



Our Seas, Our Fish, Our Food

Sustainability Update, March 2015





Sustainability Update

This report showcases a selection of Espersen's sustainability initiatives and demonstrates our continued commitment and responsibility.

At Espersen everything we do is geared towards continued access to fish resources, so carefully managed fisheries are vital to us.

We recognise our role as a global market leader in our industry as an opportunity to address the challenges presented with a clear focus on sustainability. Our sustainability strategy runs through the core of our business,

meaning that sustainability is fully built into all of our operations - from fish harvesting, through processing and sales, to the consumer.

We use the 3Es framework of ethics, environment and economics as a tool to ensure the projects we develop and implement drive progress on all of these three credentials.

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Esperen Sustainability Programme

Our Sustainability Programme consists of five Programme Areas each addressing a number of sustainability issues - see Figure 1 below.

The Programme was developed through stakeholder consultation and cross-referenced with science to establish an informed, and evidence-based direction of travel.

Note: The content in this report and appendix complies with the Danish Financial Statements Act on Social Responsibility (99a&b)

Sustainability Programme Areas



Fish Stock Management: ensuring the industry has viable fish stocks through the implementation of evidence-based sourcing decisions



Trawler Gear Technology: supporting the development of gear and nets that minimise impact on the environment and fish welfare, and ensure the selection of target species



Marine Ecosystem Management: supporting a healthy marine ecosystem by engaging with key decision makers



Energy and Waste: minimising waste, pollution and the use of water and energy, with the aim to use all renewable energy, and generate zero waste in processing



Worker Welfare: ensuring the health, welfare and education of our workers - wherever they are in the world.

