welcoming and respectful working environment both internally and externally.

I would like to thank all of Vegas employees and stakeholders that are helping Vega to be the company we strive to be, and who continuously helps us improve and perform to the best of our ability.

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



### OUR AMBITION

***At Vega we strive to live up to our purpose – delivering high quality salmon and trout that matters for life’s moment***

***We are committed to earn our partners and customers trust through transparency, sustainability and by bringing quality food to the market***

The question however remains, what is “quality food”?

At Vega we believe that quality food is best described as *food prepared with care*. It should be crafted using ethical sourcing and sustainable practices that safeguard the natural resources we all share.

We have already made significant process towards this journey, as evident by both our

brand promise and product lines *New Nordic* and *PURITY* were to latter is built upon the principle of transparency and removal of artificial additives in our food.

Our journey is however not only limited to our products but also to their packaging were we at Vega actively tries to find solutions to incorporate more sustainable packaging solutions in our production line.

The most important ingredient that we want all our products to contain is despite not being listed on the packaging material or label the “ingredient” trust. Our Partners trust Vega and our brands to bring good, authentic and flavourful products to the end consumers. Products prepared and made form the best of



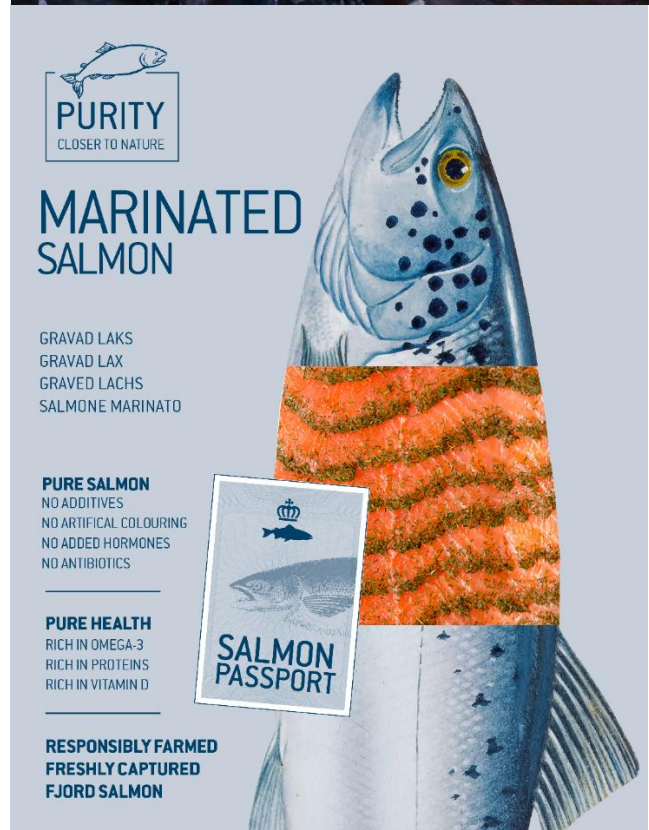
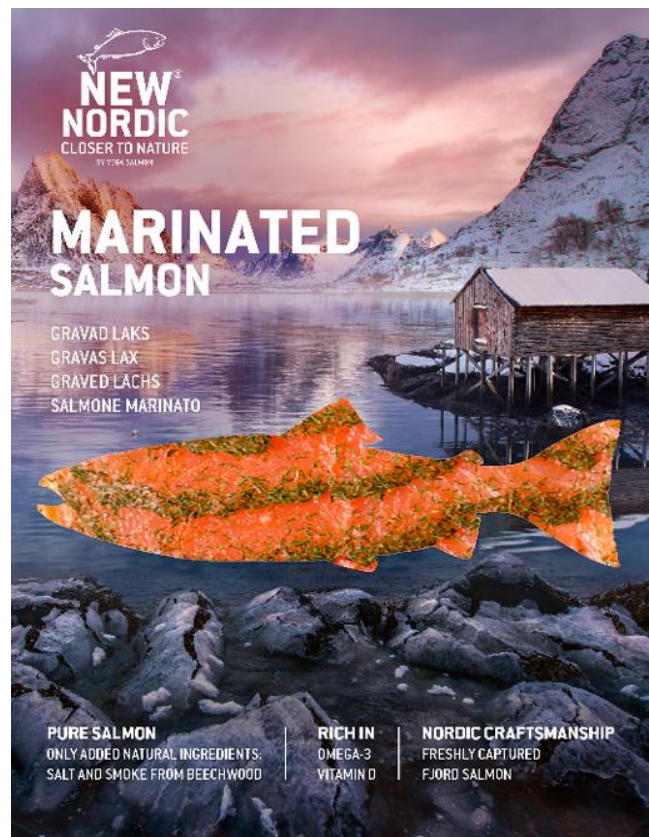
raw materials carefully selected by Vega representatives.

