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This report outlines the sustainability goals and progress made by Espersen across the company's focus areas for the 2021 financial year. It provides an overview of our performance within sustainability and focuses on the topics that we consider most important to our business and to society.

The report constitutes the company's statutory reporting on corporate responsibility cf. §99a and §99b. The ESG figures and tables represent all locations under Espersen's operational control. The figures for 2021 include our sites in Denmark, Poland, Lithuania, Russia and Vietnam. The reporting scope has been expanded in 2021 to cover more measure points within the Greenhouse Gas Protocol. Reporting boundaries are specified alongside reported metrics.

In 2021, a sustainability reporting tool was introduced. Whilst beneficial in the long term, this difference in methodology means Espersen is not able to provide historical data for metrics reported for the first time 2021.

For previous reports please visit:
<https://www.espersen.com/commitment/reports-awards>.

Please contact espersen@espersen.dk if you have any questions or feedback on our sustainability report.





2021 has been another unprecedented year. Whilst the world has been focused on adapting to the disruption caused by the pandemic, 2021 has also proved to be a year in which sustainability issues have again taken the centre stage.

Fisheries are part of the solution.

The take-home message from a year of global conferences and commitments has been that fisheries are part of the solution. At the UN Food Summit, experts emphasized the integral role aquatic foods play in bridging resilient food systems and human nutrition.¹ Later, at COP26 world leaders pledged to invest in pioneering research and the sustainable development of the blue economy.²

A year of action

2021 became the year of action, and at Espersen we have continued to deliver the highest quality of fish to our customers, whilst striving to make a positive difference to the planet and its people.

This year we carried out our most recent Sustainability Stakeholder Survey which showed that our thinking is aligned with industry experts and internal stakeholders. This provides us with an exciting opportunity as our customers continue to look to us to take the lead on sustainability in our industry. At Espersen, we have always taken pride in ensuring that sustainability is at the core of our business model, and that acting sustainably is ingrained in day-to-day operations and ethos. In 2021 we have worked hard to maintain this focus and to continue to develop our program.

In 2021, we aligned our goals with the Science-Based Targets Initiative by signing of the Business Ambition for 1.5C, and expanded our Scope 3 climate accounting scope. Actions speak louder than words, and our zero waste projects, product innovation research and renewable energy initiatives have helped us make great strides towards our climate goals. Our ability to adapt to the ever-changing pandemic situation is not only a testament to our clear global strategy and collaborative partners, but to our focus on keeping Espersen employees safe.

We know that fisheries are part of the solution, but tackling the climate crisis and protecting our fish stocks will require cooperation. Over the coming year, we look forward to collaborating with our partners to help drive sustainable innovation and learning from our customers who continue to shape our sustainability goals.

Klaus Nielsen

¹ FINAL-UN-Nutrition-Aquatic-foods-Paper_EN_.pdf ([unnnutrition.org](https://www.unnnutrition.org))

² COP26: Government leads on Ocean Action Day — GOV.UK (www.gov.uk)

Espersen signs commitment to Science Based Targets

As a next step in our climate strategy, we will establish targets and roadmaps during **2022** towards our business ambition to keep global warming to a maximum of **1.5°C**.

Espersen and Royal Greenland enter new cooperation agreement

A natural development of a collaboration which began in **2017**, Espersen and Royal Greenland have signed a new cooperation agreement enabling the development of our strong seafood category.

One Espersen Poland

Merging of our two Polish companies into one legal company now called Espersen Poland; an important step in improving our alignment, efficiency, and competitiveness in our Polish operations.

Espersen received Nomad's 2021 Best Supplier Of The Year award

This award is the most important and prestigious Nomad award for suppliers, and Espersen was chosen among more than **1000** Nomad suppliers.

The JPA Foundation celebrated it's 50th anniversary

Our Foundation has contributed more than **€4.7m** to marine research, international aid projects, local communities and more.

First steps towards generating our own electricity in Poland

Installation of photovoltaic panels on the roof of our production plant in Poland.

500,000 extra meals from our production plant in Hasle

New processing methods allow for the collection of **60%** more fish saw dust from the blocks used to make Filet-O-Fish. This means that **100** tons of fish can be put back to human consumption every year.

Zero Waste Bornholm

Zero Waste Bornholm is a joint partnership and network paving the way to the world's first industrialized society without waste based on the principles of a circular economy. Espersen, as first-mover on commercial waste on Bornholm, recycles and reuses big bags and conducts recycling tests on block liners for frozen fish.

Espersen's Business Model

An integrated seafood company committed to winning with our customers



1 Leading position

We maintain significant positions in the markets where we operate, currently we have production plants and non-production units in Denmark, Sweden, Germany, France, Lithuania, Poland, UK, Russia, Vietnam, China and Malaysia. On 31st of December 2020 we successfully merged our two Polish companies into one legal company now called Espersen Poland. We believe this was an important step in improving our alignment, efficiency, and competitiveness in our Polish operations. During 2021, we focused on aligning our activities and ways of working to best practice across all operations, functions and teams.

To maintain competitiveness, we are constantly focused on improving our productivity and utilizing our scale to be cost efficient. Espersen is recognized for its superior quality and maintaining and delivering the highest quality is paramount to us. Strong relationships with the fishers catching the raw material we source, primarily cod, haddock, pollock, saithe, flounder and plaice, is key to our success.

2 Sustainable production

Our focus on sustainability gives us a competitive advantage. As our customers increasingly look for sustainability as a differentiator, we ensure that we source and handle our raw materials with care and respect. We are always looking to reduce our own impact on the environment and we aim to make a positive difference to the communities in which we operate. Guided by the skills and passion of people, we continue to help lead the fishing industry on a journey towards sustainability.

3 Innovation

We want to provide our customers with solutions — products and or processes — they are going to need tomorrow, thereby putting them in a better position compared to their competitors. That is why our innovation is informed by our ability to understand our customer's needs.

Winning culture and strong values:

Espersen is a company where we do what we say and say what we do. To live this every day we are guided by the following set of values:

- We are honest
- We are agile
- We are innovative
- We act sustainably
- We want to win
- We communicate clearly

Jens Peter Arnold Espersen was born into a family of fishermen in 1894. Arnold — his preferred name — was bright and enterprising. At 12 he started fishing and by 1919, he had created his first fish trading company and married the love of his life, Dagny. Through dedication and hard work, Arnold grew the company, and in 1937 the family — and company — moved to the island of Bornholm, to be close to the fishing community and the abundance of fish in the Baltic Sea. Since then, Espersen has transformed it into one of the world's most important white fish processing corporations.

Up until 1976, when production was established in Poland, Espersen had only produced in Denmark. Today, Espersen continues to produce in both Denmark and Poland, and have grown their operations in Lithuania, Russia and Vietnam, with sales offices established in the UK, France, Germany, Sweden, Malaysia and Hong Kong. The administration and management are placed in Copenhagen.

Espersen's global position is thanks to a unique ownership by a family-owned Foundation. This allows the company to think strategically and long-term across their actions, investments and business.

The JPA Foundation

In the early 70s, JPA Espersen and his wife Dagny wanted to secure the future ownership of the company. They had ambitions to secure Espersen as a Danish company, to see it grow and to give back to the communities that enabled their success. They decided to establish the JPA Foundation, which took over the full ownership of the company at the turn of 1972.

The JPA Foundation is a commercial Foundation with corporate interests and responsibilities that ensures a viable and sustainable business. At the same time, the Foundation fulfils its role by providing worthy causes with donations and support. "Doing well by doing good" is central part of the Foundations identity.

In the beginning, the Foundation focused on supporting social and humanitarian projects in Denmark. However, as Espersen has expanded into Europe and beyond, the Foundation has also broadened its scope to major projects in Poland and Lithuania, and increasingly, to the work of international aid organizations.

In recent years, concerns about the ocean, its resources and climate change have accelerated the Foundation's scientific research support, in order to protect the marine environment as well as research within food technology.

Doing well by doing good



Key facts

- International Headquarters for A. Espersen A/S: Kalvebod Brygge 39-41, DK-1560 Copenhagen V, Denmark, Denmark. Phone: +45 5690 6000.
- Cod, haddock, pollock, saithe, flounder and plaice are the white fish species Espersen predominately relies on for frozen and chilled seafood.
- Primary production accounts for an average **39%** of the total revenue and consumer production represents an average **61%** of the total revenue.
- In **2021** we employed **3,121** people located in Denmark, Sweden, Germany, France, Lithuania, Poland, UK, Russia, Vietnam, China and Malaysia. **62% of our employees are women and 38% men.**



Denmark:
Copenhagen
(Management and administration)

Roenne
(QSR sales, customer service)

Hasle
(Office consumer division, consumer production)

Fredericia
(Office consumer division)

Sweden:
Stockholm
(Sales office)

UK:
Leeds
(Sales office)

France:
Boulogne-sur-Mer
(Sales office)

Germany:
Kiel
(Sales office)

Poland:
Koszalin
(Primary and consumer production, office, laboratory)

Lithuania:
Klaipeda
(Primary Production, office)

Russia:
Novgorod
(Consumer production, office)

China (Special Administrative Region):
Hong Kong
(Sales office)

Vietnam:
Ho Chi Minh City
(Primary production)

Malaysia:
Kuala Lumpur
(Sales office)

Every second year we update our materiality analysis to ensure we remain focused on the challenges identified by the scientific community, as well as the key focus areas for our stakeholders. Espersen conducted a materiality analysis in 2021, and the results of the analysis drives our sustainability strategy and program.

The analysis was undertaken by an independent third party to ensure complete confidentiality and impartially. The selection of subject areas to be included in the materiality analysis was guided by governing frameworks with The United Nations Sustainable Development Goals (SDGs) as targets. Forty nine key internal and external stakeholders responded to an online survey; scoring each issue on the urgency for action needed to address it. We approached stakeholders with backgrounds and expertise in both wild fisheries and aquaculture.

Internal stakeholders

In terms of marine fishing operations, our materiality analysis revealed that internal stakeholders focused on issues related to employee rights and production quality. Within the aquaculture industry, internal stakeholders were more likely than external stakeholder to underline environmental issues, such as water pollution and habitat degradation.

External stakeholders

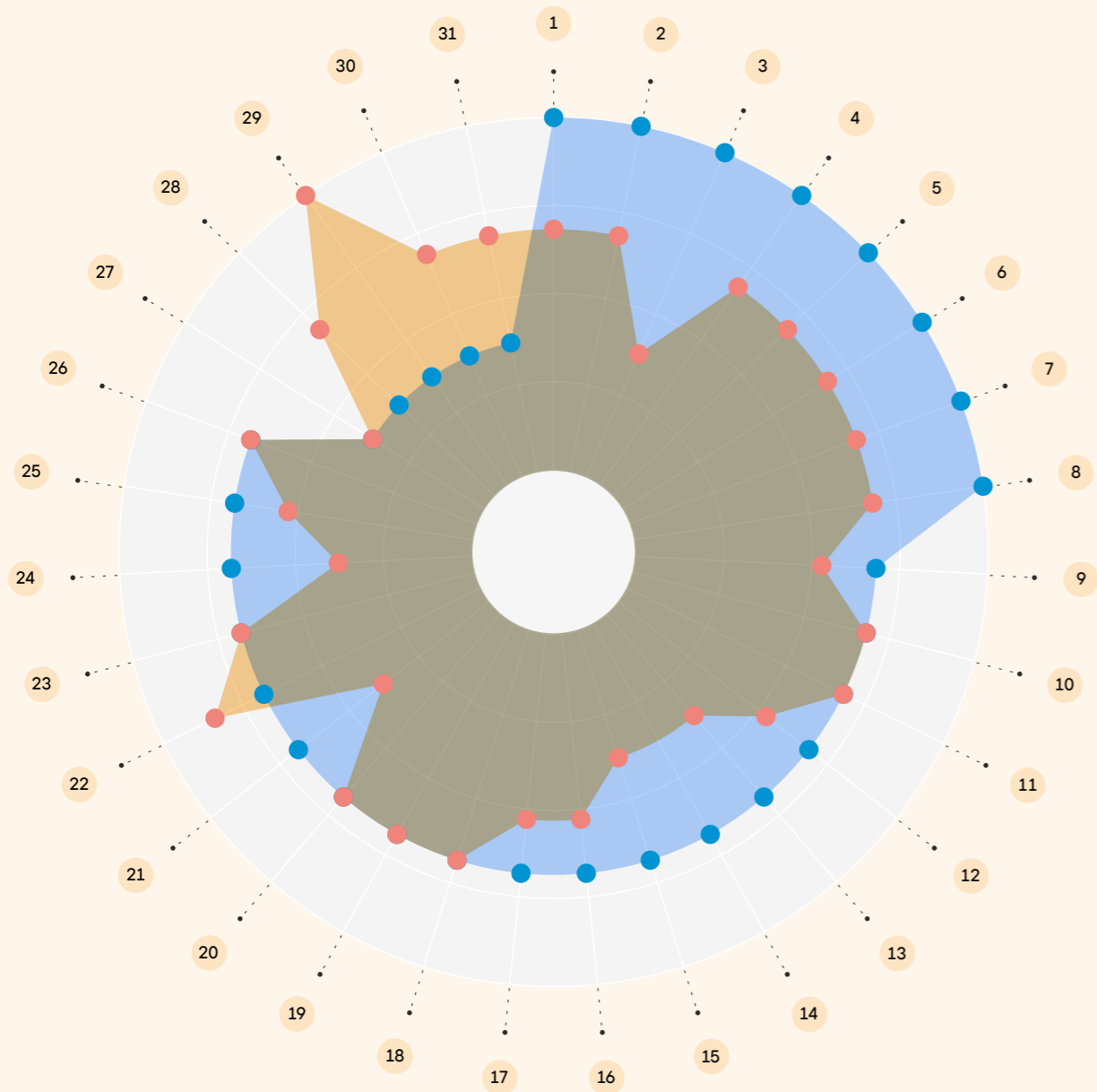
On the whole, external stakeholders ranked issues as requiring greater urgency than internal stakeholders; focusing on broader environmental concerns such as ocean acidification and sea

floor disturbance in marine fishing. External respondents were also more likely to rate employee and human rights in aquaculture as 'essential' or 'high' priority issues to address.

When asked about the most important marine fishing concern that needs urgent action to address, both external and internal respondents highlighted the negative impact of poor fishing practices at sea. When asked about the most important aquaculture concern that needs urgent action to address, the external and internal responses varied greatly, with issues ranging from water pollution (internal) to greenhouse gas emissions associated with production (external).