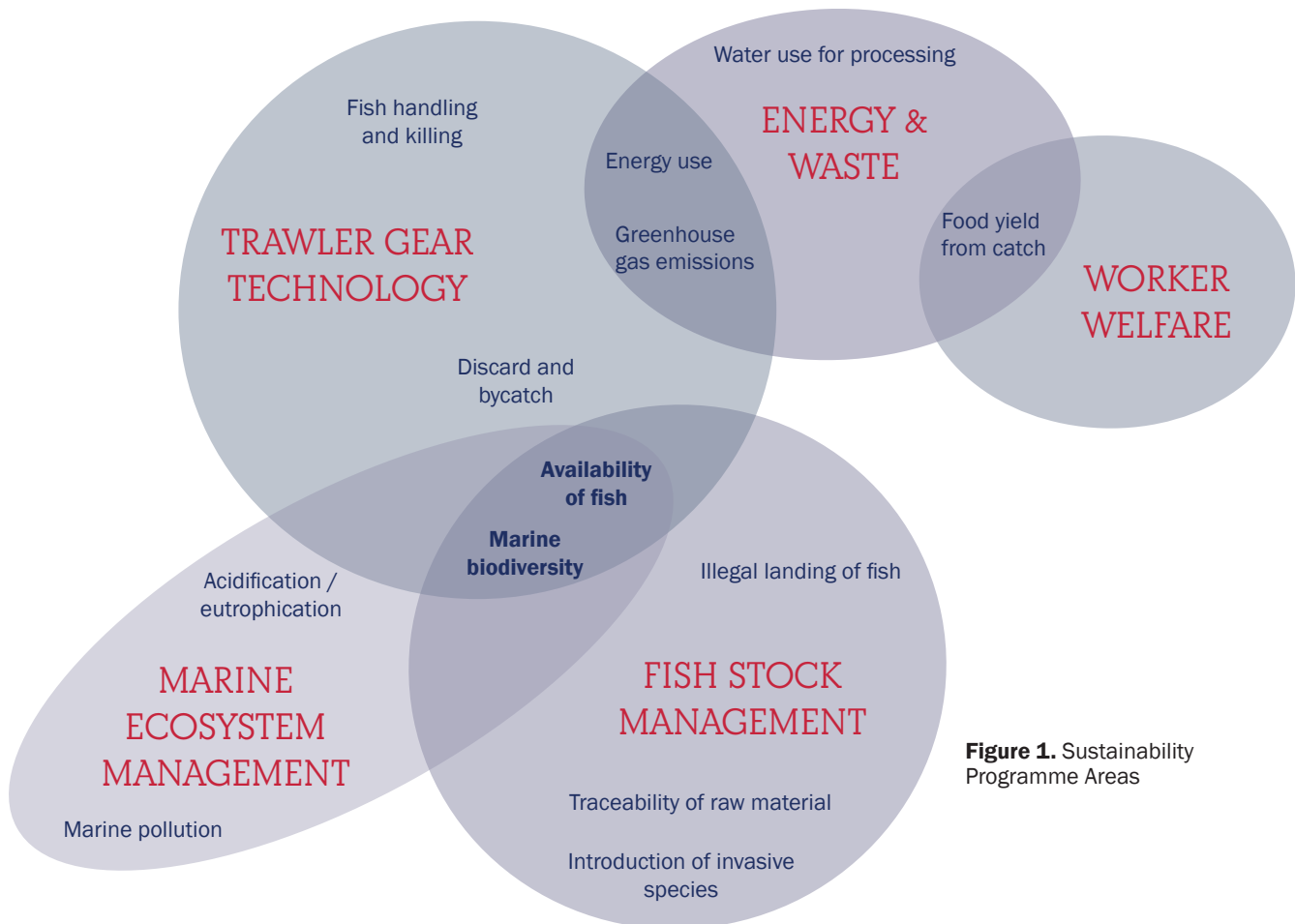


Figure 1. Sustainability Programme Areas

Chief Executive Statement



“We are committed to forming partnerships with experts and organisations that share our vision, to help align efforts and resources, and thereby deliver progress.”

Klaus B. Nielsen, CEO

This 2015 update to the ‘Our Seas, Our Fish, Our Food’ report, showcases a selection of our sustainability initiatives from across the Espersen business. Sustainability is a core part of Espersen’s DNA so we have built it in to all of our business operations - from purchasing through to processing and distribution. Whilst making progress on our environmental and ethical credentials, we are also seeing tangible business benefits.

At Espersen we recognise the challenges facing our industry and see that our opportunity to support progress extends beyond our own operations.

We are committed to forming partnerships with experts and organisations that share our vision, to help align efforts and resources and thereby deliver

progress. This was highlighted in the launch of our ‘Net Positive Fishing’ initiative in October 2014. The initiative is a platform for stakeholders to develop real solutions to our sector’s core challenges. Through collaborations such as this we can build upon the good that the industry is already doing by utilising the latest technology underpinned by leading-edge science.

As an organisation, we take pride in our work and ensure that everything we do is transparent, building trust in the food that we produce for families to enjoy.

I am pleased with the progress we have made to date towards our sustainability objectives and we will continue to invest in order to drive sustainable efficiencies throughout the supply chain.

'Net Positive Fishing'

“Launching the ‘Net Positive Fishing’ initiative is a key stepping stone on our journey towards a sustainable marine fishing industry - we are creating a strong platform whereby experts can build, develop and drive forward best practices.”

- Alex Olsen, Head of Sustainability

Espersen is committed to the sustainable development of the marine fishing industry to ensure we have healthy oceans, healthy fish stocks and healthy food for humanity. Whilst we are making progress on the sustainability of our own operations, we recognised the need to build critical mass by bringing experts together to identify resource and then create practical solutions to key industry-wide challenges such as;

- Fish harvesting / selectivity
- Investment in new technology
- Fishery management
- Marine ecosystem management

Marine fish are a healthy source of protein for the human food chain that do not compete for the same critical resources as agriculture food production. To play a key part in a healthy diet in the coming decades, the industry needs to ensure that marine fishing is optimised within acceptable impact limits.

This year, Espersen launched the ‘Net Positive Fishing’ initiative: a multi-stakeholder platform to address the challenges relating to fish harvesting, the fish supply chain and the marine environment.

Why ‘Net Positive Fishing’?

It is evident that everything we do has an impact, whether it is positive or negative. The aim is to gain the most positives and the least negatives (from acceptable impact levels), which the group define as the outcome of the ‘Net Positive Fishing’ initiative.

The ‘Net Positive Fishing’ initiative is a platform by which we as an industry have the opportunity to take ownership and create and communicate a brand that is on the front foot.

We will create the capacity to build the brand image of the marine fishing industry by developing and implementing real solutions, measuring real progress and communicating real stories. Creating evidence-based visibility to show that we are a **responsible, innovative** and **valuable** sector, providing high quality, healthy and nutritious food to the market.

