

Sustainability Report 2018

Changing for the future



Delicious
 **Seafood**
with passion

 **ESPERSEN**



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A middle-aged man with grey hair and a beard, wearing a dark blue suit jacket over a light blue button-down shirt, is smiling at the camera. The background is a blurred cityscape with buildings and a body of water under a clear sky.

“This year’s sustainability survey showed that our thinking is in line with industry experts and stakeholders. We are proud of these findings and are excited to share them with everyone.”

From the CEO

The past year has been marked by how noticeable issues of sustainability have been at the forefront of society's conscience. The Intergovernmental Panel on Climate Change (IPCC) warned that carbon emissions must be reduced by 45% by 2030 to avoid climatic disaster. Plastics have been branded as public enemy no. 1 throughout most of the western world, with a huge amount of media pressure to reduce the use of 'disposable plastics'. A record seven subtropical storms occurred in this year's North Atlantic hurricane season – leading to over \$33 billion worth of damage.

People have never been so aware of the pressure this planet and the people that live on it are under. As conscientious citizens, this awareness is beginning to have marked impacts on the way people live and consume all products – especially their food, including what we produce here at Espersen.

Sustainability is a broad term that we believe encompasses three fields: ethical, environmental and economic sustainability. Ethical concerns mostly centre around the treatment and welfare of those who work with and for us, in both their professional and personal environments. However, we also have a responsibility towards our target species and other flora and fauna that share their habitat. Environmental awareness is probably the most well documented; from the impact of trawling on the seabed, to the energy and water use in our processing plants, to reducing plastic in our packaging — we aim to minimise the environmental footprint of our operations wherever we can. Economic sustainability means being able to deliver our products to our customers at a cost they can afford, while also helping to support the livelihoods of our employees, their families and communities — the people at the core of our business. It is this full spectrum of concern for sustainability that our customers expect and respect us for.

This year's sustainability survey showed that our thinking is in line with industry experts and stakeholders. We are proud of these findings and are excited to share them with everyone. This is an exciting opportunity for us, as our people and wider society is now engaged in sustainability — we are able to actively mainstream sustainability into our business model, ensuring it is woven into the fabric of our day-to-day operations.

We are also proud of our involvement in broader societal initiatives. In particular Champions 12.3 — a network of executives committed to halving food waste by 2030, and the Agreement to temporarily stop fishing in sensitive ecological areas around the North Atlantic Island of Svalbard.

Sustainability has been a prominent theme worldwide throughout 2018 — and we are proud of the role we play in this movement. However, we also understand that this is an ongoing process which requires continuous work. Therefore, we prefer to see 2018, not as a milestone for sustainability success, but a strong foundation on which we can grow and build — continually improving the ethical, environmental and economic impact we have on the world around us.

Klaus Nielsen

Esperesen business model

An integrated 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, France, Lithuania, Poland, Russia, Spain, Hong Kong, the UK and Vietnam. To maintain competitiveness we are constantly focused on improving our productivity and utilizing our scale to be cost efficient. Esperesen is recognized for its superior quality — maintaining and delivering the highest quality is paramount to us. Strong relationships with the fishers — people catching the raw material we source, primarily cod, haddock, hoki, pollock, flounder and saithe — is key to our success.

2. Sustainable production

Our sustainable focus gives us a competitive advantage — both because it ensures we source and handle our raw materials with care & respect and because our customers are increasingly looking for sustainability in supply, as a differentiator. 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. We treat each other with respect, and we support and respect the internationally recognized human rights as formulated in the UN Human Rights Declaration and the internationally recognized Labor Organization (ILO) core conventions. Guided by the skills and passion of people, we continue to help lead the fishing industry on a journey towards sustainability.

3. Innovation

Our aim is to provide customers with solutions — products and processes — that will equip them to deal with tomorrow and put them ahead of their competitors. Our innovation is informed by our ability to understand our customers' needs.

Winning culture and strong values:

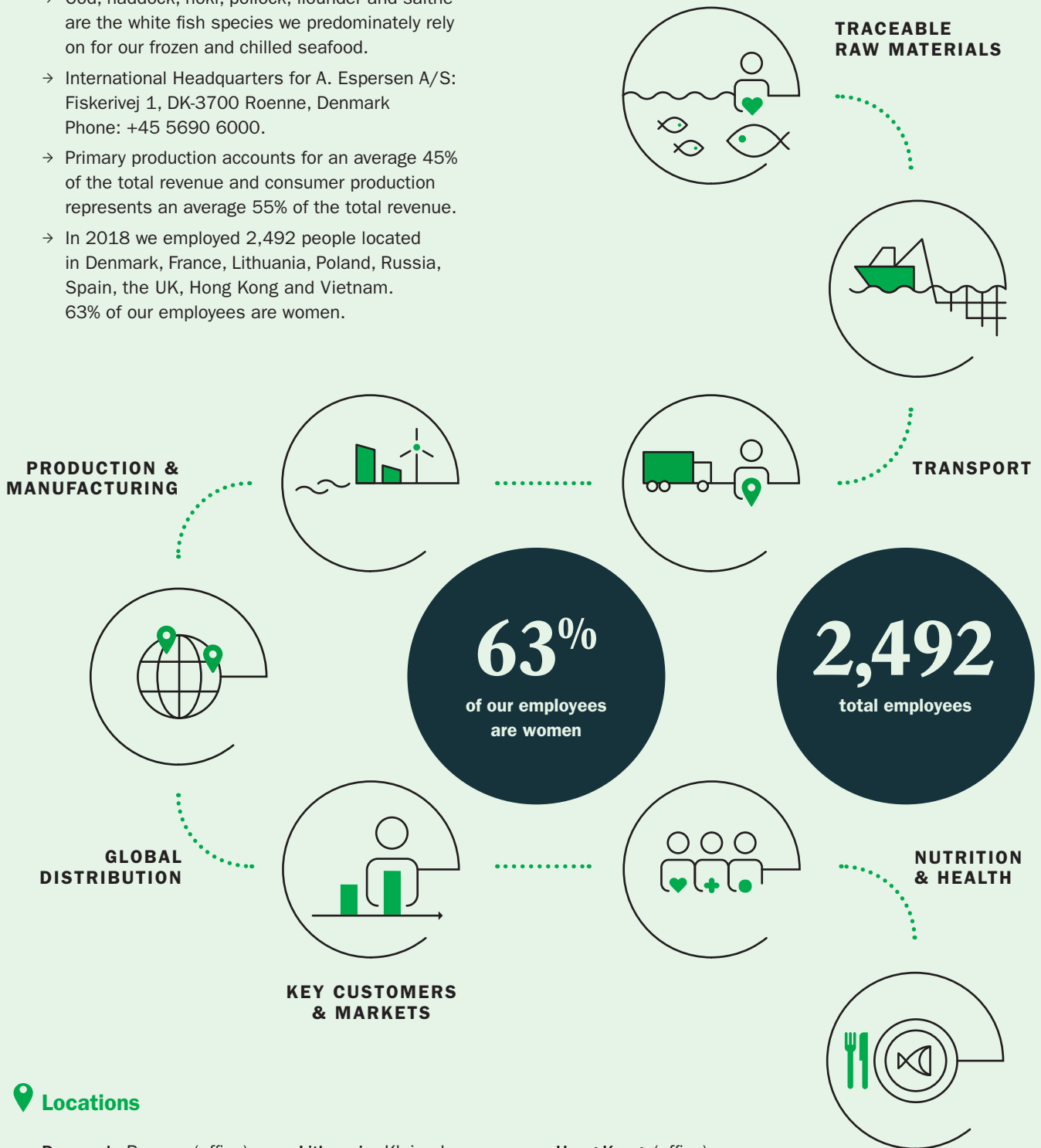
Esperesen is a company where we do what we say and say what we do. We are guided by a set of six values:

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



Key facts

- Cod, haddock, hoki, pollock, flounder and saithe are the white fish species we predominately rely on for our frozen and chilled seafood.
- International Headquarters for A. Espersen A/S: Fiskerivej 1, DK-3700 Roenne, Denmark
Phone: +45 5690 6000.
- Primary production accounts for an average 45% of the total revenue and consumer production represents an average 55% of the total revenue.
- In 2018 we employed 2,492 people located in Denmark, France, Lithuania, Poland, Russia, Spain, the UK, Hong Kong and Vietnam.
63% of our employees are women.