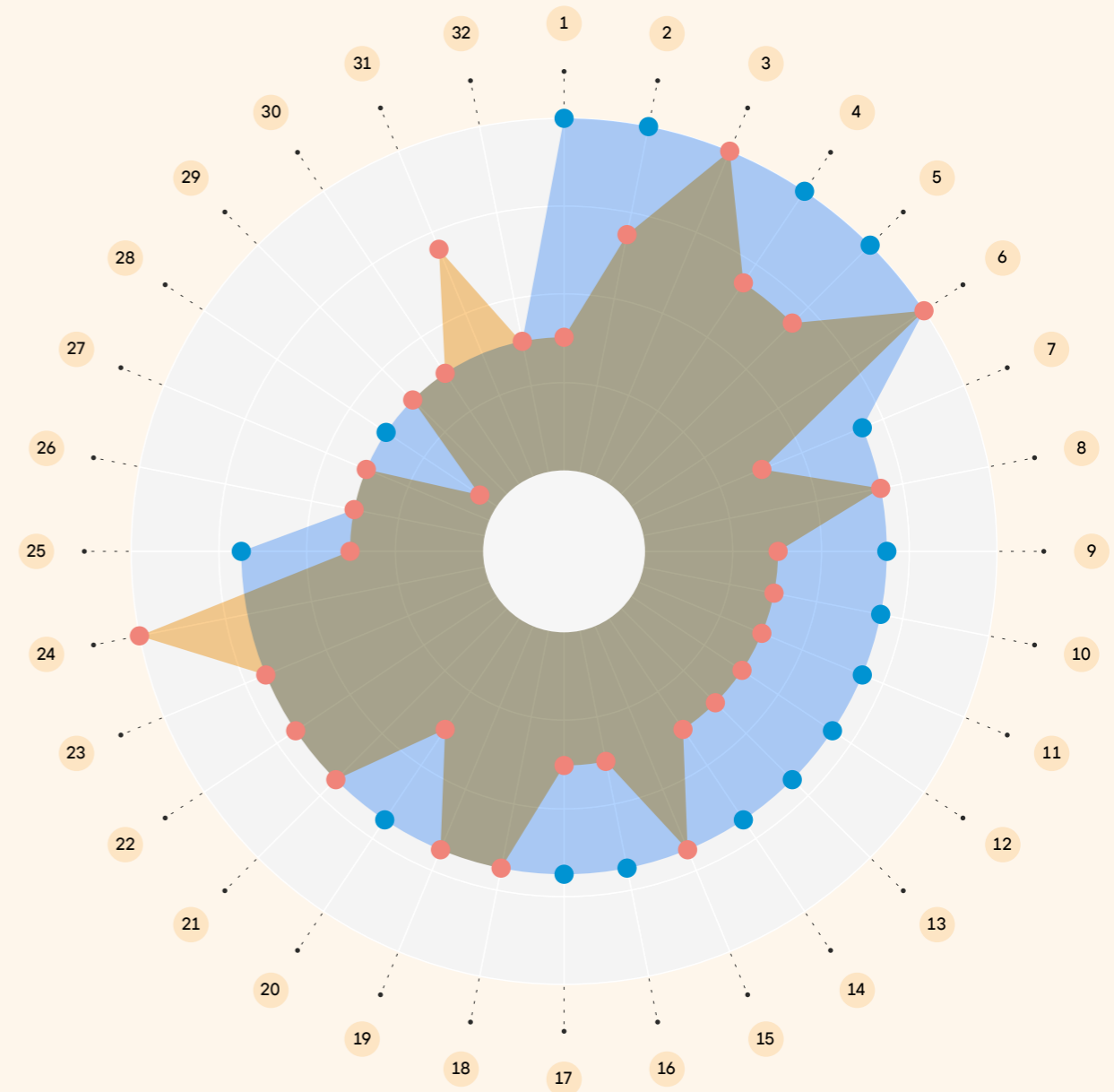


Fig 1. The median response score of both internal (orange) and external (blue) respondents regarding issues in marine fishing.



- | | | | |
|--------------------------------------|--|---|--|
| 1. Corruption | 10. Discards & bycatch | 18. Greenhouse gas emissions associated with product processing | 25. Sustainable sourcing of egg |
| 2. Diversity & equality | 11. Employee health & safety | 19. Human rights | 26. Waste at processing |
| 3. Invasive species | 12. Eutrophication from processing sites | 20. Job security, wages & hours | 27. Access to capital and infrastructure |
| 4. Ocean acidification | 13. Fair compensation for suppliers | 21. Lack of entrants/generational succession | 28. Food quality & nutritional composition |
| 5. Product utilization | 14. Fish handling & slaughter | 22. Overfishing | 29. Food safety |
| 6. Sea floor disturbance | 15. Fish method of capture | 23. Plastic pollution at sea | 30. Forced labour |
| 7. Sustainable sourcing of dairy | 16. Freshwater use | 24. Shareholder returns | 31. Sustainable sourcing of soy |
| 8. Sustainable sourcing of packaging | 17. Greenhouse gas emissions associated with ocean fishing | | |
| 9. Coastal community livelihoods | | | |

Fig 2. The median response score of both internal (orange) and external (blue) respondents regarding issues in aquaculture.



- | | | | |
|---------------------------------------|--|---|--|
| 1. Disease & mortality | 10. Corruption | 17. Greenhouse gas emissions associated with aquaculture production | 24. Water pollution |
| 2. Employee health & safety | 11. Diversity & equality | 18. Greenhouse gas emissions associated with product processing | 25. Wild escapees |
| 3. Food safety | 12. Fair compensation for suppliers | 19. Local engagement | 26. Job security, wages & hours |
| 4. Forced labour | 13. Fish handling & slaughter | 20. Product utilization | 27. Lack of entrants/generational succession |
| 5. Human rights | 14. Fish welfare in production | 21. Sustainable sourcing of packaging | 28. Shareholder returns |
| 6. Use of medicines & chemicals | 15. Food quality & nutritional composition | 22. Sustainable sourcing of soy | 29. Sustainable sourcing of dairy |
| 7. Access to capital & infrastructure | 16. Freshwater use | 23. Waste at processing | 30. Sustainable sourcing of egg |
| 8. Aquaculture farm waste | | | 31. Use of GM technology |
| 9. Benthic habitat degradation | | | 32. Wildlife interactions |

The matrices show the potential long term impact of each aquaculture and marine fishing issue on Espersen’s business, against the ability of Espersen to control and manage each issue. The final results of the most material areas to our business, are shown below. The position shows the degree of stakeholder interest and potential business impact. The outcomes of the materiality analysis will feed back into our significant sustainability risks.

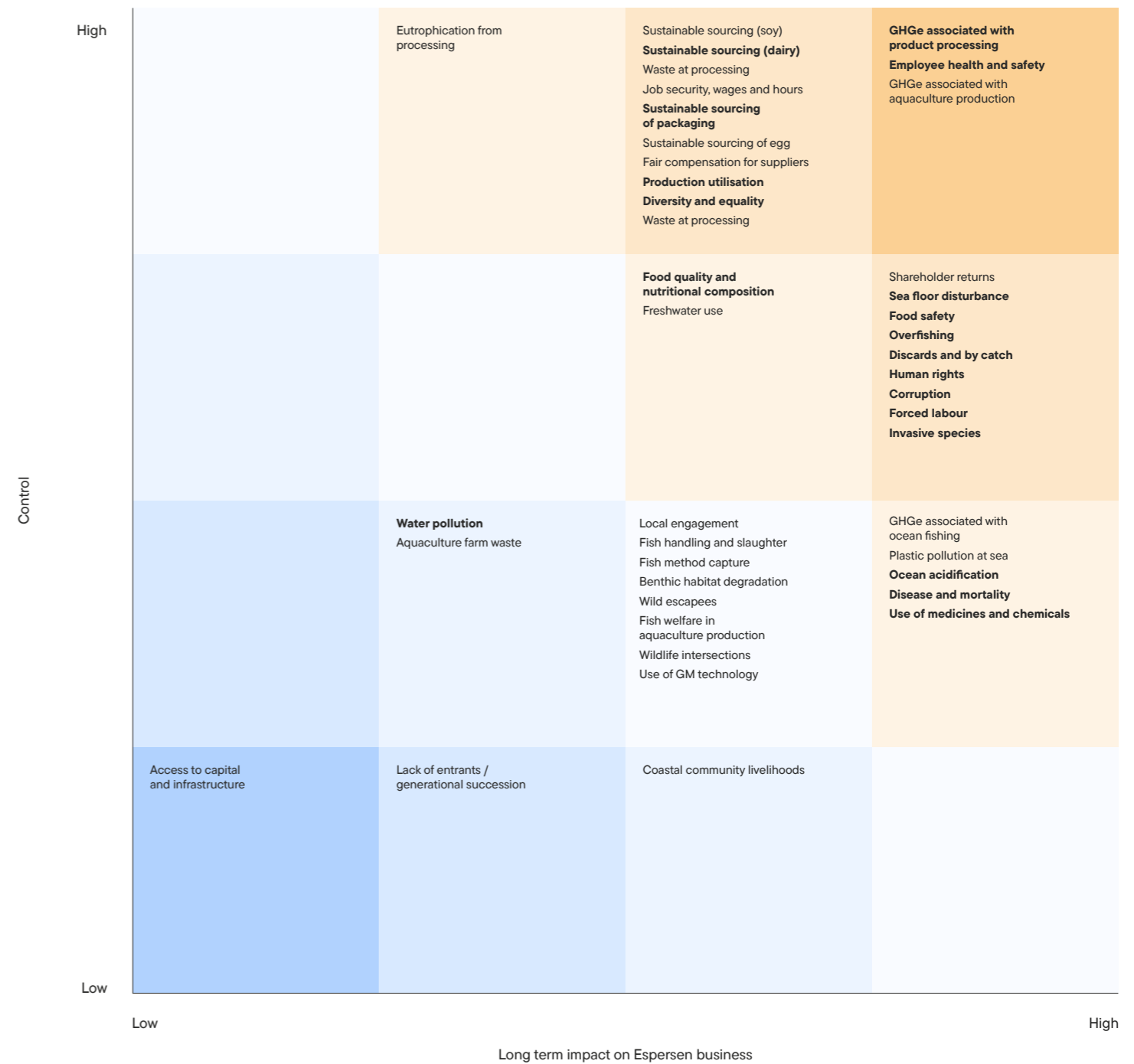


Fig 3. A matrix that shows the potential long term impact of all sustainability issues across marine fishing and aquaculture, against the ability Espersen has to control and manage it. The top 10 issues for each sector, as determined by internal and external stakeholders, are highlighted in bold.

An evaluation of our sustainability risks was undertaken to identify areas which pose a significant risk to our business. The analysis resulted in 8 priority areas.

The table shows Espersen's sustainability risks in the areas of marine biodiversity, climate change, sustainable sourcing, resource use, human rights, personnel, food safety and governance. The results of the analysis have informed Espersen's future sustainability program.

Significant Risk	Risk Description	Steering
Marine Biodiversity	<p>Ocean biodiversity has decreased because of the destruction of habitats by pollution and eutrophication, poor fishing practices and climate change.</p> <p>Biodiversity plays a vital role in maintaining the functionality and productivity of marine ecosystems, making habitats more resilient to environmental change.</p>	<p>We work to promote sustainable sourcing and fishing methods.</p> <p>The work is guided by our sustainability program "Our sea, Our fish, Our food"</p>
Climate change (Greenhouse gas emissions)	<p>Climate change is affecting our producers both locally and globally, and has negative consequences such as sea ice loss, rising sea temperature, moving fish stocks and extreme weather conditions such as torrential rain, floods, heat waves and dry wells.</p>	<p>Risk mitigation plays a big role when choosing a supplier, and we work to ensure we spread the risks as much as possible.</p> <p>This work is guided by our sourcing plan and our supplier risk assessment.</p>
Sustainable sourcing	<p>The global demand for material goods and food continues to grow. Sourcing sustainably requires strategic planning and innovation to avoid negative impacts on ecosystems and communities.</p>	<p>Mapping our supply chain and working closely with our suppliers.</p> <p>Monitor scientific reports of each of our resources to help interpret future trends and guide our procurement decisions.</p> <p>This work is guided by our sourcing plan and our supplier risk assessment.</p>
Resource use (Water, energy, heat, raw material)	<p>Over consumption of natural resources results in environmental degradation, depletion of fresh water reserves, fish stocks and natural forests.</p>	<p>Promote efficient production methods and water management, for long-term sustainable production.</p> <p>The work is managed through our sustainability program, the Mission Climate Friendly initiative, risk and vulnerability analysis.</p>
Human rights in the supply chain	<p>Risk of human rights violations in global supply chains.</p>	<p>We work to ensure that all our suppliers follow our strict code of conduct.</p> <p>This work is guided by our code of conduct, supplier approval process and third and second party supplier audits.</p>
Retain and recruit personnel	<p>Espersen's future is, to a significant extent, dependent on the ability to retain, recruit and skills development of employees.</p> <p>Lack of a diverse and equal workforce is a strategic business risk, reducing the variety of skills, motivations and experiences within the company.</p>	<p>We are building a supportive and inclusive workplace.</p> <p>This work is guided by our Personal development plan (PDP), succession planning and talent management program.</p>
Food Safety	<p>Deficient food safety during handling, processing and storage of our products can lead to health risks at consumption.</p>	<p>We work actively with quality assurance through: HACCP, self-assessment and third-party certification, for our suppliers, production sites and through second party supplier auditing.</p>
Corruption, fraud, threats & sabotage	<p>Risk of corruption and / or bribery, fraud, threats and sabotage or lack of ethics in the supply chain.</p>	<p>This work is guided by our code of conduct, anti-corruption policy, whistleblowing system and training for employees.</p>

Our Sea, Our Fish, Our Food

Food systems are integral to the health of our consumers and the sustainability of the planet. Sustainability is about being fit for the future, which means being ready to adapt and striving to achieve more. Developing inclusive, sustainable, and healthy food systems is essential to reaching the Sustainable Development Goals (SDGs).

For Espersen, this means we continuously reviewing our sustainability program to ensure it effectively tackles the most pressing issues facing our business, and the environment in which we operate. The areas we work in are identified and supported by the priorities of internal and external stakeholders, as well as ongoing evaluation of the latest scientific papers.

Nearly half of the world's population cannot access a nutritious diet and we believe seafood is key to addressing this crisis. Oceans cover three quarters of the Earth's surface, with approximately 3 billion people depending on healthy oceans for their primary source of protein¹ and over 200 million people employed in marine fisheries.² This is why the SDGs is a core element of our sustainability program.