For more information please email: netpositivefishing@espersen.com





Reducing our Environmental Footprint

“Sustainability is part of Espersen’s DNA. It makes business sense to invest in sustainability. The installation of new equipment in our factories has helped us to reduce our footprint and production costs, and strengthens our brand as a producer committed to developing environmentally sustainable products.”

- Max Sørensen, COO

The majority of the fish arriving into our factories in Poland, Lithuania, China and Vietnam are frozen. Once they have arrived, they need to be defrosted to allow us to add value through further processing. To maintain the upmost quality, the temperature of each fish needs to be between -2 to 5 degrees Celsius.

Traditionally, the industry defrosts fish in a batch system, using large containers of potable water. At Espersen, we are committed to reducing our water usage, as we recognise that water supply is one of the top five global risks (World Resources Institute: www.wri.org). So we set on a journey to identify new technology that would enable us to make significant reductions.

In Klaipeda, Lithuania, we have installed a closed re-circulation system in the large defrosting containers, replacing the old-style system that required a constant flow of water throughout the defrosting period. The new system is controlled by computerised pumps and heat exchangers and was developed by the Espersen team. This investment has reduced water consumption by more than 40 per cent. Not only has this had environmental benefits, it has economic advantages too, enabling us to save, on average, 160,000 DKK per year.

In Koszalin, Poland, we have invested approximately 3.4m DKK in a state-of-the-art conveyor belt that moves frozen fish through water that becomes progressively warmer, reducing water consumption by 54 per cent and saving 280,000 DKK per year.

Reducing our greenhouse gas emissions

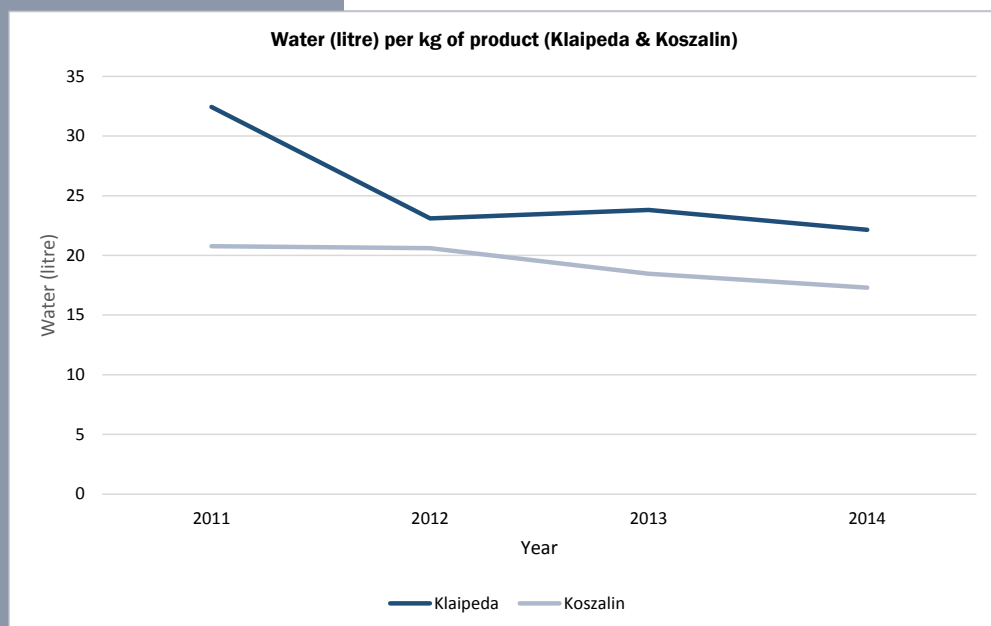
At Espersen, we are constantly measuring and reviewing our consumption of water and energy to seek opportunities to improve efficiency. We have installed solar energy cells on two sites: our production unit in Hasle and cold store in Rønne. Last year the cells supplied us with approximately 10 per cent of our total electricity usage for these sites and thereby helped us reduce our greenhouse gas emissions.



Water use (litre) per kg of product at Klaipeda, Lithuania and Koszalin, Poland

Water use has decreased due to the installation of the new defrosting facilities.

Please see appendix for further information on energy and water usage in our factories.