Locations

Denmark: Roenne (office), Hasle (consumer), Fredericia (consumer), Copenhagen (office)

Poland: Koszalin (primary, consumer)

Lithuania: Klaipeda (primary)

Russia: Novgorod (consumer)

Vietnam: Ho Chi Minh City (primary)

Hong Kong: (office)

France: Boulogne-sur-Mer (office)

UK: Grimsby (office)

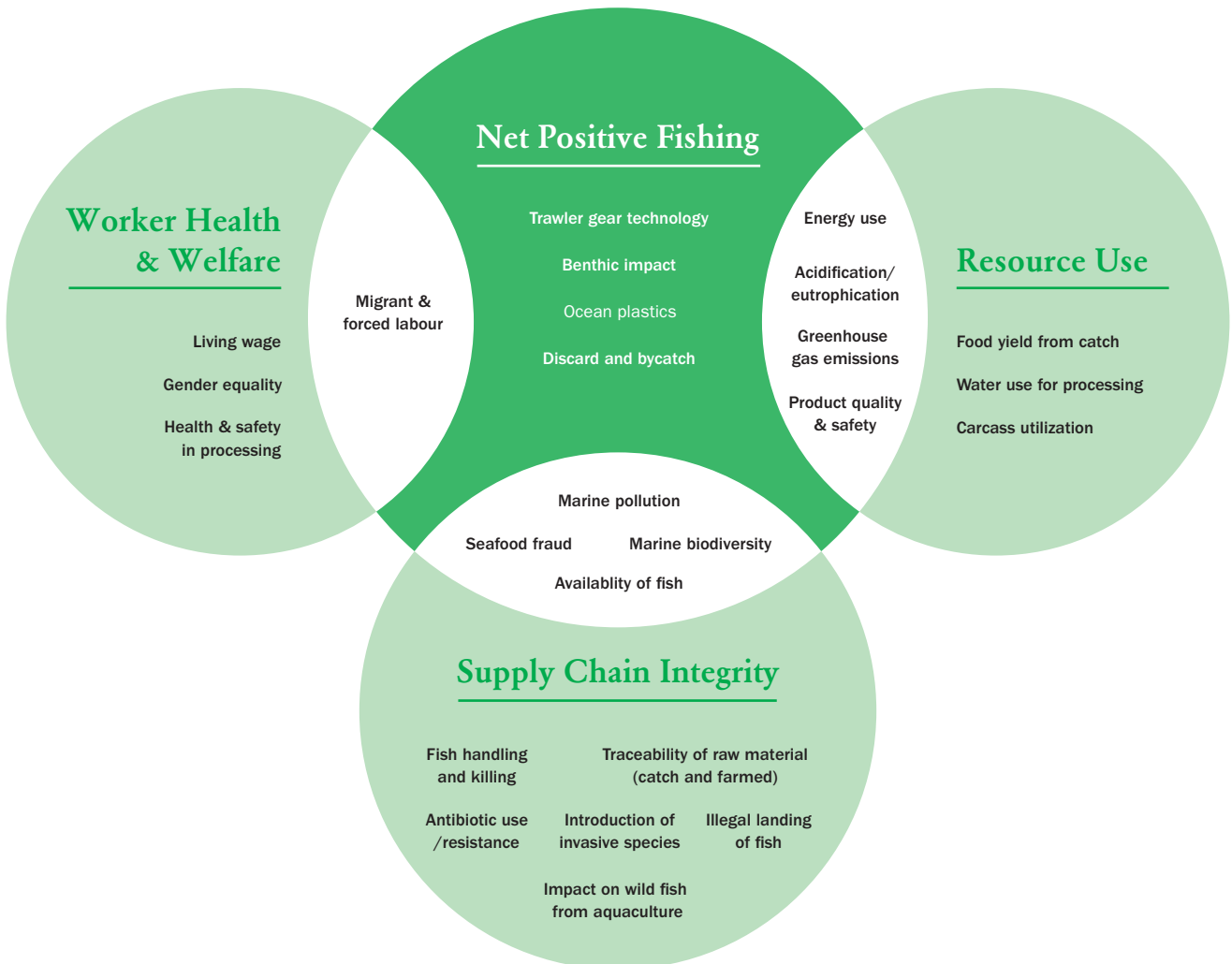
SEAFOOD WITH PASSION

Materiality analysis



We continuously implement the following steps while developing our programme – ensuring it stays relevant and tackles our most material challenges:

1. Identify our business ‘footprint’ to establish our reach and potential impact across our entire supply chain.
2. Capture relevant direct and indirect sustainability issues — issues which impact our business and which we, in-turn, have an impact on. To do this we use the 3Es framework of ethics, environment and economics (see diagram below).
3. In 2018 we conducted an internal and external stakeholder survey. The purpose of the survey was twofold — to measure the involvement and ownership of our sustainability programme amongst our staff and secondly, to ensure that our programme has the scope to tackle the most material challenges to our business. We asked 21 internal and 65 external stakeholders — people with backgrounds and expertise in both wild fisheries and aquaculture.
4. Scientific review of key sustainability challenges to inform our response.



What our stakeholder survey tells us



Max Sørensen
Chief Operating Officer

Towards the end of 2018, Espersen launched a sustainability questionnaire to ensure that their sustainability concerns aligned with those of leaders within the company and the industry as a whole. The questionnaire was designed to fully represent a cross section of the issues that people within aquaculture and marine fisheries are truly concerned about, in the sustainability sphere.

Two versions of the questionnaire were formulated: one targeting individuals within the company and the other was sent to a range of individual stakeholders with affiliation to the industry, referred to as external respondents. This included senior academics, producers, regulators and representatives of NGO's. Within each questionnaire, questions regarding the sustainability of both marine fisheries and aquaculture were posed.

Within marine fisheries

In the first section, external respondents were asked to select one answer for each issue that best reflected their opinion on the urgency for action needed to address a range of sustainability issues in marine fishing. Care was taken to ensure these issues were comprehensive and dealt with all three aspects of sustainability: the economic, ethical and environmental responsibility of our actions.

The top three issues of concern were:

- Fish stock management
- Illegal, unregulated and unreported fishing
- Migrant and forced labour

This seems to be in line with internal views whereby the second and third most important views were fish stock management and unregulated or unreported fishing. However, the issues that almost 50% of internal respondents said needed urgent action to counter was ocean plastics. The topic of ocean plastics has been the poster concern for marine sustainability in recent years with a huge amount of media coverage.

Externally, the issues that seemed of least concern were: fresh water usage for processing, fish handling & slaughter and food waste from processing. It could be suggested that externally, people tend to think more about the broader ecosystem of issues surrounding where the fish comes from, rather than the 'inside the business' processes necessary to create the final product. This is in sharp contrast to the passion and diligence we are applying to reduce all types of resource waste, including food waste. We recently signed up to Champions 12.3 — a coalition of executives from governments, businesses, international organizations, research institutions, farmer groups and civil society. A coalition dedicated to reducing food waste by half — in line with the UN's Sustainable Development Goals (SDGs).