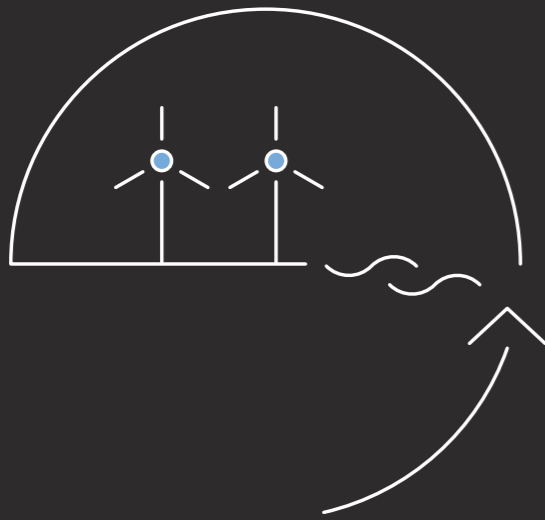
¹ Sustainable Seafood | Industries | WWF (worldwildlife.org)

² Sustainable fishing and communities | Marine Stewardship Council (msc.org)



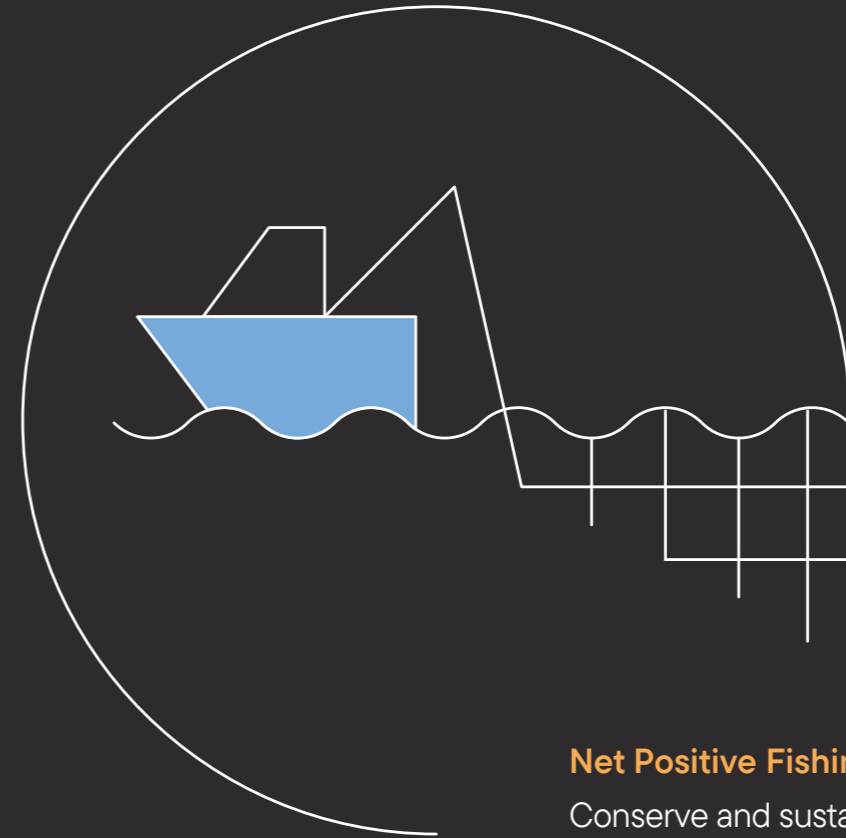
Resource Use

Use resources responsibly with the aim of decoupling waste, water and energy use from our production footprint.



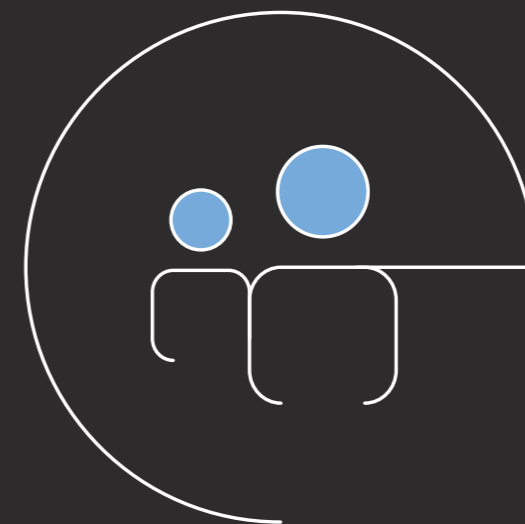
Supply Chain Integrity

Secure a traceable supply of 'delicious seafood with passion' from viable fish stocks and best-practice aquaculture.



Net Positive Fishing



Conserve and sustainably use the oceans, seas and marine resources as a vital source of healthy and affordable food.





Worker Health & Welfare

Ensure all of our employees recognize Espersen as a good and safe place to work, wherever we are in the world.

Focus Area	SDG Goal	Espersen Goal	Objective	Reported Results (update)
Net Positive Fishing	 Goal 14: Life below water Conserve and sustainably use the oceans, seas and marine resources. Target 14.2: Sustainably manage and protect marine and coastal ecosystems. Target 14.4: Effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible. Target 14.C: Enhance the conservation and sustainable use of the oceans and their resources.	Conserve and sustainably use the oceans, seas and marine resources as a vital source of healthy and affordable food.	Identify and promote new gear technology with improved fish handling, selectivity and reduced energy use and environmental impact.	We participate and support industry initiatives that promote sustainable development in fisheries and production of seafood.
	 Goal 8: Decent work and economic growth Promote inclusive and sustainable economic growth, employment and decent work for all. Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking.		Demonstrate that the marine fishing industry can play a key part in providing a healthy diet in the coming decades within acceptable environmental and ethical impact limits.	We are supporting the development of new technologies to better understand the consequence to fishing patterns and utilizing data to improve efficiency. Founding member of GSSI.
Supply Chain Integrity	 Goal 2: Zero hunger End hunger, achieve food security and improved nutrition and promote sustainable agriculture. Target 2.4: By 2030, ensure sustainable food production systems.	Conduct business in a sustainable manner that encompasses concerns about resource use and protecting the oceans. Ensure we safeguard seafood supplies for future generations, including wild and farmed fish raw material, packaging and ingredients.	Ensure purchasing decisions are based on robust sustainability criteria, such as GFSI (Global Food Safety Initiative), GSSI (Global Sustainable Seafood Initiative) and SSCI (Social and Scheme Management Criteria) recognized industry schemes and standards.	99% of all sourced fish is certified against a GSSI recognized scheme such as MSC, ASC or GlobalG.A.P 60% of our suppliers are certified against a GFSI approved standard. Compliance with Modern Slavery Act.
	 Goal 14: Life below water Conserve and sustainably use the oceans, seas and marine resources. Target 14.2: Sustainably manage and protect marine and coastal ecosystems. Target 14.4: Effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible. Target 14.C: Enhance the conservation and sustainable use of the oceans and their resources.		Implement monitoring system of all sourced fish (wild and farmed).	100% traceability back to source. Support for the global dialogue on seafood traceability.
	 Goal 8: Decent work and economic growth Promote inclusive and sustainable economic growth, employment and decent work for all. Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking.		Implement electronic traceability systems, so that all stocks can be traced back to source.	Electronic traceability system from factory gate to end customer.

Focus Area	SDG Goal	Espersen Goal	Objective	Reported Results (update)
Resource Use	 Goal 13: Climate action Take urgent action to combat climate change and its impacts.	Use resources responsibly with the aim to decouple waste, water and energy use from our production footprint.	Use 100% renewable energy at our production plants by 2025 .	In 2021 overall energy use decreased by 7% compared to 2020 . Installation of solar panels at one processing plant
	Goal 8: Decent work and economic growth Target 8.4: Decouple economic growth from environmental degradation.		Set science-based targets in accordance with the Business Ambition for 1.5°C to be approved by 2022 .	Committed to science-based emissions reduction targets in 2021 .
	 Goal 12: Responsible consumption and production Target 12.3: By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply. Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.		Decouple energy and water use from kg of product produced.	Per kg of product energy usage increased by 13% . Total water use decreased by 0.44% .
Packaging	Goal 12: Responsible consumption and production Ensure sustainable consumption and production patterns. Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources. Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Not compromising on food safety and food waste and minimizing environmental impact.	No waste to landfill.	Compared to 2020 we have decreased the volume of waste sent to landfill by 15 tonnes to a total of 522 tonnes.
			90% Carcass Utilization of fresh/frozen fish by 2022.	77% Carcass Utilization of fresh/frozen fish in 2021 (77% 2020) . In 2021 our food waste accounted for 5,252 tonnes, an increase for the third year in a row. This increase is due to changes in sourcing and production methods brought about by the pandemic.
			Ensure purchasing decisions are based on robust sustainability criteria based on renewable packaging materials.	Ban of fluorine compounds.
			Investigate recycling opportunities for Styrofoam boxes used in chilled products.	100% FSC certified carton for retail boxes and master cartons. Changed all aluminium trays to carton trays.
			100% mono material packaging by 2023 .	13% reduction of pallet stretch foil.
			Increase pallet utilization target 90% by 2023 .	Introduced plastic bags which is 100% PE (mono material).

Focus Area	SDG Goal	Espersen Goal	Objective	Reported Results (update)
Worker Health & Welfare	<p> Goal 8: Decent work and economic growth</p> <p>Target 8.8: Protect labour rights and promote safe and secure working environments for all workers.</p>	<p>Ensure all our employees recognize Espersen as a good and safe place to work, wherever we are in the world.</p>	<p>Maintain the SEDEX membership to manage and improve working conditions in our global supply chains.</p>	<p>100% of facilities are audited against the ETI Base Code using the SMETA methodology, or audited to customer specific higher standards.</p>
	<p> Goal 5: Gender equality</p> <p>Achieve gender equality and empower all women and girls.</p> <p>Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making.</p>		<p>Develop a strategy to improve a more even gender distribution at all levels of management.</p>	<p>One of the seven appointed Board members are women (14%).</p> <p>Gender-based reporting for all levels of management across the Group.</p>
			<p>Analyse significant risks related to health and safety in the workplace and develop an action plan to minimize these risks.</p>	<p>71 accidents in 2021 (94 accidents in 2020). We experienced fewer accidents as a result of our focus on building a proactive safety culture.</p>



**Goal:**

Conserve and sustainably fish from our marine resources, as a vital source of healthy and affordable food.

Objectives:

- Identify and promote new innovations and gear technology with improved fish handling, selectivity and reduced energy use and environmental impact.
- Demonstrate that the marine fishing industry can play a key part in providing a healthy diet in the coming decades within acceptable environmental and ethical impact limits.

What we are doing:

- We participate and support industry initiatives that promote sustainable development in fisheries and production of seafood.
- We are supporting the development of new technologies to better understand the consequence to fishing patterns with onboard 'live' monitoring systems and utilizing this data to improve efficiency of fuel use and procurement of raw material.

A new technology being developed by SINTEF, Hermes, Espersen and other industry partners, facilitates the tracking of a fish from the moment it is caught to the moment it is sold to a consumer. The research project 'HermChain' is described by SINTEF's Project Leader Truls Bakkejord Ræder, 'as a project that aims to build a supply chain transparency database in the form of a blockchain, ensuring transparency and security. The consumers, and partners, should be able to trust the information across the chain.'

HermChain's far-reaching sustainability benefits

With numerable partners on board, the project currently traces fish across one linear supply chain. So far, collecting data at each stage of the supply chain has been seamless and HermChain technology is expected to reduce workload. Ræder explains, 'What is (already) being reported once, twice or three times now, will only need to be reported once in the future and the infrastructure that we have built into the blockchain will support with efficiency and operations.'

'Hermes AS are trying to work as best as they can to achieve environmental, economic and social sustainability'. Ræder describes how HermChain improves the sustainability performance of each element of the supply chain. 'Philosophically speaking, once you start recording more data and showing that data, being more transparent with the customers, it creates pressure to improve the aspects being measured.' Currently, HermChain reports the fish species, catch quantity, area and dates but there is scope to capture information such as CO₂ emissions, by-catch and working conditions, to ensure that their fish are caught in the most sustainable way possible.

Adding value to consumers and partners

Operating out of one of Norway's largest fishing ports, Tromsø, the HermChain project is underway during a time when consumer confidence in labelling is weak and the market is demanding traceability. The transparency HermChain offers will not only add value for the consumer but everyone across the supply chain, however, 'that only comes if the consumers value the transparency.'

The three year project comes to an end this year, when SINTEF collates the HermChain project results onto a dashboard. 'What we hope to achieve is to have a QR code, where the consumer can have all the information they could possibly want about the product they are eating.' As part of the results delivery, SINTEF will be reporting the raw numbers to Espersen, including fuel use, type and operational efficiency. As blockchain tracking data technology emerges, Ræder believes this will have far-reaching and positive outcomes for transparency in fishing. 'Once retailers have one supplier offering a technology that offers transparency, then they can start demanding it from others, with better control of their overall sustainability.'

Onboard a Norwegian Whitefish Trawler

Developing strong relationships with the fishers who catch the raw material we source is key to the success of our company. To shine a light on some of these outstanding fishers, and showcase how they are implementing sustainable practices at sea, we spoke to Åsmund Breivik and Jan Roger Lerbukt from Hermes AS.

Åsmund Breivik: Åsmund is captain of the 55-meter Hermes vessel, which has a crew of 19. He operates mainly in the Barents Sea.

How long have you been a fisher for?

I have been a fisher since I was 17 years old. I have only ever worked at sea, and this is all I know.

What does a typical day look like for you?

A typical day for me includes two 6-hour shifts: 8am–2pm, and then 8pm–2am. On the boat we run two watches to enable us to fish all day every day.

Although our schedule is set, no two days are alike for me, as we always have to adapt to changes in the weather and the fish.

I also need to look after my crew. We are like a family as we live together on the boat for half of the year. Fishing is more a way of life than a “normal” profession.

Why is sustainability important to you?

I am very proud of being a fisher as it is a profession that people have been doing for thousands of years. I love being part of this adventure of finding and harvesting the fish. If we exploit the sea by overfishing, the ecosystem will collapse and that is something that none of us want. I want to be able to pass this profession on to the next generation.

What steps do you take to improve the sustainability of your operation?

I want to be part of the solution to the problems facing the oceans, instead of being

part of the problem. One thing that has changed in recent years is that we now collect and bring home any garbage that we find in our nets.

It gives me real pride that all of our crew members have taken the sustainability message to heart. They are proud to be part of the solution to cleaning up the oceans too.

We have also been testing equipment made of natural materials hoping to find alternatives to the plastics we currently use (e.g. in our ropes). This is something we will continue to do.

Jan Roger Lerbukt: Jan Roger is the CEO of Hermes.

Why is acting sustainably important for Hermes?