Reducing our Environmental Footprint Continued

Waste management

In our processing facility in Koszalin, Poland, we have reduced our total waste by 19 per cent and of this, waste to landfill has been reduced by 57 per cent (2011-2014, see graph below).

Waste management has been a key focus across our facilities in order to promote the reduction and re-use of resources. Our goal is to be a zero waste company and we are making step-wise improvements to achieve this through the development of more efficient systems and employee engagement.

Employee engagement

Our employees are our greatest asset and are central to helping us to reduce our footprint. They are the people who are closest to production and know where there may be other opportunities to save water or energy, or how to reduce waste from production.

The management team are actively creating a culture where our workforce feel inspired to improve Espersen's efficiency through schemes such as competitions where every idea is recognised and our employees are rewarded for real solutions.





Contributing to our Communities

“The Espersen Foundation continues to invest in the communities in which we operate - to make a real difference to some of society’s most vulnerable people by creating spaces to enhance their quality of life.”

- Reidar Inselseth, Managing Director, Espersen Lithuania

Providing shelter and support for women in crisis

The ‘Espersen Foundation’ [1] is the owner of A. Espersen A/S. The foundation channels Espersen’s profits into further investment in the Company and donates between 1.5–2m DKK a year to a number of nominated charities.

The mission of the Foundation’s charitable arm has always been to give back to the communities in which Espersen operate and have helped us to build the business we are today.

To this date, the Espersen Foundation has, among other stakeholders, provided funds to build and maintain two crisis centres for women.

Klaipeda, Lithuania

The Foundation, together with the municipality of Klaipeda and the EU, funded the new crisis centre in Klaipeda.

The centre provided a much needed state-of-the-art safe haven and shelter for victims and their children.

The Foundation’s contribution to the centre has since been used as a case study, highlighting good practice in social responsibility from a commercial business.

Koszalin, Poland

The Foundation, together with the Municipality of Koszalin and Caritas, funded a crisis centre for women and their children in Koszalin.

Since the centre opened, it has provided refuge to many women and their children.

The Espersen technical team in Poland played a key role in the management of the construction of the site and continue to maintain a long-term partnership. Our employees and the Foundation support activities all-year round such as Christmas parties and summer excursions for residents and their children.

[1] Espersen Foundation: The Foundation of Director J.P.A. Espersen and his wife Mrs. Dagny Espersen



The facilities at the centre in Klaipeda include:

- 20 en-suite rooms with space for a child's bed
- Outdoor terraces, grassed areas and playgrounds
- Dining room, TV room and activity room – designed for the best possible interaction and enjoyment for women and their children.



Appendix



Esperen Key Figures

Gender Diversity on the Board and Management

At Esperen we aim to attract and retain the highest calibre people, drawing from a diverse range of candidates. Our recruitment policy ensures that we select the best candidate based on merit and skill. We are committed to creating a positive workplace where our employees feel motivated and valued, and each person has an equal opportunity to reach their full potential.

Historically, the teams that have developed our industry have been made up of men and, as a result, women at Esperen are currently underrepresented at management level (Table1). We recognise the benefits of creating a better balance within our workforce and are trialling ways to achieve this.

Our 'Worker Welfare' programme is focused on a human-centred strategy, developing a culture and environment where people have access to progression opportunities by providing the appropriate training and education.

We are currently running a leadership programme where over 130 of our workforce are learning key leadership skills. Through these projects we aim to increase the number of women at management level through both internal and external recruitment.

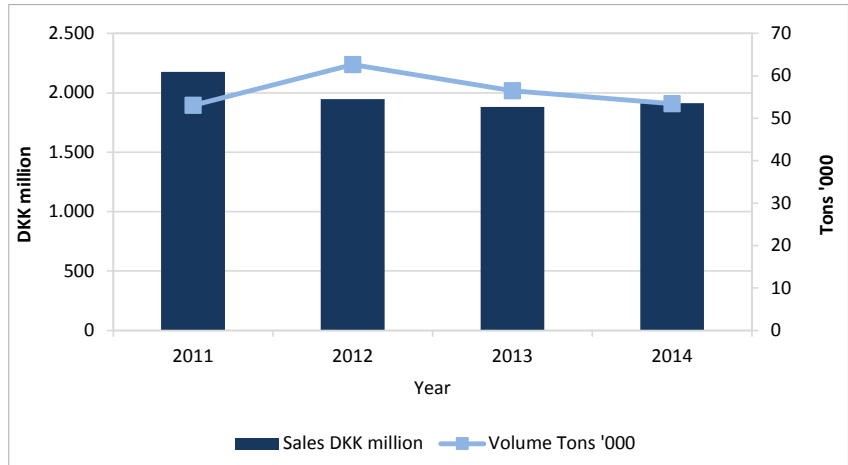
Our goal is to have at least 20 per cent of women on the Board of Directors by 2018.