In short, Vega want to be authentic and open and that is why we are working to set the standards with high transparency for our brands with the goal of being a trusted seafood producer.

Our values, vision and ambition is in the heart of all of our organization. Colleagues rallies around this belief and is becomes the soul of Vega that drives the effort to maintain, innovate and grow the trust places in us.

This era of transparency in food production gives us a fantastic opportunity for us at Vega to connect with the end user of our products in completely new ways as started by the commitment made with our *PURITY* brand.

We hope that this commitment is evident to the reader as you work your way through our CSR report.



# 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 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.

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.

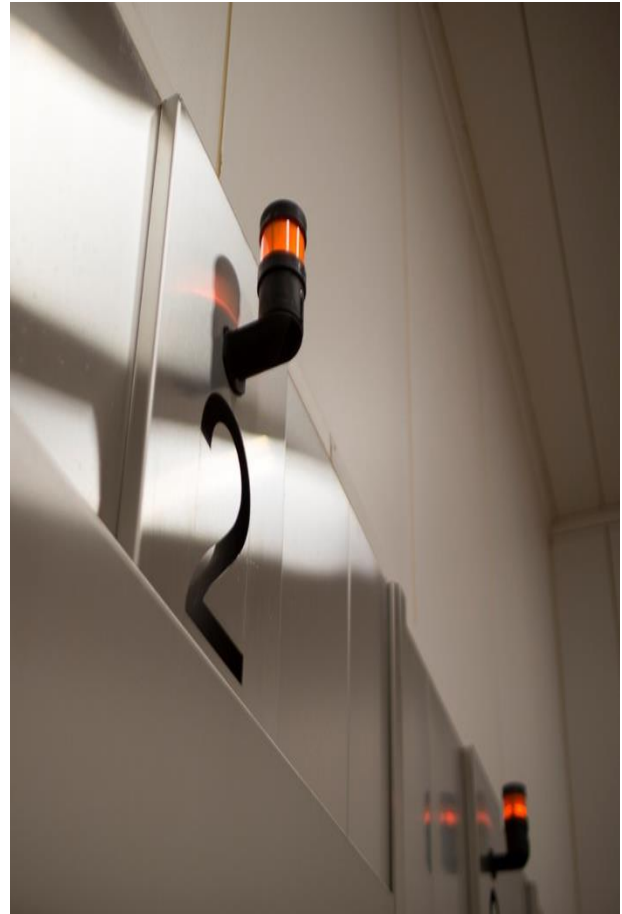
In general, we follow national labor market regulations and make sure that the salary of our employees is fair and equal; that the average workweek is limited to an absolute maximum of 48 hours; that overtime is infrequent and limited; and that employees are given reasonable breaks and rest periods.

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.