We have made acting sustainably a key part of our business culture. We don't just want to have one or two “sustainability projects”, we want to be making improvements in all of the tasks and operations we carry out every day. We are focussed on sustainability improvements in things like technology, improved fishing gear, collecting garbage from the sea, and much more too.

One thing we are very proud of is our focus on social responsibility. We take topics like worker safety, welfare, and wages very seriously. As a company based in Norway, we have to meet Norwegian regulations and rules — for example in things like wages, health and safety, and freedom to organise. Our aim is to always to avoid hazard situations and accidents to ensure we look after our workers as well as we possibly can.

Transparency is also very important to us, and for that reason we have launched our Welcome On Board project. We want to be proactive in showing people what we do, and what happens on our boat. Our aim is not to make a glossy video or brochure, but instead to have real transparency — for example providing live streaming directly from the boat. You can find out more here:

<https://welcomeonboard.tv/>

Jan Roger Lerbukt



Åsmund Breivik



Fish is in our hearts,
and it is within our values
to remain sustainable,
but we need to examine how
we can protect our stocks.

Our food systems are under great pressure. With the global population expected to reach **8.6 billion** by **2030**, meeting the protein and nutritional demands of this growth is one of the greatest sustainability challenges of our time. Safeguarding our natural resources, whilst simultaneously providing affordable and high quality food will depend on innovation and new ways of thinking. At Espersen, sustainable innovation has been at the heart of our strategy.

Alternative fish products

Plant-based alternatives to fish products, and the demand for plant based and vegan alternatives, is rising rapidly. Consumers are rethinking their eating habits. Human health, environmental impacts and animal welfare are becoming increasingly important to our customers and end consumers. Mette Bendix Nielsen, Espersen's Innovation Manager, explains how Espersen are facing these challenges.

How did Espersen come to develop alternative fish products?

Two years ago, we began to see that plant-based alternatives were increasingly popular across the food industry as our customers became more engaged with sustainability concerns. At the same time, the world's population continues to grow. We know that we have the best protein, but in order to ensure there is enough quality fish for our customers in the future, we need to be flexible and adopt alternative options.

When we looked at what was on the market in terms of alternatives to fish protein, we could not find any quality products. It was difficult to differentiate them from other alternative proteins such as chicken or beef and they contained potentially unsustainable ingredients like soy.

'We felt that, as trustworthy experts in premium fish, we could improve the plant-based options out there too.'

Our first goal has been to make a product as similar to white fish as possible. Though it has not been easy to master the flaky texture, moisture, bite and colour of white fish. We are also looking at how we can sustainably bring the flavour of the sea to this product, using items such as seaweed for example. Our second goal has been to match the nutritional composition of fish, all the while, avoiding ingredients linked to deforestation and high food miles. Having tested hundreds of alternative proteins, we've chosen a neutral taste and I am very happy with what we have achieved so far. It's been a long journey and we are learning something new every day, which also means we have developed a lot of experience and knowledge in this area.

What impact has the development of these products had so far?

We are still fine-tuning the prototype and the blind taste tests have been extremely positive. When young children tried our alternative fish fingers they loved the product, and couldn't taste the difference! Furthermore, the whole company understands the opportunity alternative products provide and we have had people tell us they are excited to taste the prototype. It's an achievement to have our own fish experts on board.

What is next for sustainable innovation at Espersen?

We are looking forward to seeing how the customers respond to our alternative products. Flexitarianism is being embraced by all age groups and customers are understandably eager to source sustainable products. Therefore, we have also started exploring opportunities with hybrid products (half fish, half vegetables) and creating new ingredients using 100% of the fish carcass. As a completely new way of producing fish products, we are continuing to develop this method. At Espersen, we champion quality fish, but we know we can do exciting things with and without fish. We want our customers to know that we have the finest quality fish to offer. But also, that we are the best at developing new products.

● **FAO—27**
 Northeast Atlantic

Sub-area 1 (Barents Sea)
 Atlantic Cod, Haddock, Plaice

Sub-area 2 (Norwegian Sea, Spitzbergen and Bear Island)
 Atlantic Cod, Haddock, Saithe

Sub-area 3 (Skagerrak, Kattegat, Sound, Belt Sea and Baltic Sea)
 Plaice, Dab, Flounder

Sub-area 4 (North Sea)
 Plaice, Dab, Lemon Sole

● **FAO—67**
 Northeast Pacific US (East Bering Sea, Gulf of Alaska)

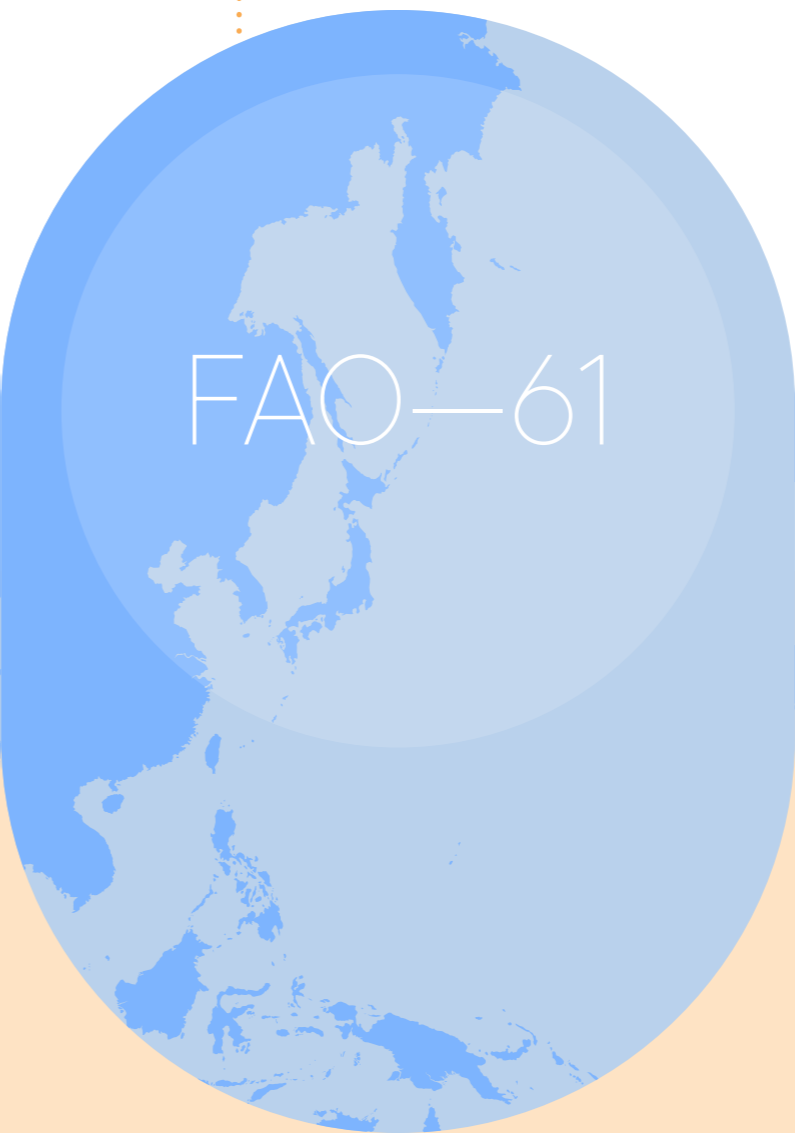
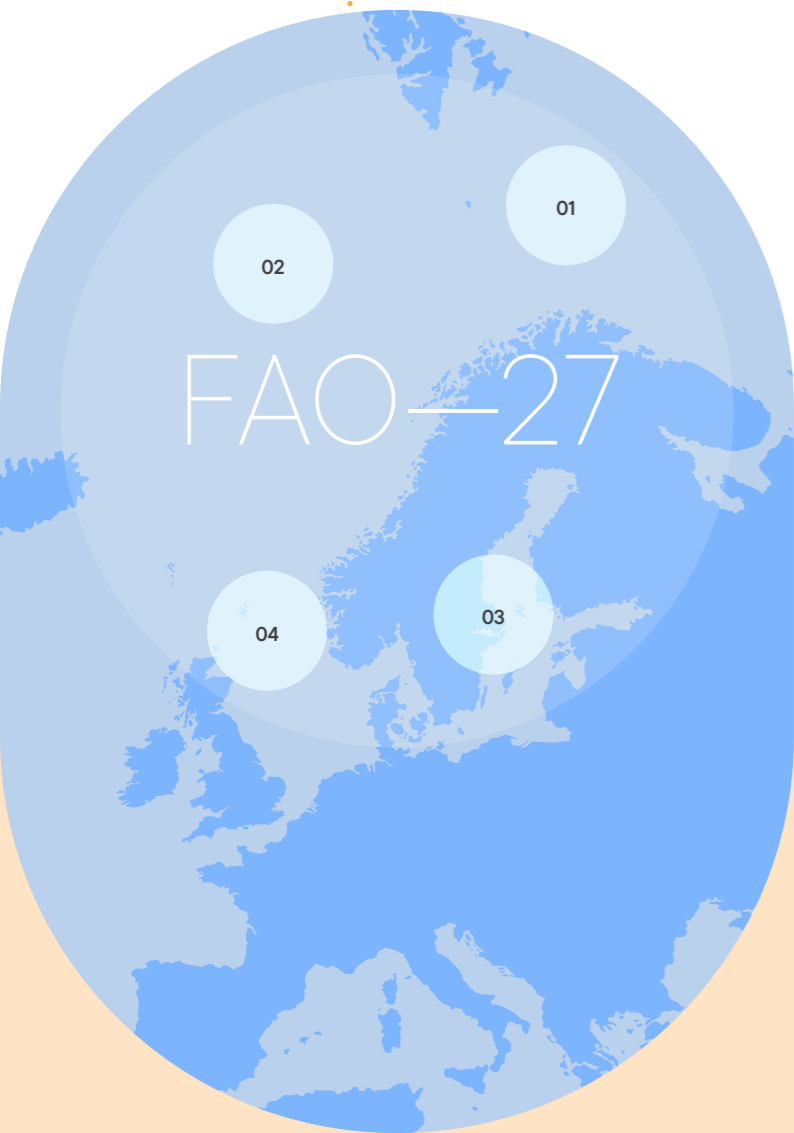
Alaska Pollock, Pacific Cod, Yellowfin Sole, Rock Sole, Pink Salmon, Keta Salmon

● **FAO—61**
 Northwest Pacific Russia (West Bering Sea, Sea of Okhotsk)

Alaska Pollock, Pacific Cod, Pink Salmon, Keta Salmon

● **FAO—21**
 Northwest Atlantic

Yellowtail Flounder, Atlantic Cod



In addition to the delicious fish we source, we also use a range of other ingredients in our products. We know that ingredients like palm oil, soy, dairy and eggs bring their own sustainability challenges. Ensuring these ingredients match the sustainability credentials of our fish is developing priority for us.

What we are doing:

- **100%** sustainable palm oil used in **2021** (RSPO certified).
- Soy is present in our indirect supply chain as animal feed. In **2021 67%** of the soy used in feed for our farmed fish was RTRS (Round Table on Responsible Soy Association) certified.
- We will continue to develop our sustainability goals and objectives for our ingredients sourcing in **2022**.

Goal:

To minimize the environmental impact of our packaging whilst not compromising on food safety and food waste.

Objectives:

- Ensure purchasing decisions are based on robust sustainability criteria and use renewable packaging materials.
- Investigate recycling opportunities for Styrofoam boxes used in chilled products.
 - Increase pallet utilization to **90%** by **2023**.
 - **100%** mono material packaging by **2023**.
 - Implement sustainable Multivac film.
 - Use carton trays without PET coating.
 - Implement retail boxes without PET coating.

What we are doing:

- **100%** FSC certified carton for retail boxes and master cartons in **2021**.
- Changed all aluminium trays to carton trays with PET coating as a first step.
- Introduced a new, more sustainable, plastic bag which is **100%** PE (mono material).
- Ban of fluorine compounds.
- **45%** reduction of PE coating in retail boxes (from **15-20gr/m²** to **12gr/m²**).
- **13%** reduction of pallet stretch foil.

FSC Certified raw material for all retail boxes and master cartons

As part of our [Packaging strategy](#), we have set a goal to ensure **100%** sustainable (FSC) raw material for master cartons and retail boxes. In **2021**, all master cartons were sourced with FSC certified raw materials. A switch to FSC raw material means we carry the FSC logo on all our retail boxes with pride.



Using effective packaging is essential to maintain the quality and food safety of our products, and to minimise food waste of the products we supply. However, we work hard to reduce the impact on the planet of the packaging that we do use.

Goal:

Conduct business in a sustainable manner that encompasses concerns about resource use and protecting the oceans. Ensure we safeguard seafood supplies for future generations, including wild and farmed fish raw material, packaging and ingredients.

Objectives:

- Ensure purchasing decisions are based on robust sustainability criteria, such as GFSI (Global Food Safety Initiative), GSSI (Global Sustainable Seafood Initiative) and SSCI (Social and Scheme Management Criteria) recognized industry schemes and standards.
- Implement monitoring systems for all sourced fish (wild and farmed).
- Implement electronic traceability systems, so that all stocks can be traced back to source.

What we are doing:

- Traceability: **100%** of the fish we buy is traceable back to source (fishery, species, vessel).
 - Electronic traceability system in place from factory gate to end customer.
- Third-party certification on our own sites:
 - **100%** BRC certified sites with grade AA or A+ in 2021.
 - **100%** SMETA audited sites or equivalent customer specific audit scheme.
- Ongoing supplier approval process;
 - **99%** of all sourced fish is certified against a GSSI recognized scheme such as MSC, ASC and GlobalG.A.P. **62%** of our land-based suppliers are certified against a GFSI approved standard.
 - **60%** of our suppliers are certified against a GFSI approved standard.
 - We conduct re-assessment of approved suppliers every three years.

- We believe that having a detailed and comprehensive understanding of every step of our supply chain is an essential first step in meeting our business objectives.
- To minimize risks in our supply chain, continuous monitoring of our suppliers enables us to prevent labour abuse and helps us strive towards effective partnership. This allows us to identify the suppliers that share our values and develop long-term, mutually-beneficial relationships.

Our supplier monitoring process includes self-assessments, site visits, and a risk-rating tool to focus our resources on areas of our supply chain with the highest potential risk.

Continuously improving our quality culture

At Espersen, we are continually improving our culture in food safety and quality across the business. In 2021, we conducted Senior Management training on FS&Q culture, and developed site-specific action plans that prioritized our biggest areas for improvement. Food Safety & Quality Culture are integral to our company values.