Internally, the issues that respondents deemed the least in need for urgent action were: gender equality, living wages, migrant and forced labour. We believe this reflects the attention that we have placed on these critical issues within our workforce and the steps we have already taken to manage and reduce these risks.

Within aquaculture

From the fifteen aquaculture issues presented in the survey, external respondents deemed that the issues in need of immediate action were:

- Water quality
- Antibiotic use
- Migrant and forced labour

Over a third of all respondents thought water quality and antibiotic use, in its current state, were especially pressing. From an internal perspective, antibiotic usage and water quality were also of high concern, but the one that most people deemed in need of immediate action was — food security. We believe this shows a growing understanding internally and externally of the role responsible aquaculture is expected to have in helping to produce enough food for a growing global population.

Leading the way

This survey had two main benefits to us. The first, was to demonstrate that almost universally the concerns of experts and stakeholders — within the fields of both aquaculture and marine fisheries — are aligned. This helps to highlight that Espersen values the sustainability of the oceanic environment, the livelihoods of the communities that depend on it and the individuals who are the backbone of this industry — the people at the forefront of our business sustainability strategy. Secondly, it is heartening to see that our internal stakeholders recognise the positive steps we have been taking for years in tackling issues that external stakeholders are very concerned with — like migrant and forced labour.

In an era where everyone is aware of the strain our planet is under, it is encouraging to see that we are on the right track and are leading the way in tackling the sector's most pressing challenges.

Our sea, our fish, our food

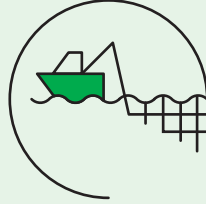
Food systems are integral to the health of people and the sustainability of the planet. Sustainability is about being fit for the future, which means being ready to adapt your approach and efforts. Developing inclusive, sustainable, efficient, nutritious and healthy food systems is essential to achieve the Sustainable Development Goals (SDGs).

For us it means that we continuously review our program to ensure it tackles the most pressing issues facing our business and the environment in which we operate — in the most effective way. The areas we work in are identified and supported by the priorities of internal and external stakeholders, as well as an ongoing review of published fisheries science.

Currently, nearly half of the world's population does not eat a properly nutritious diet and we believe seafood is key to address this crisis. Oceans cover three quarters of the Earth's surface, more than 3 billion people depend on healthy oceans for their primary source of protein and over 200 million people are in some way employed in marine fisheries. This is why we have made contributing to the SDGs a core element of our sustainability program.

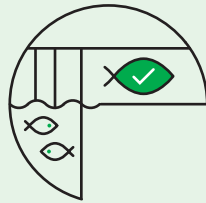


Focus & goals



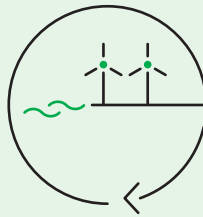
Net Positive Fishing

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



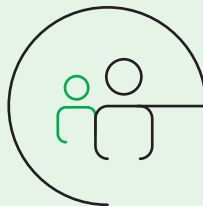
Supply Chain Integrity

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



Resource Use

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



Worker Health & Welfare

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



Objectives & results

100%



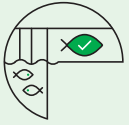


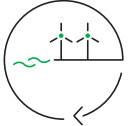






traceability back to source

82.6%

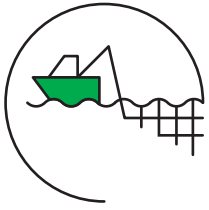
of all sourced fish is from GSSI recognized Seafood Certification Schemes such as MSC or ASC

73.5%

of all sourced fish is used for human consumption

Focus Area	SDG Goal
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, end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices. 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.
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.  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.
Resource Use 	 Goal 13: Climate action Take urgent action to combat climate change and its impacts.  Goal 8: Decent work and economic growth Target 8.4: Decouple economic growth from environmental degradation.  Goal 12: Responsible consumption and production Ensure sustainable consumption and production patterns. 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.
Worker Health & Welfare 	 Goal 8: Decent work and economic growth Target 8.8: Protect labour rights and promote safe and secure working environments for all workers.  Goal 5: Gender equality Achieve gender equality and empower all women and girls. Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making.

Espersen Goal	Objective	Reported Results
<p>Conserve and sustainably use the oceans, seas and marine resources as a vital source of healthy and affordable food.</p>	<p>Identify and promote new gear technology with improved fish handling, selectivity and reduced energy use and environmental impact.</p>	<p>Continuously looking for new partners well placed to take this work forward.</p>
	<p>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.</p>	<ul style="list-style-type: none"> → 2nd report from OceanMind on enforcement of the Arctic fishing agreement — demonstrating the success of the initiative. → Founding member of GSSI.
<p>Secure traceable supply of 'delicious seafood with passion' from viable fish stocks and best practice aquaculture.</p>	<p>Ensure purchasing decisions are based on robust sustainability criteria and implement monitoring system of all sourced fish (wild and farmed).</p>	<ul style="list-style-type: none"> → 82.6% of all sourced fish wild and farmed are certified by GSSI recognized schemes. → Compliance with Modern Slavery Act.
	<p>Implement electronic traceability systems throughout the supply chain such that all stock can be traced back to source.</p>	<ul style="list-style-type: none"> → 100% traceability back to source (fishery, species, boat). → Electronic traceability system from factory gate to end customer. → Support for the global dialogue on seafood traceability. → Implement online whistleblower system.
<p>Use resources responsibly with the aim to decouple waste, water and energy use from our production footprint.</p>	<p>Cap greenhouse gas emissions at 2011 level within the Espersen group.</p>	<ul style="list-style-type: none"> → Not achieved. CO2 equivalent kg emission, per kg of product increased. This is mainly caused by the acquisition of a new factory and the disturbance associated with moving production from one site to the new one. We expect production efficiencies to take effect in the next year. → Began reporting to CDP— current rating is D for 2017.
	<p>Decouple energy use from kg of product produced.</p>	<ul style="list-style-type: none"> → Energy use per kg product increased. This is mainly due to the continued process of moving production to the new factory and thus running duplicate sites for a limited period.
	<p>Decouple water use from kg of product produced.</p>	<ul style="list-style-type: none"> → Achieved. Total water use remained static despite 6.4% increase in production. As a result water use per kg of product continued to fall to same level as in 2010.
	<p>No waste to landfill.</p>	<ul style="list-style-type: none"> → Not achieved. But compared to 2017 we have reduced the volume of waste sent to Landfill by 10%, a reduction of 41 tons to a total of 355 tons. → However, recycling of paper, cardboard, plastic, wood and metal almost doubled in one year — increasing across the company by almost 1,076 tons, to a total of 2,397 tons in 2018. → We started measuring the amount of plastic recycled in 2007. Plastic recycling has increased by 596% the last 5 years, from 6 tons in 2014 to 43 tons in 2018. → Developed a Sustainable Packaging Strategy.
	<p>90% Carcass Utilization for human consumption of sourced fresh/frozen fish by 2022.</p>	<ul style="list-style-type: none"> → We bought 79,000 tons of foodstuffs (mainly fish). 73.5% was used for human consumption (down from 78.4% last year). This is due to the acquisition of a new factory, and with it, the introduction of new species (flounder). → Of the 21,000 tons of foodstuff not used for human consumption, 97% was sold as byproduct for animal feed and 3% was used for biogas production. → 'Champions 12.3': started reporting on our commitment to halve food waste by 2030. In 2018 we accounted for 1 ton of food waste.
<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 Ethical Trading Initiative (ETI) as our baseline standard and to review it regularly for continuous improvement.</p>	<ul style="list-style-type: none"> → 100% of facilities are ETI Base Code certified or audited to customer specific higher standards. → Group-wide reporting and response procedure for Accidents in the Workplace (166 accidents in 2018 a reduction compared to 239 accidents in 2017 corresponding to H1at 46.4 in 2017 and 33.1 in 2018).
	<p>Ensure at least 25% of appointed Board members are women by 2018.</p>	<ul style="list-style-type: none"> → One of the eight appointed board members are women (13%). → Gender-based reporting for all levels of management across the Group: <ul style="list-style-type: none"> – At Director, Senior Manager and Manager level 39% are women. – 63% of all employees are women.