Table 1. Percentage of female employees in Esperen

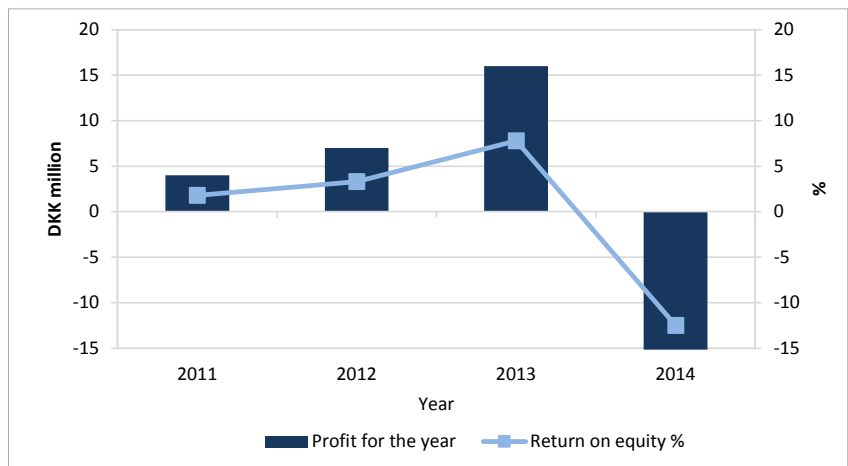
Board of Directors	0%
Executive Board of Directors	0%
Directors - Senior Managers	20%
Directors - Senior Managers and Managers	40%
All employees	66%