Working with our suppliers to minimize risks in our supply chain

We continuously strive for effective partnerships with our suppliers and ensuring that our supply chains are sustainable. Creating sustainable supply chains is a major challenge as the seafood industry is international. We source raw fish, packaging and ingredients from all over the world.

Fish can be processed at sea, far away from the nearest harbour, or farmed and processed at local plants around the world before they arrive at an Espersen production site. Therefore, there are typically several suppliers involved in the chain before the raw materials reach one of our sites. In multi-tier supply chains, visibility and transparency is essential. From ensuring good working conditions to legal fishing practices, traceability is an invaluable tool.

For several years, our electronic traceability system has been an integral part of our ERP system. Not only does this make it easier to identify the raw materials used in specific batches, but offers an overview of the quantities of raw materials delivered from specific suppliers or production sites over a specified period. All of Espersen's production sites are MSC and, where relevant, ASC certified.

Risks associated with food safety, product fraud and working conditions are minimized. This means we source from approved suppliers only. An approved supplier must agree with our requirements in quality, social compliance and environmental sustainability. This procedure is carried out for all of our suppliers and contract manufacturers.

Over the years, we have built a base of strategic and preferred suppliers. Typically, these companies share our values and deliver high-quality products on schedule. We have a close relationship with each of our suppliers. We record their performance and make follow-up visits. This is based on the principle of improving together and being able to fulfil growing demands on food production.

New suppliers must go through an approval process prior to the first delivery of goods or services. We base our supplier oversight system on a risk-based approach, starting with assessing the country risk by using the Amfori BSCI risk classification of countries, and factoring-in product risk and quality factors.

Supplier approval process

Prior to possible approval, all potential suppliers must fill in a questionnaire for the specific production sites that will supply Espersen. The questionnaire relates to product quality, social compliance and environmental factors. In addition, we ask potential suppliers whether they are third party certified in all, or some, of the areas mentioned above.

For suppliers with recognized third-party certified schemes as mentioned in the questionnaire, we request a copy of the certificate and their latest audit report. The report is thoroughly assessed prior to approval, and a rating is made based on number of observations and their criticality, which may conclude that the supplier ① is approved, ② cannot be approved or ③ we want to audit the supplier ourselves.

If a supplier does not have relevant third-party certified schemes, we base the approval on the answers in the questionnaire supported by requested documentation. This is divided into two sections. Sixty percent of the score examines food safety and quality. The remaining 40% analyses Social Compliance and Environment. In both sections, the questions are weighted depending on the severity we attribute to the specific area. Key issues carry a greater weight, meaning one singular issue can determine whether the supplier will be approved or not. In addition, the overall score for both areas must be above a certain minimum in order to be approved.

For the Quality questionnaire, the score must be above or equal to 50 points out of 60 points to be in scope for approval. A score between 30 points and 50 points will require additional information. The score for the Ethical questionnaire has to be equal or above 30 points to be in scope for approval, a score between 20 points and 30 points will require additional information.

The questionnaire alone does not determine whether the supplier is approved, but is an indication of whether we want to proceed with the approval process. Based on the response to the questionnaire, we use a risk-based approach to determine if additional activities are necessary to finally approve the supplier.

For example, if the production site is located in a low risk country and fulfils our expectations as described above, it is approved. Even so, we monitor the site closely for at least the first year. Any deviation from the standard will be considered and may lead to consideration of whether a second party audit is necessary.

If the site fulfils our expectations as described above, but is located in a high risk country, it will be visited within the first 6 months where that supplier is also delivering a high-risk product (e.g. fish products or food contact packaging material). Suppliers delivering lower risk products are visited within the first 12 months.

In all cases, deliveries from suppliers are checked as part of our intake control. We record this data and use it as part of the ongoing monitoring of our suppliers. Annually, the performance of all strategic, preferred, and new suppliers is evaluated. Across our daily operations, supplier claims are handled immediately and necessary action taken.

If any of our approved suppliers do not supply products to Espersen for more than two years, they are discontinued. They will need to go through the approval process again if we want to revive our relationship with the supplier. All approved suppliers are evaluated every three years, at which time we decide whether to re-approve or discontinue the supplier and review our oversight of the suppliers regarding monitoring and audit frequency.

If we are asked by a customer to source from one of their suppliers, Espersen will ask for a written statement from the customer, stating that we can use this supplier for their production.

To support our supplier management process, supplier documentation including questionnaires, certificates, audit reports and signed specifications are archived in the IT system (D4infonet@ – D4).

We strongly believe that collaboration with other ethically – and sustainably – driven organizations is key to transparency and greater outcomes for everyone.

Social Responsibility

Social responsibility and compliance is paramount to Espersen.

“We say what we do and we do what we say” is one of our key values.

We are committed to conducting business in a socially responsible manner that encompasses concerns about labour and human rights issues. This commitment is part of the company's history and culture, which permeates our entire management team and is applicable to all of our employees. It is also expected of our suppliers and sub-suppliers.

As a member of SEDEX, all our owned sites are SMETA audited or conduct an equivalent customer-specific audit. We require our suppliers based in high-risk countries to conduct third party social audits at site (using SSCI Social and Scheme Management Criteria). We also have an internal process for conducting second party audits of our suppliers' processing sites. However, in 2021, audits have been limited by the pandemic.

At Espersen, we are aware of the need to review social compliance on the vessels and factory trawlers that catch our fish. This creates a huge challenge for us, and the broader industry, but is an element we need to be prepared for. We are actively engaged with the ongoing conversation to develop standards for fishing vessels across the industry. In 2021, we updated our [“Vessels and Factory Trawlers Questionnaire”](#) to cover more in-depth issues regarding social compliance.

Sustainability is incorporated throughout Espersen's operations and forms an important part of our overall corporate governance.

Our Code of Conduct

We are committed to conducting business in an ethical manner, and use our Code Of Conduct to communicate our requirements both within our own business and to our suppliers. Our code outlines our requirements focused on three core areas:

- **Human Rights:** We conduct our operations with honesty, integrity, openness, respect and are committed to upholding the human rights of people as set out in The United Nations Universal Declaration of Human Rights.
- **Health and Safety:** We are committed to providing a safe and healthy working environment for all employees.
- **Business Integrity:** We comply with local laws of the countries where we operate. We have a zero-tolerance approach to bribery and conflict of interests and any forms of corruption, and we provide grievance mechanisms and whistle-blower protection.

Whistleblower system

Driving responsible business practices is of great importance to us. In line with the Espersen Code of Conduct, we encourage our employees and partners to report concerns, misconduct or illegal activities within our company as a way to lower the risk of unethical business behaviour.

Espersen has an internal and external whistleblowing system that employees and other stakeholders can reach through our intranet and website. The service aims to identify any concerns or illegal activities in the workplace which is contrary to Espersen's values. Anyone who wishes to use the service can remain completely anonymous as it is administered by an external party to guarantee anonymity and professionalism.

For more information about our whistleblower system, visit our website; <https://espersen.whistleblownetwork.net/WebPages/Public/FrontPages/Default.aspx>

In 2021 we had no incidents through our whistleblower system. For more information about our policies, visit our website; www.espersen.com/commitment/policies

- Code of Conduct
- Whistleblower Policy
- Environmental Policy
- Health and Safety Policy
- Diversity Policy

Memberships and commitments

To support our commitment to sustainable seafood production, we pursue memberships with various international initiatives, bodies and partnerships.

- Global Sustainable Seafood Initiative (GSSI)
- Global Dialogue on Seafood Traceability (GDST)
- Roundtable on Sustainable Palm Oil (RSPO)
- Science Based Targets (SBTi)
- CDP
- Supplier Ethical Data Exchange (SEDEX)

Goal:

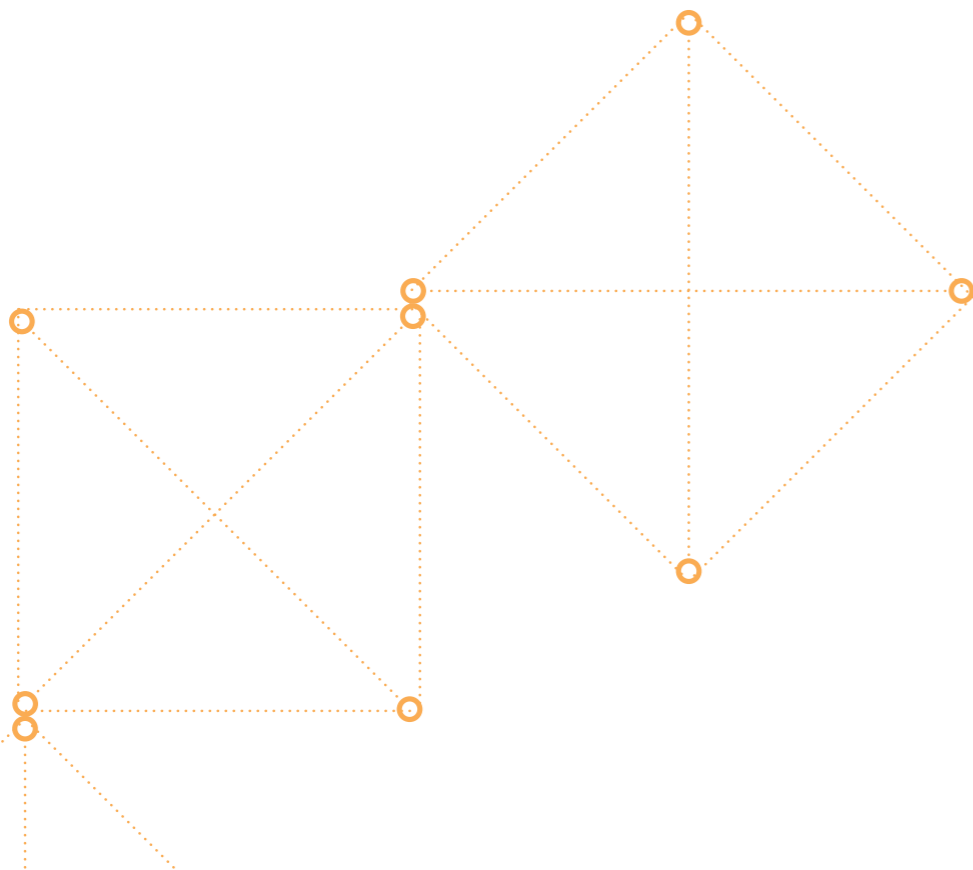
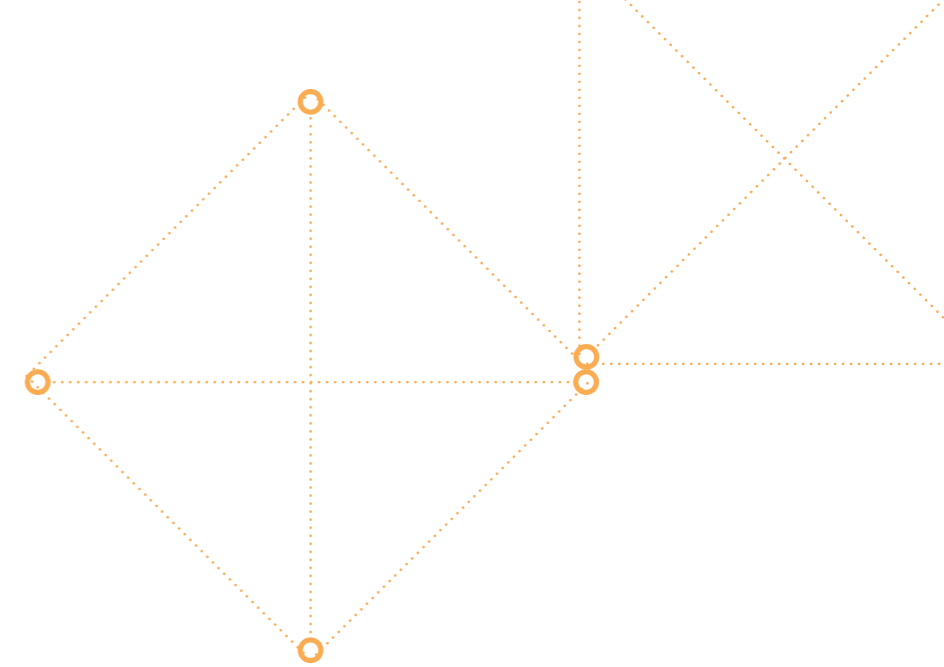
Use resources responsibly with the aim to decouple waste, water and energy use from our production and supply chain footprint.