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



## Health & Safety Initiatives

Several initiatives have been started at Vega throughout the last year in order to improve our health & safety procedures. These initiatives covers training, safety measures and health initiatives as outlined below:

- Daily health & safety status meetings in our production area
- Training of evacuation drills in collaboration with local authorities for all employees
- Courses for employees in handling of safety equipment
- Investment in updating machinery and equipment to comply with the highest safety standards
- Introduced mandatory use of hearing aids in production areas and helmets in warehouses areas
- Installation of defibrillators and training of employees



## Health and Safety figures

Health & Safety	2017/18
Number of occupational injuries for employees	9
Lost working hours because of occupational injuries	3.744
Fatalities arising from occupational injuries	0
Sickness absence	5,8%



# 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 2017/18.<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	4	0	4
Management	7	1	8
White Collar	20	21	41
Blue Collar	95	84	179
<b>Total</b>	<b>126</b>	<b>106</b>	<b>232</b>

Age Composition	Age < 30	Age 30-50	Age > 50
Board	0	0	4
Management	0	5	3
White Collar	10	23	8
Blue Collar	68	90	21
<b>Total</b>	<b>78</b>	<b>118</b>	<b>36</b>

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

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

## Equal Gender Policy

At Vega we strive to provide equal opportunity to employees and all hiring decisions is based objectively on qualifications of the individual while conforming to our responsibility of securing gender equality.

Vega have laid down that board members elected by the general meeting account for at least 20% of the underrepresented gender at the ordinary general meeting in 2019/20 at the latest.

Upon the presentation of the annual report of Vega Sea A/S for 2017/18, none of the four members of the Board of Directors was female, but there has also not been any position vacant during the financial year

The target number of female managers in Vega is 15% for management. As of June 30<sup>th</sup> 2018, female managers in the entity accounted for 12,5% against 25,0% the year before. Vega have prepared a policy that is to ensure that the share of female managers at the top management level is increased. Upon implementation of the policy, frameworks have been laid down for the individual managers' career development, mentor schemes and network.

We have had several search processes for positions as managers during the financial year, but did not succeed in hiring any female managers due to lack of candidates with the right competences.

# 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 and climate 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.

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.

This focus have been the offset for several initiatives with the main objective of decreasing our environmental footprint. These initiatives includes:

- Creating a clear energy policy that is located at strategic locations throughout our facilities including at the main entrance
- Appointing an energy-team responsible for actively finding and implementing energy optimizing solutions
- Energy screening report made by Ørsted
- Installed several measuring tools throughout our production facility
- Changing all of our light sources to LED
- Installed stop-valves to reduce water consumption and entered into a corporation with SMART Measurement to visualize and continuously reduce water consumption going forward



# 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	786 tons
Cardboard	380 tons
Other combines (Plates)	1.188 tons

Energy	
Natural Gas	4.362.898 kWh
Electricity	5.485.151 kWh

Water	
Water withdrawal	170.842 m <sup>3</sup>
Wastewater	182.182 m <sup>3</sup>

Waste	
Fish waste - sold for animal food	6.508 tons
Styropore - sold for recycling	586 tons
Fat sludge – Paid disposal	2.270 m <sup>3</sup>

## Policy

As support to our environmental behavior the minimization of environmental impact due to chemicals, waste treatment, wastewater, water consumption and power have become part of our general quality targets.

In addition, a clear policy have been reduction of power consumption with the goal of reducing our energy consumption and efficiency in a continuously process. To archive these goals, the following areas are controlled regularly to ensure that:

- Necessary financial, human, technical and structural requirements are available
- Relevant level commitments and other requirements are considered and respected
- All employees are integrated in the implementation of the system and responsibilities are defined
- All employees are sensitized for energy-conscious behavior at the workplace due to regular information
- A regular evaluation of energy efficiency, energy use and energy consumption, water consumption and of the CO2 emission takes place
- Purchasing of energy-efficient products and services to improve the energy performance
- The results are measured, checked and updated by regular audits and meetings

For other environmental and climate areas Vega does not have a defined policy, but we ensure that local regulations are being followed and strive to reduce our global footprint as much as possible.

# 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 2017-2018<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