Espersen Key Figures

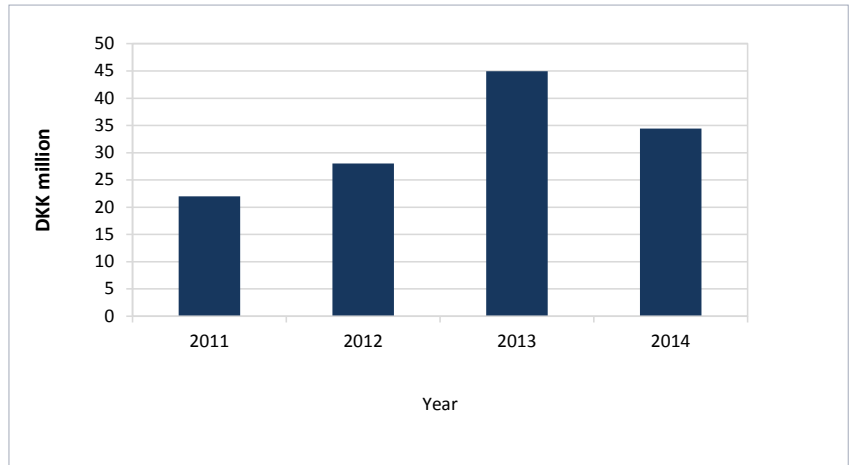
Revenue and volume 2011-2014



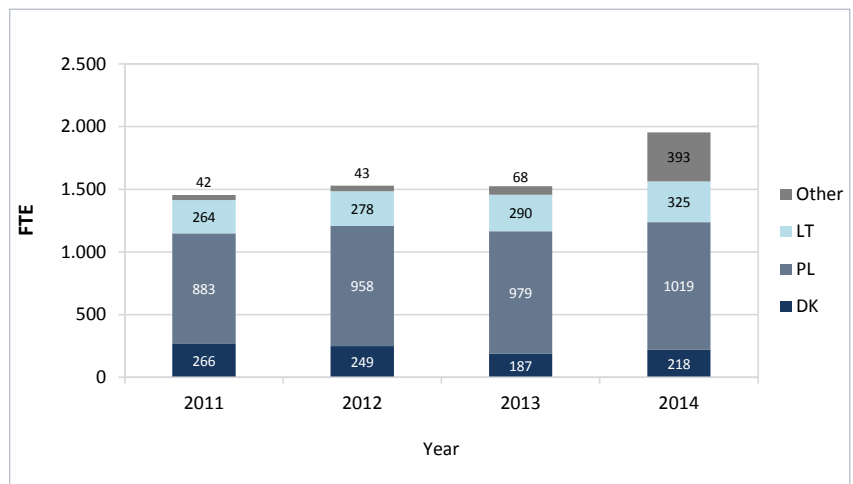
Profit for the year and return on equity 2011-2014



**Investments
2011-2014**



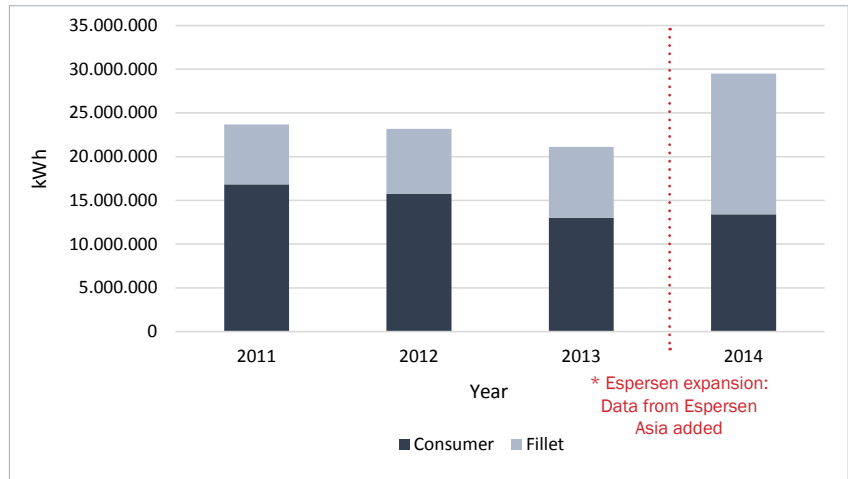
**Full-time employees
(DK, PL, LTN, CHN, VTN,
Others)
2011-2014**



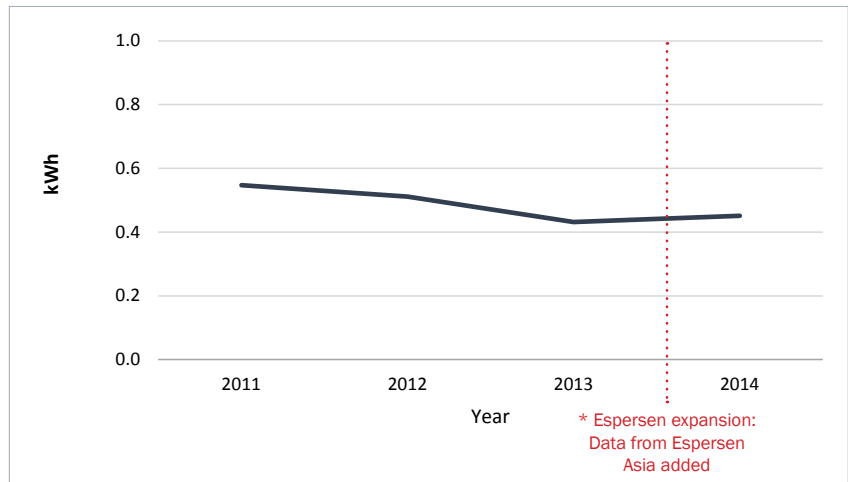
Espersen Key Figures Continued

“Creating and implementing metrics to measure the real costs and benefits of our environmental management programmes is essential. It enables us to easily assess where we get the highest returns on our investments, both in economic and environmental terms. As we have expanded Espersen’s global operations this year our energy levels have increased. The team are now actively implementing projects to reduce this impact.” - Ole Keilberg, Chief Financial Officer