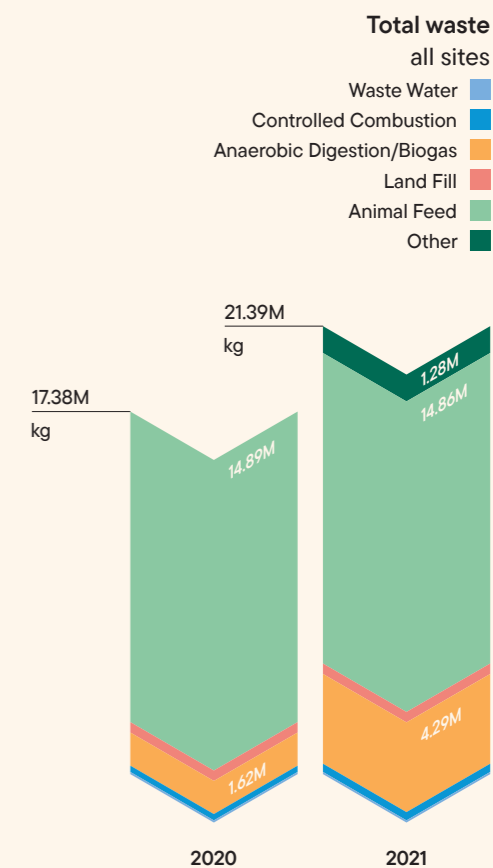
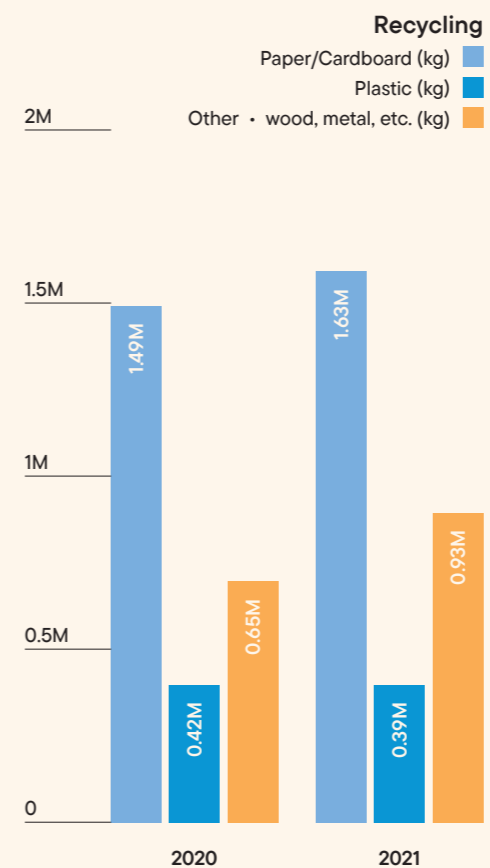
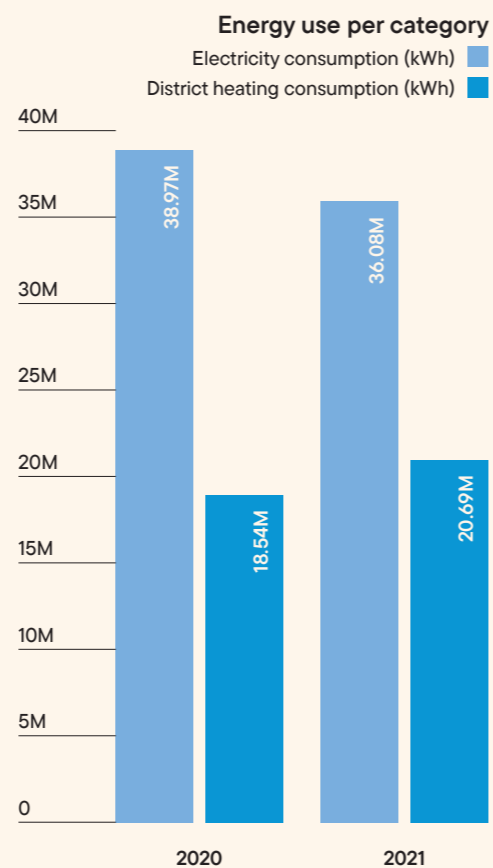
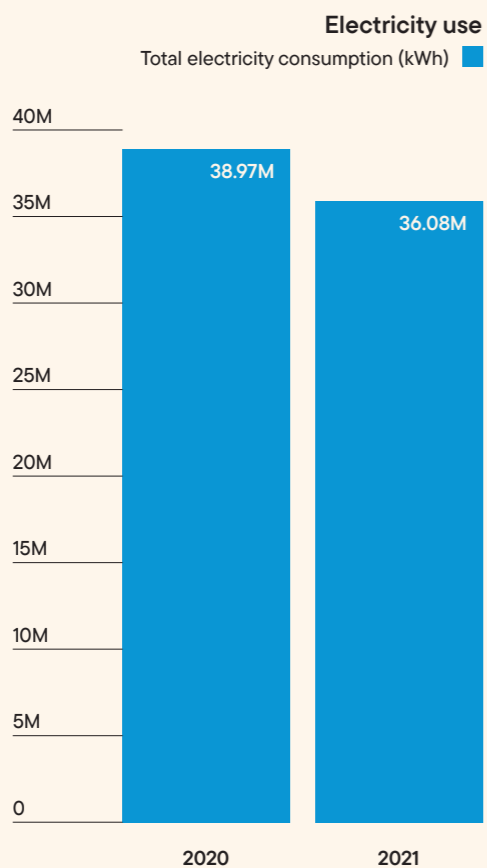
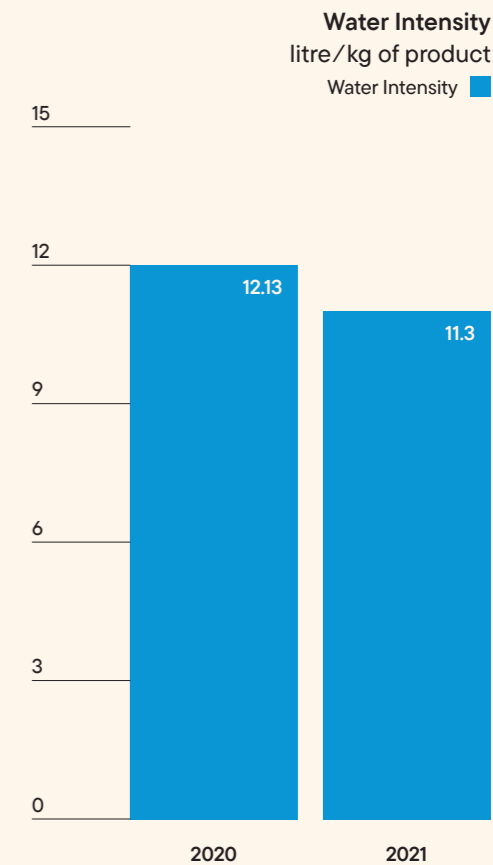
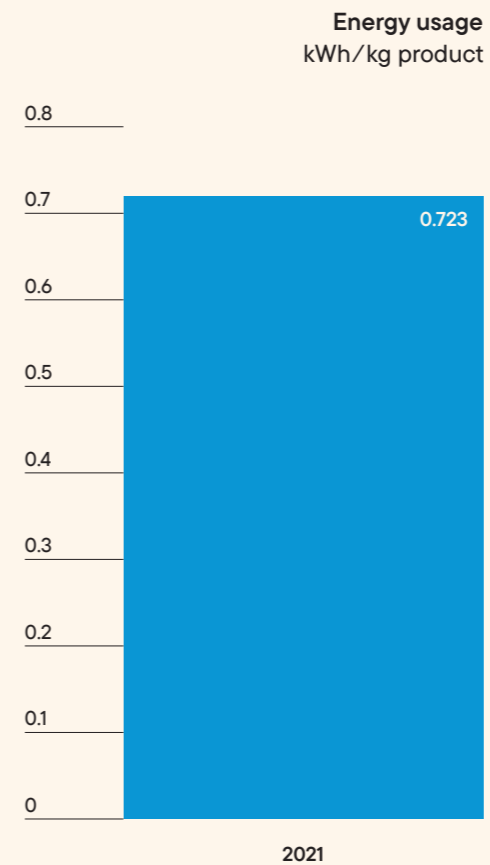
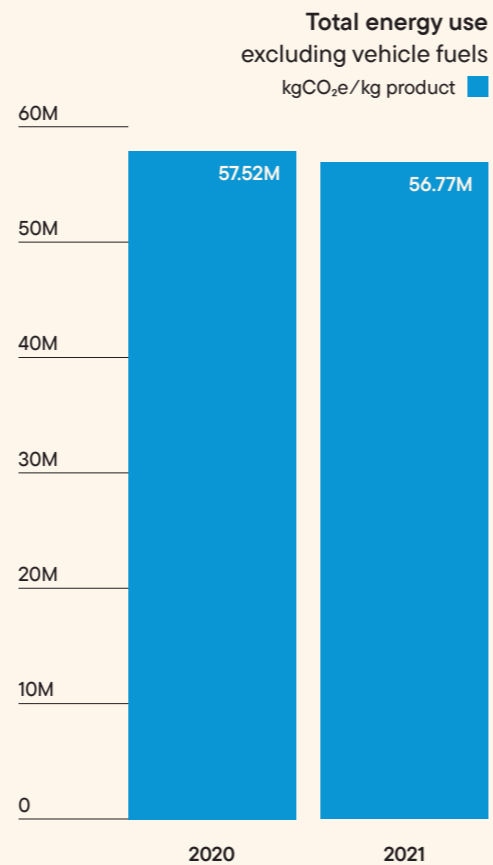
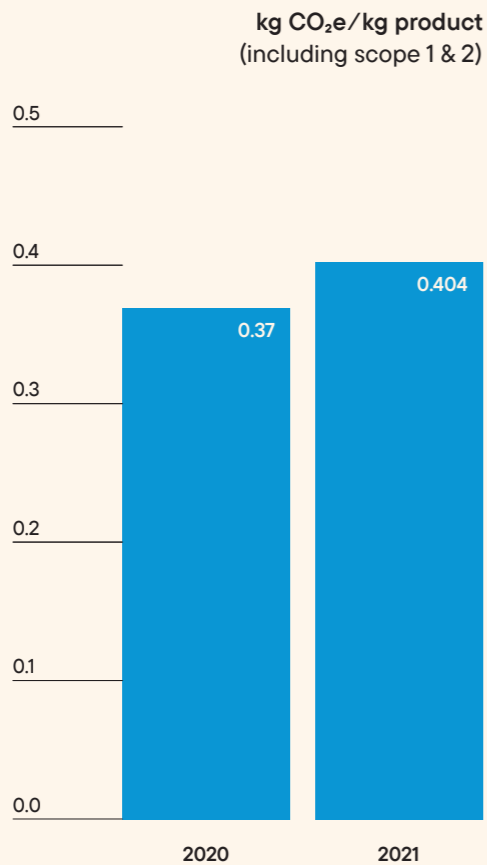
Objectives:

- Set science-based targets in accordance with the Business Ambition for **1.5°C**, to be approved by **2022**.
- Use **100%** renewable energy at our production plants by **2025**.
- Promoting on-site renewable energy installations e.g solar panels.
- Decouple energy and water use from kg of product produced.
- No waste to landfill.
- **90%** Carcass Utilization of fresh/frozen fish by **2022**.

What we are doing:

- Committed to science-based emissions reduction targets in **2021**.
 - Installation of solar panels in Poland.
 - Climate impact reported to CDP. Our current rating is D.
 - CO₂ equivalent kg emission per kg of product increased (**8%**) compared to **2020** (scope 1 & 2). This is because we had to continue to run all of our cold storage facilities even when our factories were shut due to the pandemic.
 - Improved reprocessing/waste management processes introduced for product, batter and bread crumb.
 - As a Champion **12.3** member we are committed to halving our food waste by **2030**. Our food waste increased from approx. **2,486 t** in **2020** to approx. **5,252 t** in **2021**. This increase is due to changes in sourcing and production methods brought about by the pandemic.
 - Total energy use decreased by more than **2,887,270 kWh (7%)** compared to **2020**.
 - Per kg of product energy usage increased by **13%** to **0.723 kWh** per kg product compared **0.639** in **2020**. This is because we had to continue to run all of our cold storage facilities even when our factories were shut due to the pandemic.
 - Total water use decreased by **0.44%** to just over **886,000 m³**. Our water intensity was **11.3 litre/kg** of product produced in **2021**.
 - We sent **522MT** of waste to landfill out of a total waste volume of **5,252MT**. A slight decrease from **2020 (537MT)**.
 - **9%** increase in the amount of paper and cardboard we sent for recycling.
 - Amount of paper, cardboard, plastic, wood and metal sent to recycling saw an overall increase of **15%** compared to **2020 (2570 MT)**.
 - **77%** Carcass Utilization of fresh/frozen fish in **2021**.
- Production plants included in our 2021 Resource Use data are Hasle, Denmark (consumer production), Koszalin, Poland (1 primary and 2 consumer production plants), Klaipeda, Lithuania, (primary production), Novgorod, Russia (consumer production), Ho Chi Minh City, Vietnam, (primary production).





Mission Climate Friendly Initiative

This year, we are re-launching our internal Mission Climate Friendly Initiative in order to link up our business partners to help drive our environmental improvement plans.

The Mission Climate Friendly Initiative is a framework that engages every individual across our operations with Espersen's sustainability goals. We know that improved communication, collaboration and sharing knowledge will increase the collective alignment with these targets. This shift in mindset will have broader benefits for resource — and cost-saving and ensure that we are able to focus on the areas where we can have the greatest impact possible. Our Mission Climate Friendly Initiative came into force in 2019.

Zero Waste Bornholm

Zero Waste Bornholm is a joint private and public partnership paving the way to becoming the world's first industrialized society without waste based on circular economy principles.

Operating from the island of Bornholm as a platform for innovation and co-creation, partners gain scalable knowledge through test technologies and competencies before expanding on the growing global market with new waste and resource solutions.



Espersen's partnership with BOFA (Bornholm's Affaldsbehandling) is exploring:

- **Block liners for frozen fish:** The Beck Liner™ originates from wood-based fibre; a natural and renewable resource. To achieve its unique properties as a packaging material, a wax barrier is applied which increases the packaging to a high calorific waste resource in the form of good and environmentally friendly heat. After use, there are several options for disposal e.g. in the form of recycling, biodegradation, or incineration. However, a real-life approach depends on the individual countries' waste sorting and systems to be developed according to a circular agenda. As a local opportunity, Espersen together with BOFA, and Beck Pack are investigating the possibilities for recycling options of the liner as a cardboard material.
- **Recycle and reuse big bags:** The project re-examines recycling and reuse opportunities for big bags, in order to assess alternatives to existing collection, transfer and downstream logistics practices.
- **First-mover on commercial waste on Bornholm:** A roll-out of new household waste sorting and collection schemes on Bornholm has been implemented in accordance with new provisions in the Danish Act on Waste (otherwise set to come into force in December 2022).

Internal reduction project: 500,000 extra meals from our production plant in Halse

New methods allow the Hasle factory to collect and sell 60% more of the fish products that results from sawing the fish blocks to make Filet-O-Fish. This means that 100 tons of fish can now be reused for food products every year, corresponding to approximately 500,000 extra fish servings.

The project has expanded to one of our plants in Poland, saving 40 tons of fish in 2021.

Photovoltaic panels installed in Poland

Espersen Poland have installed photovoltaic panels on the roof of our production plant. The small installation has an estimated annual production of approximately 50 kWp, thus promoting on-site renewable energy consumption.

The solar panel project is part of Espersen's climate strategy to significantly reduce greenhouse gas emissions, which includes renewable energy from the grid, energy efficient solutions and resource use.

Reducing Food Waste

In 2017 we made a commitment to reduce food waste in our own operations by 50% by 2030.

As a member of the Champions 12.3 coalition, Espersen has committed to lead by example; reducing food waste by quantifying and monitoring our food loss and waste and pursuing strategies to reduce it.

Recording the type and amount of waste is critical to our success. This data allows us to make company-wide and factory-specific action plans on how to reduce waste across our sites. Successful implementation relies on employee awareness and engagement, seeing the value of our raw materials — from the fish we source, to spices, breadcrumbs and other ingredients. Therefore, action plans and results are shared across sites.

Our food waste increased from 2,486 tonnes in 2020 to 5,252 tonnes in 2021. We have committed to reporting our food waste and improving the transparency about our progress in reaching our goals and delivering our strategy. The increase is due to a complex combination of reasons related to both the global pandemic (e.g. the availability of raw materials), and changes to our processing methods (e.g. changes in customers specifications, and a change in destination from animal feed to energy production). We have also changed the calculation method for this metric in 2021. Our food waste is now mainly used to produce biogas through controlled combustion. This is part of our efforts to support the development of biogas as a replacement for coal and will thereby reduce the carbon footprints of our plants in Poland.