Net positive fishing



Alex Olsen
Head of Sustainability

Goal:

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

Objectives:

- Identify and promote new 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 continue to promote alternative gear design and are looking for partners that can take this work forward in a practical way.
- We continue to participate and support the industry group agreement on fishing in the North East Atlantic. The second report from OceanMind shows the effectiveness of this initiative



A group of retailers, processors and vessel operators wanted to ensure the sustainability and biodiversity of the northeast marine area around Svalbard Islands and came together around the joint Industry Group Agreement to the cod fishery.

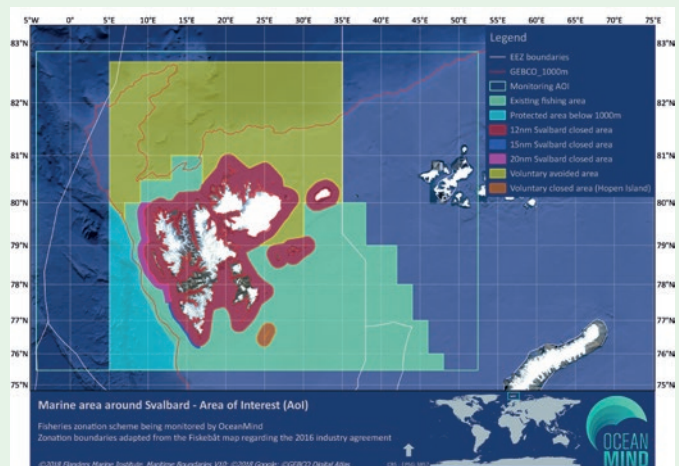
These waters, both recognised as important fishing grounds of international interest and identified as critical in safeguarding ecological biodiversity, are becoming more accessible to fishing vessels due to the receding Arctic sea ice. In response to this changing landscape, the industry agreement defined a voluntary avoided area to the north of Svalbard in order to encourage product sustainability of the cod supply chain.

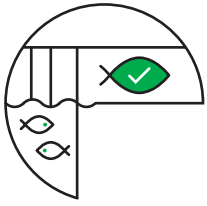
The group appointed OceanMind to monitor all fishing activity of the Marine Stewardship Council (MSC) certified trawl fleet and other vessels in the area of interest around Svalbard, using vessel tracking information to look at likely trawl fishing activity. OceanMind is a group specialised in helping countries and industries more effectively enforce fisheries by providing intelligence on fishing activities — rapidly identifying suspected non-compliance, and supporting investigation, case management and prosecutions.

The second report documents that only two vessels (of which one is party to the agreement) were observed demonstrating speed and tracks consistent with trawl fishing inside the voluntary avoided area. The group will now discuss, with vessel operators, whether fishing took place and what impact this will have under the Agreement.

In advance of the next fishing season OceanMind recommends continued monitoring as well as cross referencing with Synthetic Aperture Radar (SAR) to be able to also assess the number of ‘dark vessels’ that may be operating inside the voluntary avoided area.

Map of the area of interest around Svalbard





Supply chain integrity



Allan Andersen
Manager of Group Logistics

Goal:

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

Objectives:

- Ensure purchasing decisions are based on robust sustainability criteria and implement monitoring system of all sourced fish (wild and farmed).
- Implement electronic traceability systems throughout the supply chain such that all stock can be traced back to source.

What we are doing:

- Traceability and 3rd Party Certification:
 - 100% of the fish we buy is traceable back to source (fishery, species, boat). Electronic traceability system in place from factory gate to end customer.
 - 82.6% of the fish we buy is from GSSI accredited certification schemes (e.g. MSC, ASC, BAP).
- Ongoing supplier assessment and Modern Slavery Act compliance.
- Support for the Global Dialogue on Seafood Traceability.
- Whistleblower system:
 - We assess our supply chain regularly to evaluate any risks of unethical behaviour such as corruption. Driving responsible business practice is of high importance to us. Espersen is against corruption in all its forms, including bribery and facilitation payments.
 - In line with the Espersen Code of Conduct, we encourage our employees and partners to report concerns or misconduct within our company as a way to lower the risk of unethical business behaviour. To support the Espersen Code of Conduct, we provide a safe system (Espersen Whistleblower System) for employees and partners to report concerns or illegal activities in the workplace:
<https://espersen.whistleblownetwork.net/WebPages/Public/FrontPages/Default.aspx>
 - In 2018 we did not receive any report through our whistleblower system.

Why does logistics matter to you?

Logistics is hugely integral to our business because the primary product is fish. The value of fish is so dependent on quality and freshness which in turn is dependent on how quickly it can be taken from the water to the plate, but also the manner in which it is done. It is the role of the logistics division to find solutions to these challenges, which is why it matters to me.

What is Espersen's logistics footprint?

Most of the transport stages in our supply and distribution chain are done by lorries for terrestrial journeys and by container ships for longer journeys. As a result, the principle measure of sustainability is our greenhouse gas emissions. Emissions can also come from the refrigeration process used in our warehouses and as such, we are always trying to find ways of reducing this problem. For example — both Espersen and our suppliers target to plan round trips for less empty mileage on the road and thereby reduction of emission.

What are you working on in terms of improving Espersen's operation?

Greenhouse gas emissions have inherently always been the biggest issue in logistics, and we're constantly working on how to reduce these. For example, we insist that 90% of the lorry fleet of any transport company we work was built before 2011 and so are more efficient than older vehicles and so will be less environmentally polluting. In addition, we aim to have statistical data of fuel consumption from all our strategic suppliers and encourage them to have training among their drivers for optimizing their driving behaviours.

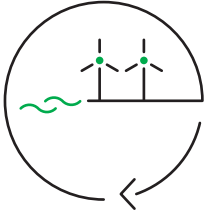
How would you describe the 'Espersen way of doing logistics'?

It is important to me and Espersen that the logistics contractors we work with have aligned sustainability values. The environmental impact of haulage and shipping companies is a big determining factor in whether we establish a relationship in the first place. To ensure we always have a grasp on how our partners work we keep the total number of partners limited which also allows us to exert our influence and standards on them. As with any division of Espersen, it is incredibly important that we have a responsibility for the health and welfare of the people involved in our logistics chain. Several strategic partners have installed cameras in the front and back of their vehicles to increase road safety. Together with collision warning systems, they continuously strive to make the roads safer for other road users and themselves.

What do you think your operation will look like in five years?

It is difficult to project what particular innovations and environmental changes will occur in the next five years that could necessitate an adaptation in our logistics chain. Together with our partners, we work on setting specific and relevant targets improving our logistics in such a way as to make them more sustainable. We closely monitor different technologies, particularly in terms of refrigeration and storage and also consider using alternative fuels in our lorry fleets, such as electricity or compressed gas. Strategic partner 'Vlantana UAB' has, as an example conducted the first tests of CNG driven lorries with their supplier Scania. The development of electric lorries is being monitored closely, but so far they are not reliable due to their shorter range, reduced total weight carrying ability and infrequency of charging points.





Resource use



Kristian Thøgersen
Category Manager — Packaging

Goal:

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

Objectives:

- Cap greenhouse gas emissions at 2011 level within the Espersen group.
- Decouple energy and water use from kg of product produced.
- Decouple water use from kg of product produced.
- No waste to landfill.
- 90% Carcass Utilization of fresh/frozen fish by 2022.
- Develop a strategy to reduce our impact on climate change.

What we are doing:

- As a Champion 12.3 member we are reporting our food waste (1 ton in 2018) and committed to halving it by 2030.
- Developed Sustainable Packaging Strategy, with a focus on reducing plastic in packaging by 2025:
 - 75% of the plastic should be bioplastic.
 - Reduce volume with 15% per unit compared to 2017.
 - Reduce the use of mixed laminated plastic by 40%.
- CO2 equivalent kg emission, per kg of product increased.
- Began reporting to CDP — current rating is D for 2017.
- Energy use per kg product increased.
- Total water use remained static despite 6.4% increase in production.
- 10% reduction of the volume of waste to landfill.
- Almost double the amount of paper, cardboard, plastic, wood and metal sent to recycling.
- 73.5% of purchased foodstuffs was used for human consumption.
- Developing an Espersen Climate Action Plan 2020–2025.

Why does sustainable packaging matter to you?

Not only is sustainability an important part of our DNA — it is also high on the agenda for our customers and the consumers. As a result, we are committed to meeting the values, cost and sustainable packaging criteria that satisfies the customers desires and comply with the UN standards.

What is Espersen’s current packaging footprint?

Espersen use a range of materials in packaging as is normal for the industry. These can range from cardboard and plastics to aluminium trays and EPS boxes. The first step in devising our sustainability strategy was in assessing our footprint. For example, we used 1,150 tons of retail boxes and 920 tons of plastic packaging in 2017. This scale means we are perfectly poised to have a very significant impact with our sustainability drive.

What are the key components of your new sustainable packaging strategy?

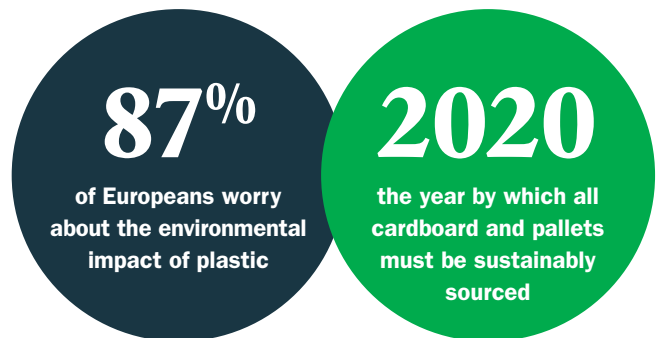
In the most simplest terms, we aim to reduce the amount of packaging we use, especially single use packaging — whilst never compromising on the final quality of our product. We want to minimize environmental impact but also ensure that our food waste is at an absolute minimum, which is an area we feel strongly about. Each packaging material has its own set of targets. For example, in 2020, all cardboard (retail and master) must be sustainably sourced (FSC) and in 2025, all our plastic packaging will be fully recyclable.

Which goal(s) are you most excited about — and why?

I think that the reduction of plastic packaging is an issue that has been so prevalent in the media for its impact on marine environments. As a result, I think it would be very satisfying to challenge this issue and come up with a working solution. I am also excited about the things we don’t know about yet. For example, we are looking into the use of bioplastics to evaluate if they would have a more sympathetic sustainability footprint than hydrocarbon plastics. The use of future technologies is a fascinating topic.

Five years from now — what do you think the impact of this work will have been?

I am most excited about the scale of influence that Espersen can have on the industry as a whole. I think we are perfectly poised as industry leaders to set a responsible example in sustainable packaging for others to follow.



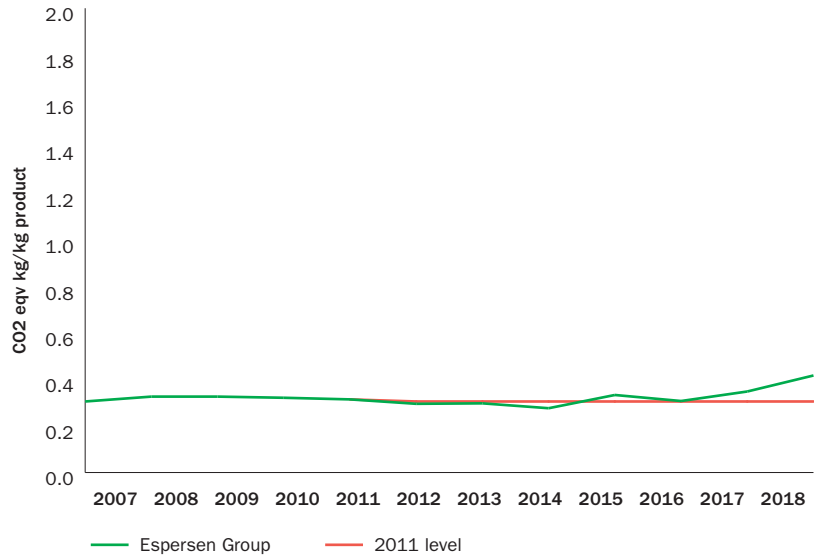
Espersen sustainable packaging strategy

<p>Cardboard:</p> <ul style="list-style-type: none"> → In 2020, all cardboard (retail and master) must be sustainably sourced (FSC) → In 2021, we have reduced our cardboard per kg with 5% → In 2020, we will not buy cartons from suppliers who add flour to their card board → In 2021, we expect our suppliers to use min. 85% of carton sheets (retail) 	<p>Plastic:</p> <ul style="list-style-type: none"> → In 2025, our packaging will be fully recyclable → In 2025, we will have reduced our plastic per kg by 15% → In 2025 we will have reduced the use of mixed laminated plastic by 40% → In 2025, 75% of plastic come from bioplastic → In 2025, we will have reduced the use of EPS boxes with 10% 	<p>Pallets:</p> <ul style="list-style-type: none"> → In 2020 all pallets need to be produced with wood from sustainable sources → In 2022 all pallets must have min. 85% pallet utilization <p>Metal:</p> <ul style="list-style-type: none"> → In 2022 we will have reduced the thickness of aluminium trays by 10% 	<p>Other Initiatives:</p> <ul style="list-style-type: none"> → We will create an initiative to promote the need to reuse and recycle (customer level) i.e. shrink plastic → We will work together with a 3rd party to minimize Ocean Plastic
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Results

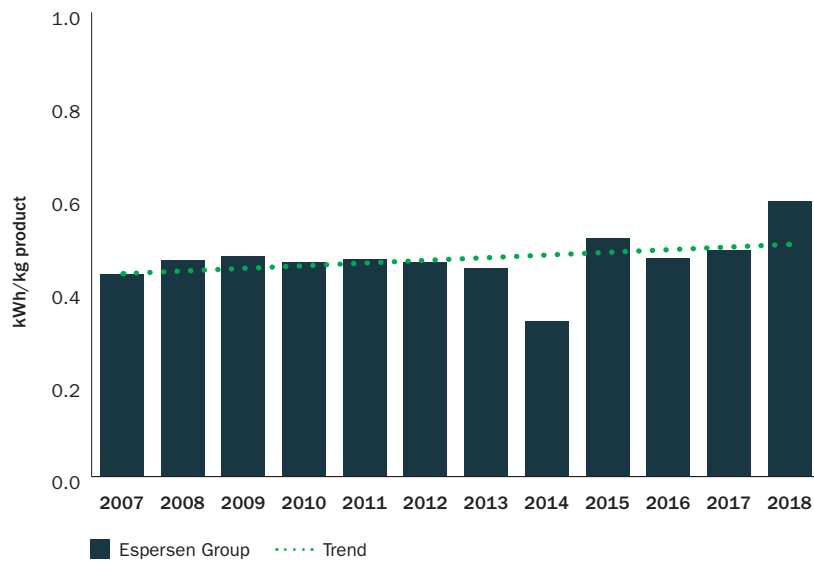
CO₂ equivalent emissions (kg) per kg of Product

The higher GHG emissions this year is the result of moving production from Denmark (Fredericia) to Poland (Koszalin/North Sea), increasing overall capacity and resulting in some transition duplication during test production.