In 2022, our focus will be on developing solutions that increase the use of raw materials for human consumption. In addition, we will review the management of food not used for human consumption; starting with the sites with the greatest potential to reduce their waste.

Our Carbon Footprint

Climate Change is the biggest environmental issue of our time. The consequences of Climate Change will be felt across the planet, and beyond the wider implications, we know that these changes will have repercussions for our business in the short term too. We anticipate that Climate Change will have wide ranging impacts across our own operations — affecting our employees, our supply chains, and the communities around the world in which we operate.

Emissions from food production are a major contributor to Climate Change, but food systems are integral to the health of people and the sustainability of the planet. Currently, nearly half of the world's population does not eat a nutritious diet and we believe seafood is key to address this crisis.

That is why we are committed to reducing our emissions in line with current climate science.

SBTi commitment

Espersen committed to the Science Based Targets initiative in December 2021. As a next step on our climate strategy, Espersen will establish targets and roadmaps during 2022 towards being a net-zero emissions company by 2050 at the very latest.

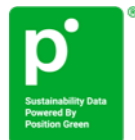
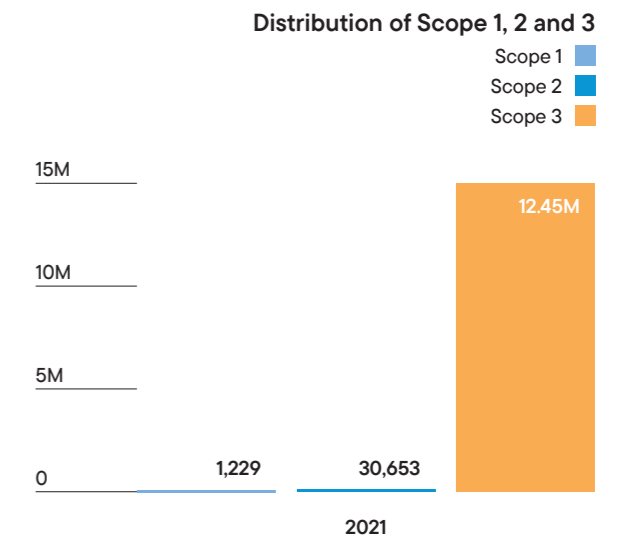
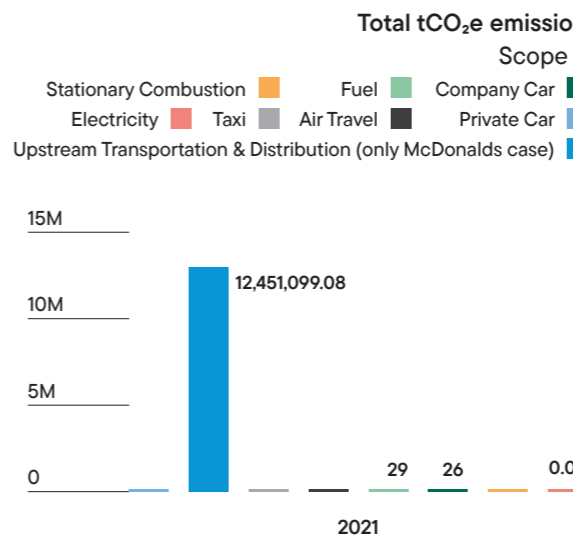
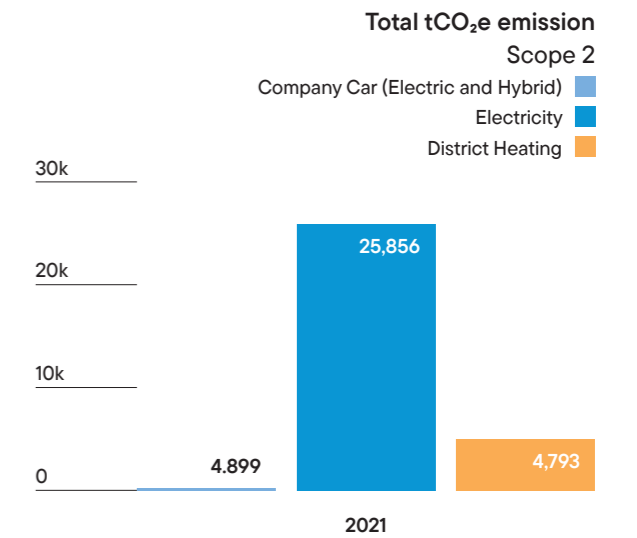
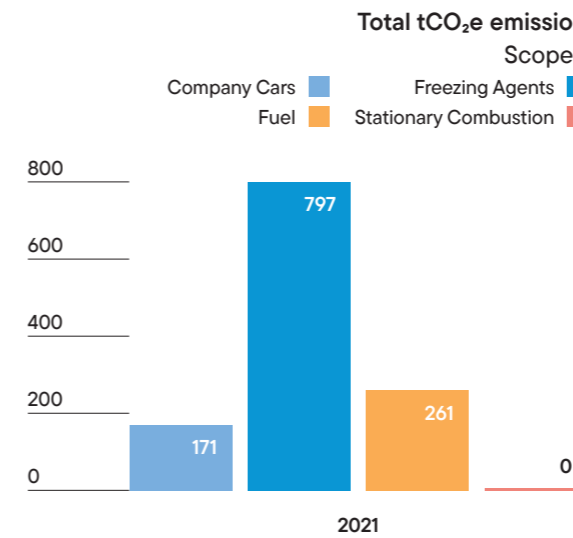
Parameters and calculation methods

Our greenhouse gas emissions calculations have been performed according to the Greenhouse Gas Protocol developed by the World Business Council For Sustainable Development and World Resources Institute (WBCSD / WRI). The Greenhouse Gas Protocol is an internationally accepted standard which is currently considered to be best practice for corporate reporting and organizational greenhouse gas emissions. Our carbon footprint includes;

CO₂e Scope 1	Emissions include on-site fuel, freezing agents, stationary combustion and company cars.
CO₂e Scope 2	Emissions include electricity, district heating and company cars (electric and hybrid cars). Electricity and district heating emission factors for their respective countries. Emissions from satellite sales offices are excluded.
CO₂e Scope 3	Emissions include fuel, stationary combustion, electricity, selected part of our upstream and downstream transportation and distribution, company cars, business travel by private cars, taxi and air.

Reporting boundaries

Our 2021 carbon footprint covers all of our own production plants including Hasle, Denmark (consumer production), Koszalin, Poland (1 primary and 2 consumer production plants), Klaipeda, Lithuania, (primary production), Novgorod, Russia (consumer production) and Ho Chi Minh City, Vietnam, (primary production).



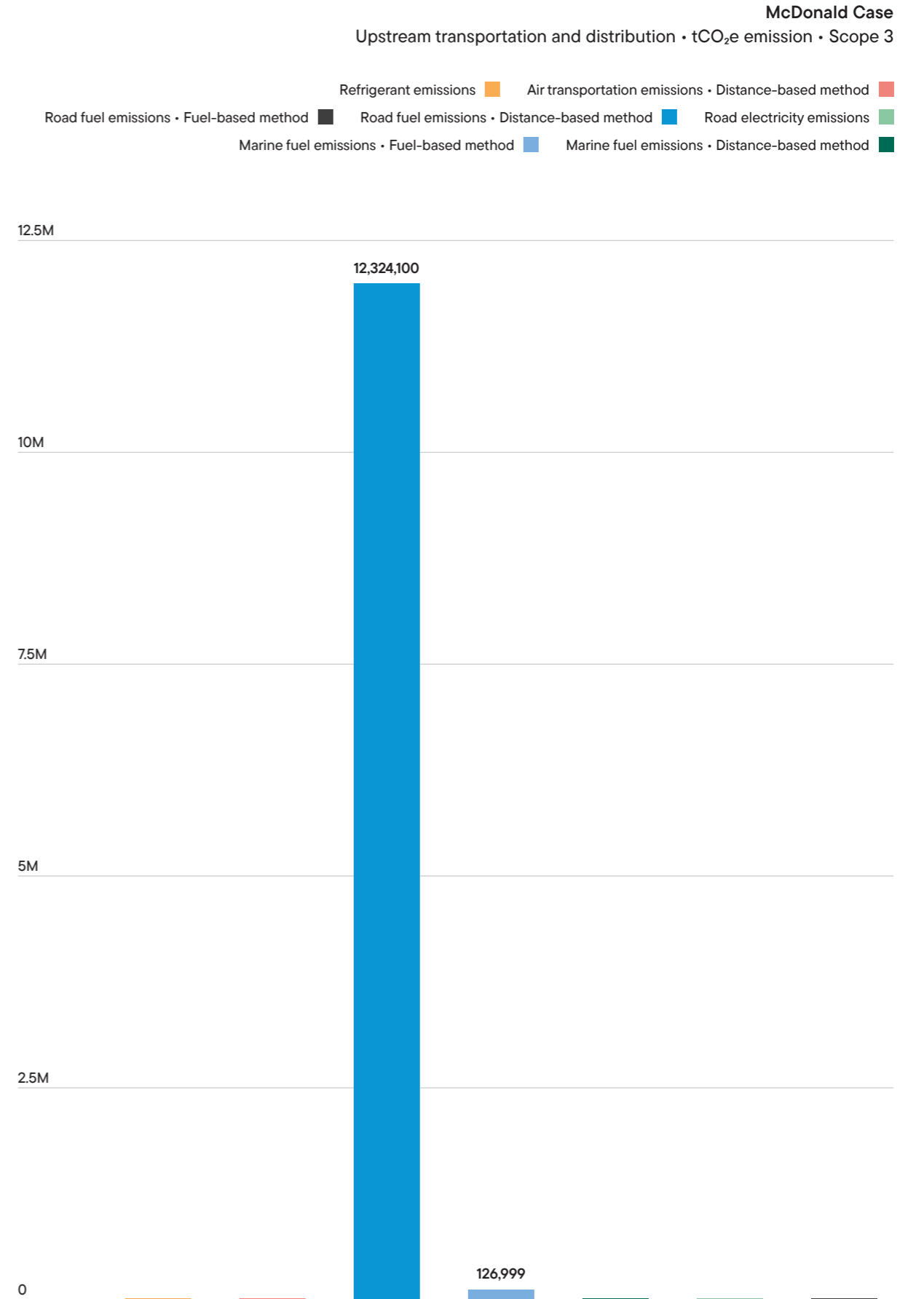
Introducing Scope 3 Emissions Reporting

As a first step in reporting on our Scope 3 emissions, in 2021 we carried out a pilot project to measure and report on our supply chain for the products we supply to McDonald's. We intend to roll out this process further across our supply chain in 2022.

McDonalds case study

For this pilot the upstream transportation data included is from the harbours in IJmuiden in the Netherlands, and Bremerhaven and Cuxhaven in Germany. This data includes transportation of frozen fish raw material, breeding ingredients and packaging material. The data also covers cold stores in Germany which store the fish raw material after discharge and before transportation. Our upstream data also includes the transport of ingredients and packaging from our suppliers in Germany, Poland and Denmark.

The pilot includes downstream transportation from our production plant in Hasle (via our main cold store in Roenne, Bornholm) to 23 distribution centres in Austria, Denmark, France, Germany, Lebanon, Netherlands, Spain, Sweden, Switzerland, UK and Ireland.



One of the main challenges we have faced in 2021 has been protecting our employees during the pandemic. We take our duty of care for our employees' safety very seriously, and our number one objective is to care for all our people.

To cope with the pandemic, Espersen established a corporate governance structure to develop risk scenarios and action plans, and to ensure implementation of all corporate and local policies and procedures as well as fast and transparent communication chains.

Espersen has developed special occupational safety procedures for every site; covering both offices and manufacturing sites. Our intranet WeDo, along with notice boards, helps to keep our employees informed. To mitigate risk of infection, we have been offering personal protective equipment (PPE) and made measurements to create physical distance between both the individuals, teams and shifts. Furthermore, Espersen has created a policy on national and international business visits and travel and external auditing during the pandemic to protect our employees.

During Q1, Espersen's plants in Poland suffered with low productivity due to the spread of the virus. In Q3, Espersen's plant in Vietnam was closed for 12 weeks due to governmental actions applying to all manufacturing businesses. We have been paying our Vietnamese employees 60-70% of their normal gross salaries as financial support.

Goal:

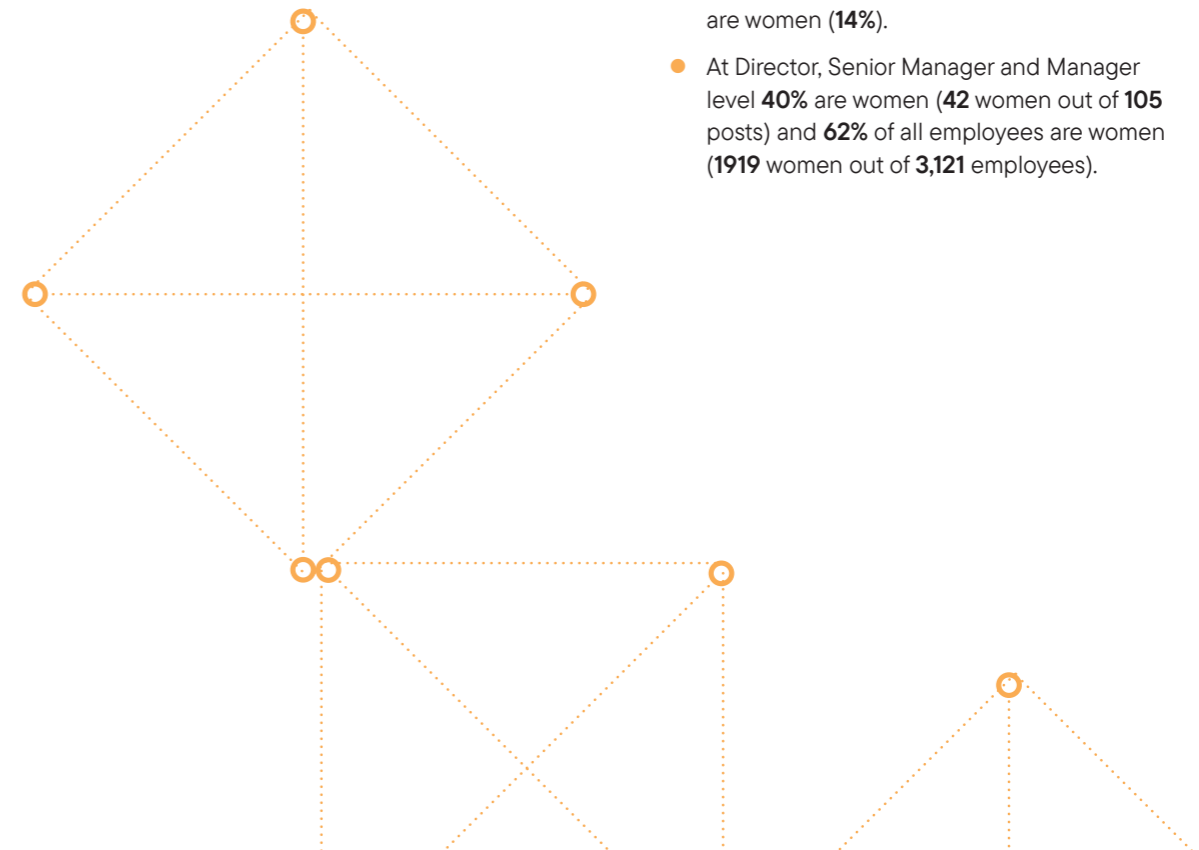
Ensure all our employees recognize Espersen as a good and safe place to work, wherever we are in the world.