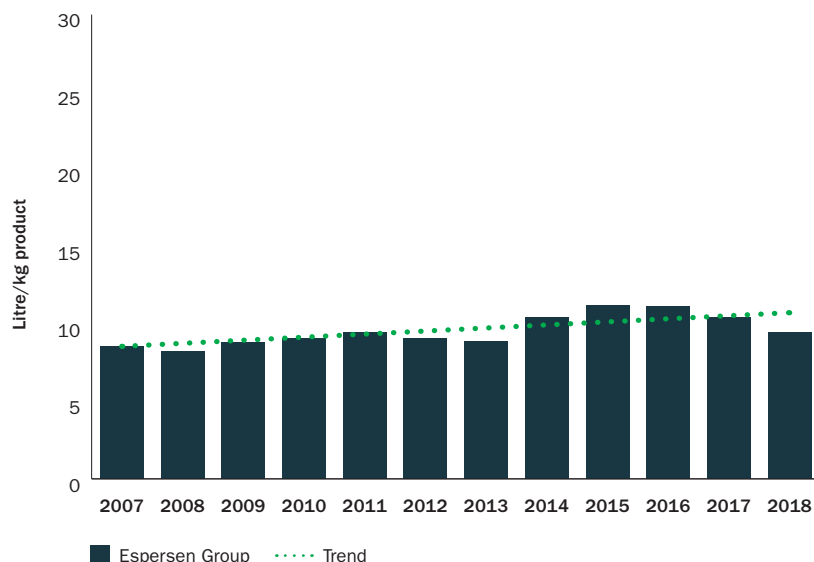
Energy usage (kWh) per kg product

Total energy use and energy use per kg of product increased. This year's increase was mainly due to the continued process of moving production to the new factory and thus running duplicate sites for a limited period.



Water usage (m³) per kg product

Total water use remained static this year despite 6.4% increase in production. As a result water use per kg of product continued to fall, reaching 2010 levels.



Waste to landfill and recycling 2018

Volume of waste to landfill was reduced by 10% compared to 2017, a reduction of 41 tons to a total of 355 tons.

Recycling of paper, cardboard, plastic, wood and metal almost doubled in the last year — increasing across the company by almost 1,076 tons, to a total of 2,397 tons in 2018.

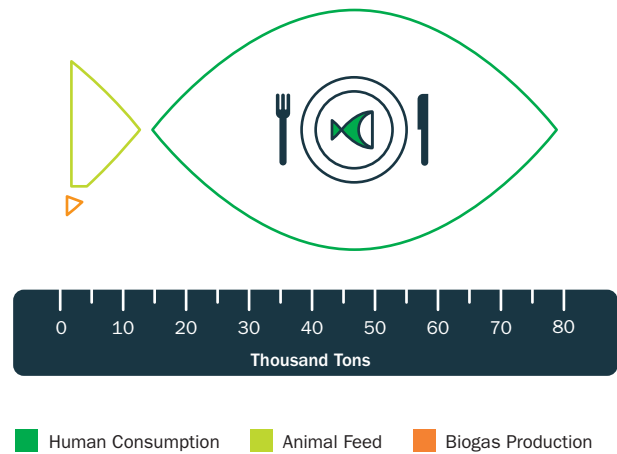


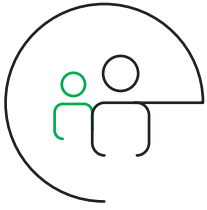
Carcass utilisation and food waste

Espersen bought 79,000 tons of foodstuffs (mainly fish). 73.5% was used for human consumption (down from 78.4% last year). The reduction is due to the acquisition of a new factory and with it the introduction of new species (flounder).

Of the 21,000 tons of foodstuff not used for human consumption, 97% was sold as byproduct for animal feed and 3% was used for biogas production.

As a 'Champions 12.3' member we have started reporting on our commitment to halve food waste by 2030. In 2018 we accounted for 1 ton of food waste.





Worker health & welfare



Mette Nørgård

Production Director — Consumer

Goal:

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

Objectives:

- Maintain the Ethical Trading Initiative (ETI) as our baseline standard and review it regularly for continuous improvement.
- Ensure at least 25% of appointed board members are women by 2022.
- Develop strategy to improve a more even gender distribution at all levels of management.
- Develop an action plan to minimize health and safety risks at all sites.
- Analyse significant risks related to health & safety in the workplace and develop an action plan to minimize these risks.

What we are doing:

- Continue to achieve ETI Base Code certification or auditing to customer specific higher standards in 100% of our facilities.
- Group-wide reporting and response procedure for Accidents in the Workplace.
- Reduced number of accidents — 166 accidents in 2018 (239 accidents in 2017). This corresponds to H1 at 33.1 in 2018, compared to 46.4 in 2017.
- Gender-based reporting for all levels of management across the company.
- One of the eight appointed board members are women (13%).
- At Director, Senior Manager and Manager level 39% are women and 63% of all employees are women.

Why do you personally care about health and safety?

As an employer, our employees are the biggest responsibility and it is therefore essential to provide a healthy and safe working environment throughout the organization. During my work life I have seen how even small accidents can have a debilitating impact on people's lives. It is therefore very important to me to ensure, that our colleagues leave work with the same abilities which they had when they arrived.

How would you describe the Espersen way of managing health and safety?

I strongly believe that health and safety is a discipline for everyone in the organization — starting with the direction being set by the senior management. Then it is the individual managers responsibility to take it to their own team and engage the employees in this. Our focus is on both the physical and mental working conditions and how we can continuously improve it to the benefit of everyone in the organization.

In our production sites, where the majority of our employees work, safety is a material risk for us, which is why safety in the work place takes high priority and we will need to develop the way we work with this even further. We need to make everyone aware that their behavior and that of their colleagues is often the difference between a managed risk and an accident. It can be small things — like a hose on the floor, which someone could fall over. Ultimately, when it comes to safety, ensuring our own and our colleagues' safety is everyone's responsibility and priority.

What is your health & safety ambition for Espersen

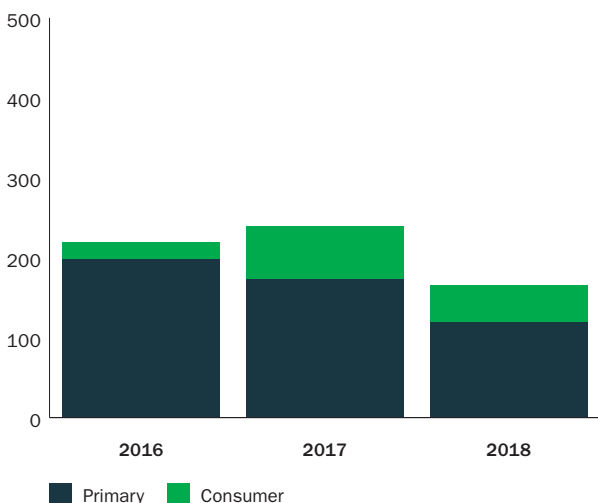
My ambition is that no one gets injured or ill as a result of our working environment. We must all strive for this. In Espersen we have strong values which support our work within health and safety. Throughout the organization there are many focused activities going on and in parts of the organization we have seen world class achievements. Having said this, it doesn't mean that we can get complacent, it's a constant evolving process — and honestly, there will always be more to implement.