Objectives:

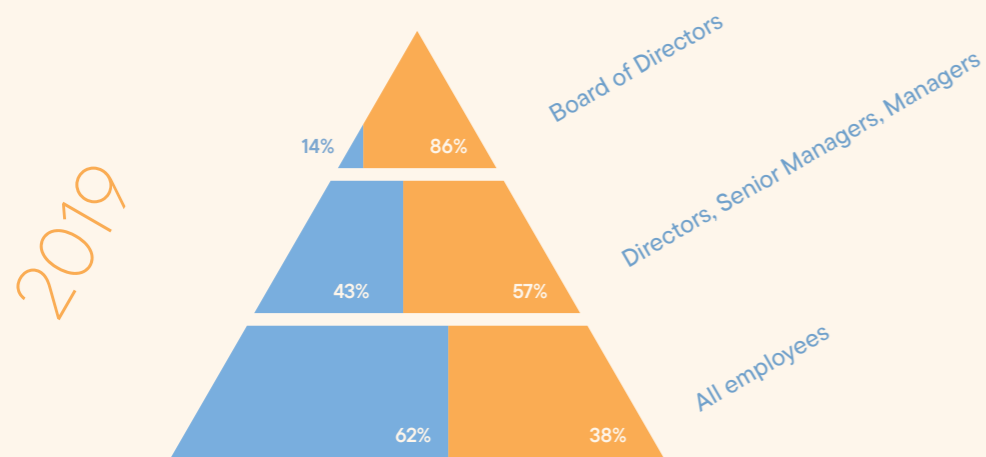
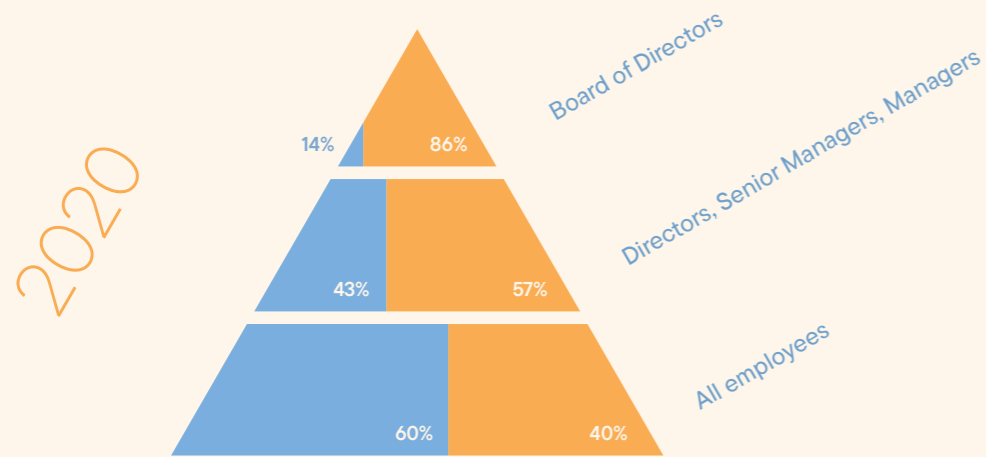
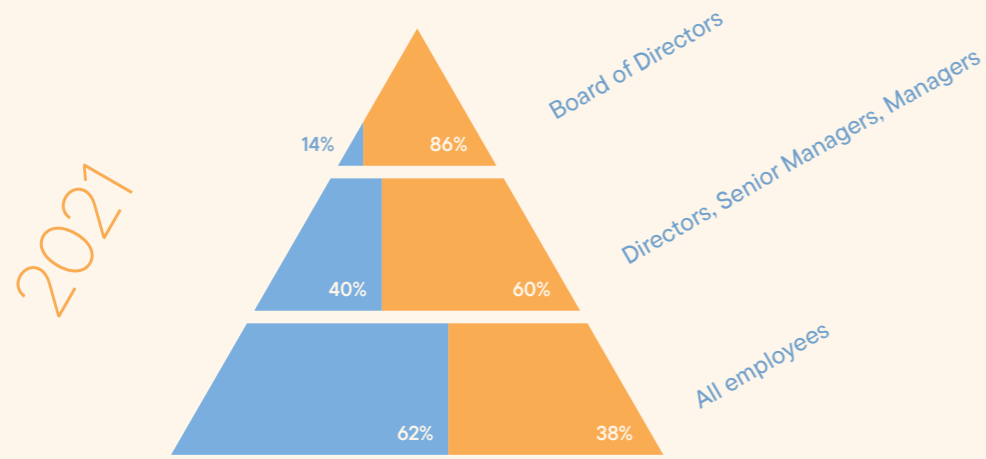
- Member of SEDEX. Maintain the ETI Base Code as our main code of labour practice.
- Ensure at least **25%** of appointed board members are women by **2025**.
- Develop a strategy to improve a more even gender distribution at all levels of management.
- Analyse significant risks related to health and safety in the workplace and develop an action plan to minimize these risks.

What we are doing:

- Continue to achieve **100%** SMETA audited sites or equivalent customer specific audit scheme.
- Group-wide reporting and response procedure for accidents in the workplace. **71** accidents in **2021** (**94** accidents in **2020**). This corresponds to an Accident Frequency Rate at **15.2** in **2021**, compared to **19.0** in **2020** and Accident Severity Rate at **2.3** in **2021**, compared to **2.9** in **2020**. In summary, we experienced fewer accidents as a result of our focus on building a proactive safety culture.
- Gender-based reporting for all employees and levels of management across the company.
- One of the seven appointed board members are women (**14%**).
- At Director, Senior Manager and Manager level **40%** are women (**42** women out of **105** posts) and **62%** of all employees are women (**1919** women out of **3,121** employees).



Worker Health & Welfare



Group-wide Gender Reporting

We strive to ensure that the profiles of our board members and managers have the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. Our ambition is that our board will become more diverse — we are actively seeking female candidates to help us achieve this goal.

In 2021 no new board members were elected for the Board of Directors

Diversity & Inclusion

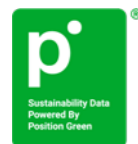
At Espersen, we embrace diversity and are proud to see **23** nationalities represented among our **3,121** employees. We want our employees to reflect the society we are part of, and ultimately, enable us to produce the seafood products our customers love.

We aim to be a company in which everyone has the same opportunities and feels free to be themselves. We know that effective collaboration thrives in diverse groups. We believe that we already offer an inclusive workplace but hope to continue welcoming employees from a range of backgrounds and experiences.

Greenhouse gas emissions

	Units	2021
Scope 1	tCO ₂ e	1,229
Scope 2	tCO ₂ e	30,653
Scope 3	tCO ₂ e	12,451,154
Company cars	tCO ₂ e	26
Fuel	tCO ₂ e	29
Electricity	tCO ₂ e	0.04
Upstream transportation Road transport	tCO ₂ e	12,324,100
Upstream transportation Marine Transport	tCO ₂ e	126,999
Total selected scope 3	tCO ₂	12,451,154
Total emissions	tCO ₂ e	12,483,036
Emissions intensity	TonCO ₂ e/ million DKK	4,677

All emissions are accounted in accordance with the Greenhouse Gas Protocol Corporate Standard. Sustainability data source of emissions is powered by Position Green.



Environment

	Units	2020	2021
Total energy use	kWh	57,516,006	56,773,366
Electricity consumption	kWh	38,971,179	36,083,909
Renewable energy	%	n/a	9
Energy use per kg product	kWh	n/a	0.72
Total operational spend on energy	%	n/a	10.64
District heating	kWh	18,544,827	20,689,458
Total water consumption	m3	891,120	886,057
Water intensity per kg product	litre	12.13	11.3
Carcass utilization indicator (CUI)	%	77	77
Total waste	kg	17,382,822	21,391,556
Sewer in wastewater	kg	216	220
Controlled combustion	kg	328,847	431,730
Anaerobic digestion/biogas	kg	1,623,397	4,298,002
Landfill	kg	536,793	521,927
Animal feed	kg	14,893,569	14,863,927
Other (sold further)	kg	n/a	1,275,750
Total recycling	kg	2,569,979	2,950,401
Paper/cardboard	kg	1,491,818	1,628,698
Plastic	kg	423,636	390,890
Other (wood, metal)	kg	654,525	930,813

Worker Health & Welfare

	Units	2020	2021
Gender diversity			
Males in Board of Directors	%	86	86
Females in Board of Directors	%	14	14
Males Directors	%	100	100
Females Directors	%	0	0
Males Senior Managers	%	n/a	78
Females Senior Managers	%	n/a	22
Males Managers	%	n/a	51
Females Managers	%	n/a	49
Males (all employees)	%	40	38
Females (all employees)	%	60	62
Safety			
Accidents	Number	94	71
Accident Frequency Rate	Number	19	15.2
Accident Severity Rate	Number	2.9	2.3

Sustainable sourcing

	Units	2020	2021
Seafood sourced with third part certification scheme	%	93	99
Certified Palm Oil	%	n/a	100
Certified indirect soy in fish feed	%	n/a	67
Certified supplier sites (GFSI)	%	n/a	60
Conducted supplier audits	Number*	0*	5*

Governance

	Units	2020	2021
Whistle-blower system IntegrityLine cases	Number	0	0

*Affected by Covid-19.

Environment

Our greenhouse gas emissions calculations have been performed in accordance with the methodology set out in the Greenhouse Gas Protocol Corporate Standard.

Scope 1

Emissions include on-site fuel, freezing agents, stationary combustion and company cars.

Freezing agents

- Emission factors for all countries from alltomfgas.se (<https://alltomfgas.se/koldmedietabell>)
- Denmark: R717
- Poland: R22, R234A, R404A, R407C, R410A, R422D, R449A, R717
- Lithuania: R134A, R404A, R407C, R410A, R449A
- Russia: R22, R407C, R410A
- Vietnam: R717

Fuel consumption

- Denmark: N/A
- Poland: Petrol and diesel source: WTW Energimyndigheten drivmedelslagen (2019) & TTW Naturvårdsverket emissionsfaktorer och varmevarden (2020). LPG gas source: DEFRA (UK Government GHG Conversion Factors for Company Reporting) 2021 EDITION.
- Lithuania: Diesel source: WTW Energimyndigheten drivmedelslagen (2019) & TTW Naturvårdsverket emissionsfaktorer och varmevarden (2020)
- Russia: N/A
- Vietnam: Diesel source: WTW Energimyndigheten drivmedelslagen (2019) & TTW Naturvårdsverket emissionsfaktorer och varmevarden (2020)

Company cars

Group level: Petrol source: TTW, Diesel source: TTW, Hybrid source: WLTP (EEA, 2021)

Scope 2

Emissions include electricity, district heating and company cars (electric and hybrid cars). Emissions from off-site and satellite offices are omitted.

Electricity Consumption

- Denmark: Source: Association of Issuing Bodies (2021)
- Poland: Source: Association of Issuing Bodies (2021)
- Lithuania: Source: Vattenfall EPD
- Russia: Source: IEA 2020
- Vietnam: Source: IEA 2020

District Heating

- Denmark: Source: IEA (2017)
- Poland: Source: IEA (2018)
- Lithuania: Source: IEA (2018)
- Russia: Source: IEA (2018)
- Vietnam: N/A

Company cars

Group level: Hybrid source: global carbon intensity of electricity (IEA, 2021)

Scope 3

Emissions include fuel, stationary combustion and electricity. Selected part of our upstream and downstream transportation and distribution, company cars, business travel by private cars, taxi and air.

Electricity Consumption

- Denmark: N/A
- Poland: N/A
- Lithuania: Source: Vattenfall EPD
- Russia: N/A
- Vietnam: N/A

Company cars

- Group level: Petrol source: WTW-TTW (NTM, 2018), Diesel source: WTW-TTW (NTM, 2018).
- Business travel
- Group level: Taxi source: Carlsson Kanyama et. al (2019), travel by private cars and air N/A 2021.

Upstream and downstream transportation and distribution

- Group level: Road transport, Fuel-based method: involves determining the amount of fuel consumed (i.e., scope 1 and scope 2 emissions of transport providers) and applying the appropriate emission factor for that fuel.
- Distance-based method: involves determining the mass, distance, and mode of each shipment, then applying the appropriate mass-distance emission factor for the vehicle used. Source of emission factor: load factor= 50%, NTM (2020).
- Group level: Marine Transport, source of emission factor: assuming container 6000-12000 TEU, NTM (2020)

Gender diversity

The number of employees is calculated as the number of full-time employees registered in Espersens HR system. Employee indicators and the share of women in the board of directors, directors, senior managers, managers and all employees is calculated based on headcounts at end of the reporting period.

Safety

All safety data refer to factory employees only. The number of working hours is measured based on daily time card registered in the payroll system for hourly paid employees, and prescribed working hours for salaried employees.

Accident Frequency Rate

Number of accidents x 1,000,000/ total person-hours of work performed

Accident Severity Rate

Number of days lost by labor disability x 1,000,000/ total person-hours of work performed

Sustainable sourcing

The number of raw material sourced with a third party certification scheme is calculated as the number of certificates registered in Espersens quality management system (D4ifonnet@-D4). The share of certified suppliers and raw material and ingredients is calculated based on headcounts at end of the reporting period.

Whistleblower system

All incidents made to the whistleblower system are investigated thoroughly. At the end of the reporting year, the total number of whistleblower cases is calculated based on headcounts at end of the reporting period.



● The Story ● Location
● Long Term Impact ● Sig
● Food ● Focus & Goals ●
● sults ● Net Positive Fis
● Onboard a Norwegian
Sustainable Innovation
● Beyond Fish ● Pac
● Due Diligence ● Gove
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● Producing Scope 3 Emiss
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