Major accidents reported across the group per division

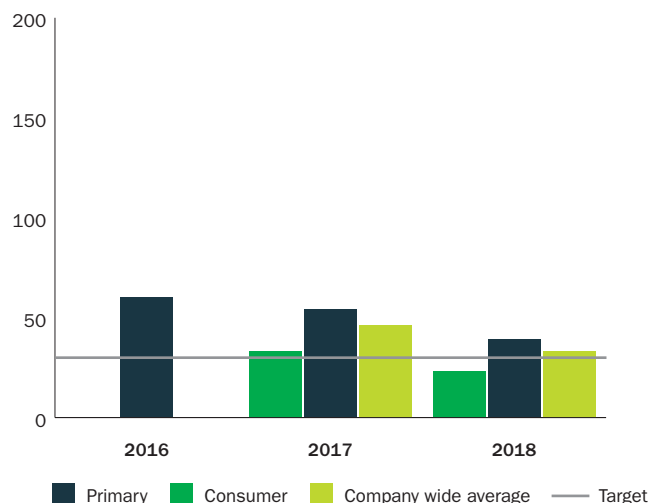
The first graph below shows the total number of accidents in 2016, 2017 and 2018, separated by the two types of factories Espersen operate — 'primary' and 'consumer'. Primary production is the first stage of processing, usually involving filleting whole fish or frozen blocks. Most of our people are involved in this part of the production. Consumer refers to the final processing of primary raw materials into final products for our end consumers.

The second graph (figure 3) shows major accidents presented as H1 values. H1 is a standardized reporting measure for the number of accidents per 1,000,000 working hours. Presenting accidents in this way allows for better comparison of safety in the workplace (per hour worked) regardless of the size of the factory and number of workers. The H1 value for Espersen in 2018 was 23.3 for Consumer, and 39.4 for Primary. Our target is for H1 to be below 30 in 2020 across the company. We continue to work to reduce accidents any way we can, as one work related accident is one too many.

Accident per division



H1 values per division and company average



ETI base code certified

In 2016 all of Espersen's facilities were ETI Base Code certified or audited to customer specific social standards for several years which secures a higher level of protection for our workers.



Employment
is freely chosen



Freedom of association
and the right to collective
bargaining are respected



Working conditions
are safe and hygienic



Child labour
shall not be used



Living wages
are paid



Working hours
are not excessive



No discrimination
is practised



Regular employment
is provided



No harsh or inhumane
treatment is allowed



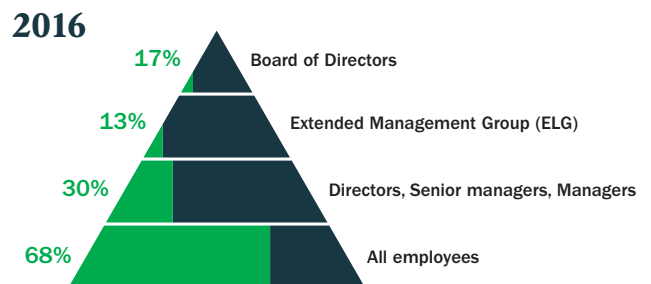
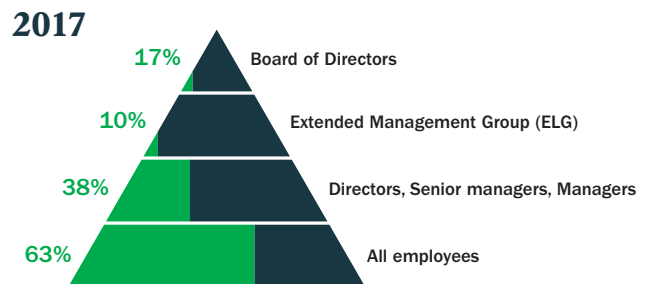
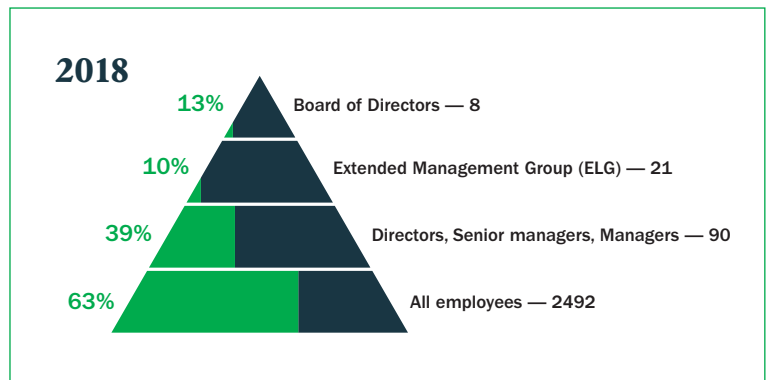
The ETI Base Code is an internationally recognised set of labour standards based on ILO conventions. Espersen uses it to drive improvements in working conditions around the world.

ethicaltrade.org



Group-wide gender reporting

At Espersen we believe diversity is important. We ensure that the profiles of our board members and our 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 therefore actively seeking female candidates to help us achieve this goal.



■ Female ■ Male

Due diligence report

Social responsibility and seafood

Concerns about the rights of workers in the seafood industry has attracted more attention from the media and civil society advocacy groups in the last few years. According to the US Department of Labour seafood is among the 15 highest risk products in terms of forced labour. Despite the recognition that modern slavery occurs in the fishing industry in some parts of the world, there are few reliable estimates of its prevalence. The Global Slavery Index (www.globalslaveryindex.org) identified six risk factors that are associated with modern slavery in fisheries at a global level. In the absence of local reporting, these risk factors enable the industry to identify likely areas of national risk.

Their analysis of the risk of modern slavery in global fisheries divides the top 20 fishing countries by volume of catch into three different levels of risk. According to the Global Slavery Index report the highest risk countries are “characterised by a high proportion of catch taken outside their own waters at a greater distance from home waters than average, by poor governance (high levels of unreported catch), and by higher than average levels of harmful fishing subsidies”

However, seafood supply chains can be particularly complex due to seafood re-exportation, and numerous stages of processing. So, while country of origin as an indicator of risk is useful, in reality most seafood is typically a mix of domestic, transhipped and imported product, and it can be difficult to establish where the fish came from. Therefore, ensuring seafood traceability is an important aspect of both addressing challenges and build consumer confidence. Governments and seafood traders can both play a role in improving supply chain transparency, ensuring that seafood is legally caught, humanely produced, and honestly labelled.

Transparency in our supply chain.

At Espersen, we continuously strive to improve the welfare of our own workers, and work in partnership with our suppliers to ensure that no labour abuse is happening in our supply chain. Since 2016 all of Espersen’s own facilities have been ETI Base Code certified or audited to customer specific social standards which secures a higher level of protection for our workers. To minimize risks in our supply chain we monitor all our suppliers continuously. This process is site-specific and the philosophy behind it is to identify suppliers that share our values and develop long-term relationships beneficial for all parties.

Our process is initiated before the first delivery. A potential supplier must fill in two self-assessment documents — one related to the quality and food safety of their products, the other related to their social and ethical practices. A suppliers' site will be preliminary approved if their self-assessment meets our expectations and requirements. If the quality of the raw materials meet our specifications, the supplier will get regular visits based on a risk scoring system (Table 1).

Table 1: Scoring Matrix for suppliers to Espersen

Parameters	Items	Score
Area risk (country based)	→ Low risk area	1
	→ High risk area	5
Material (raw material)	→ Core food material	5
	→ Non-core food material	3
	→ Non-food material	2
System (process verified)	→ Third party certificate	1
	→ No third party certificate	5
Results	→ Scores > 25, the supplier will be visited at least once a year	
	→ Scores ≥ 10 the supplier will be visited at least every 3rd year	

How to use the scoring system

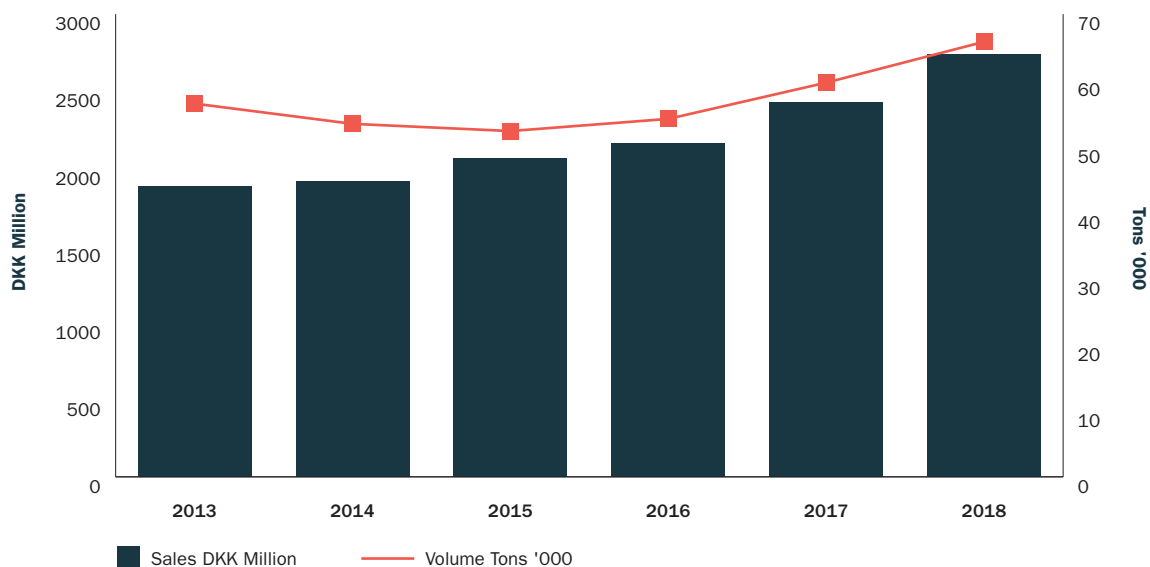
In the second half of 2018 we visited a factory in China producing fish blocks — the factory had 3rd-party audit certifications for its food safety and social practices. Following our risk matrix this supplier was scored as follows:

- Area risk: 5 points, as China is classified as a high-risk country
- Material risk: 5 points, as fish blocks are a core food material to us
- System risk: 1 point, as the supplier had 3rd party audited processes implemented

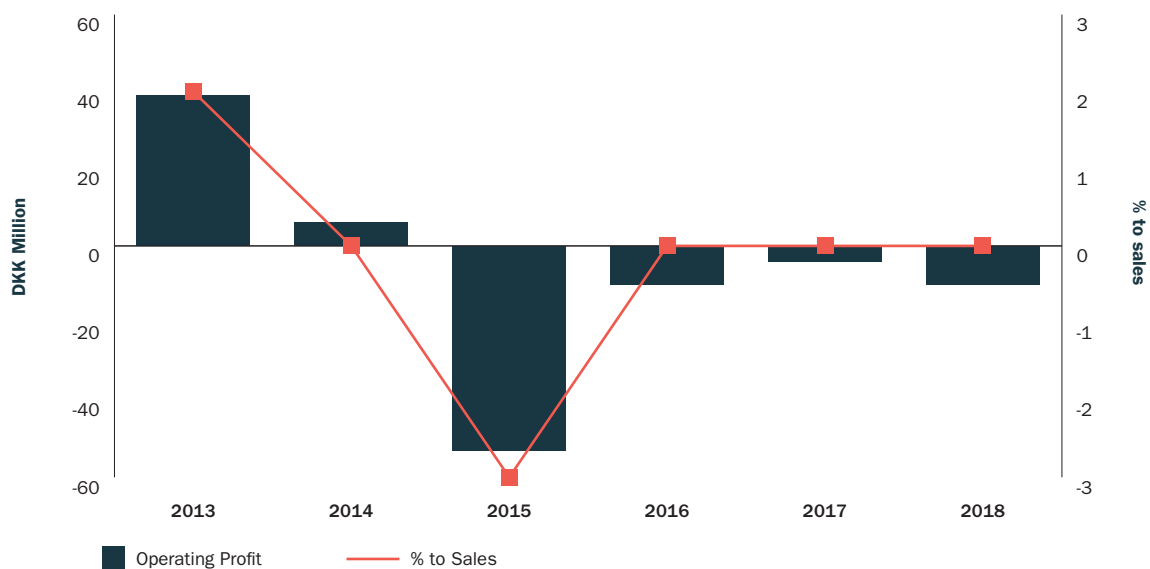
The score for the supplier will be $5 \times 5 \times 1 = 25$, which means we will visit the site annually.

Financial key indicators

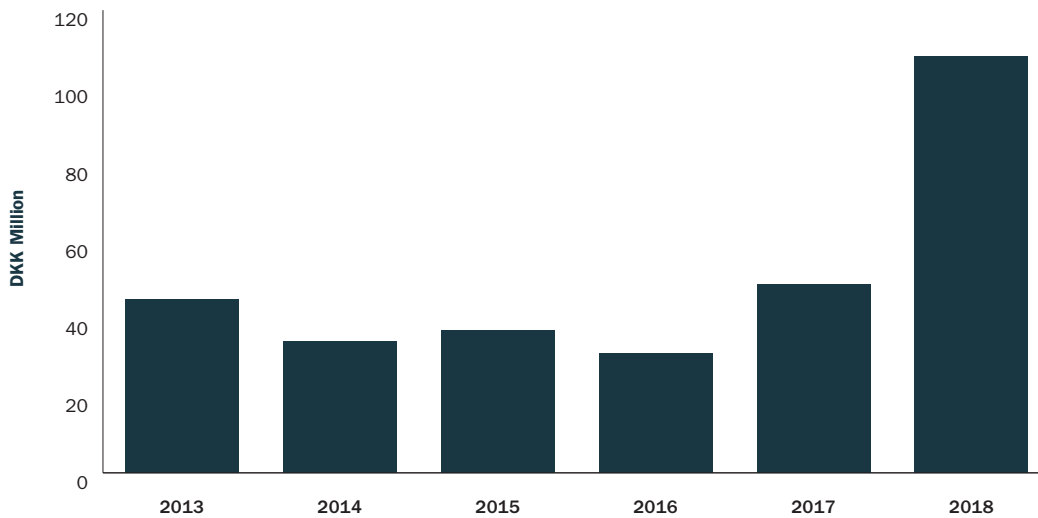
Sales and volume



Operating profit and sales



Investments



Policy reference

The following policies can be found on our website

www.espersen.com/commitment/policies

- Whistleblower Policy
- Environmental Policy
- CSR Policy — Code of Conduct
- Health and Safety Policy
- Diversity Policy
- Ethical Trading Supplier Self-assessment

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