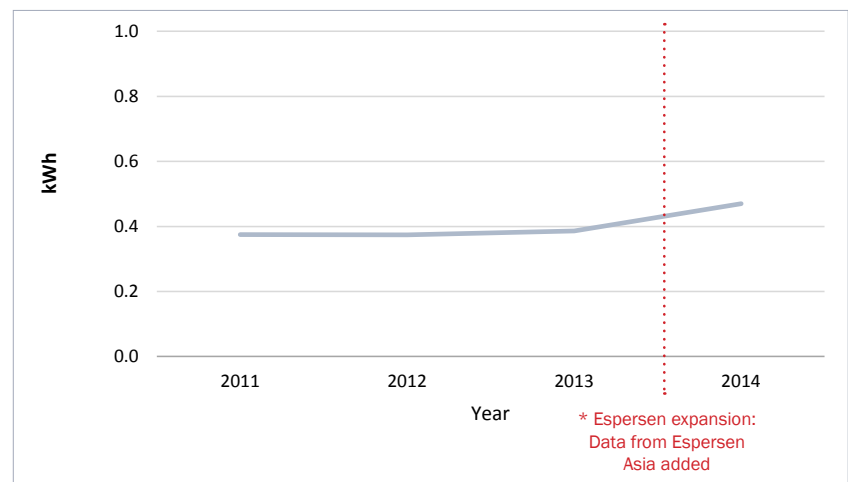
Energy use (kWh) production Espersen 2011-2014



Energy use per kg of product (consumer product) 2011-2014

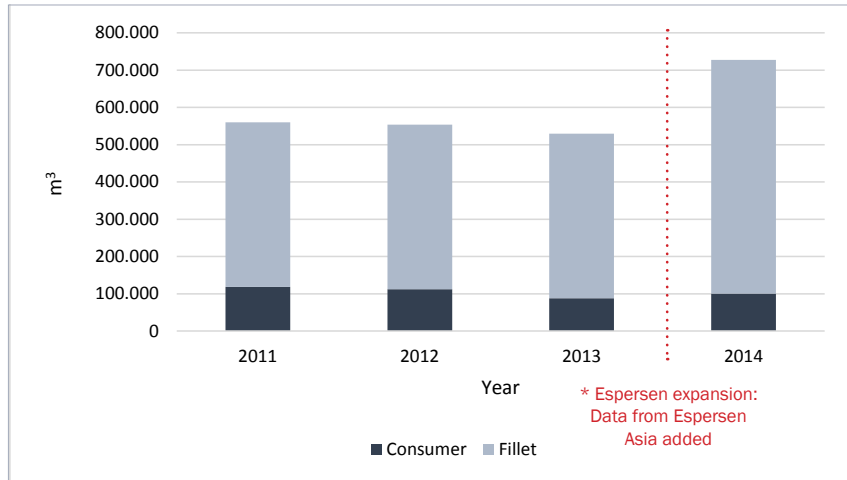


Energy use per kg of product (fillet) 2011-2014

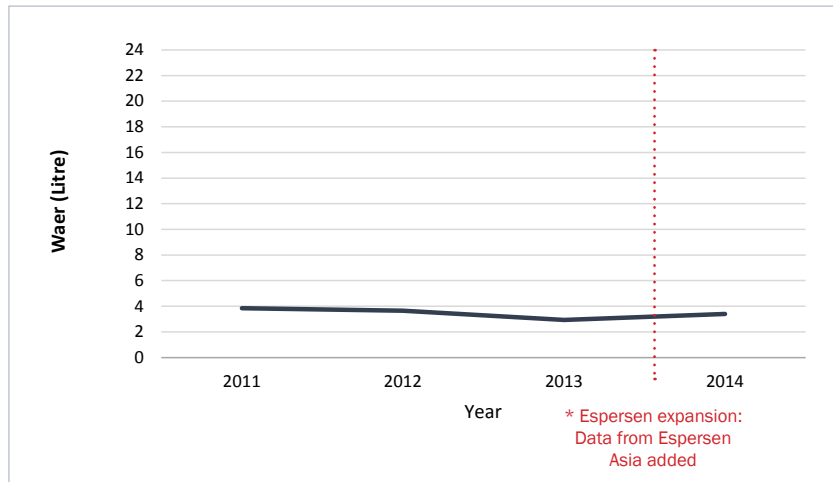


Note: energy levels have increased this year due to the expansion in production capacity in Asia.

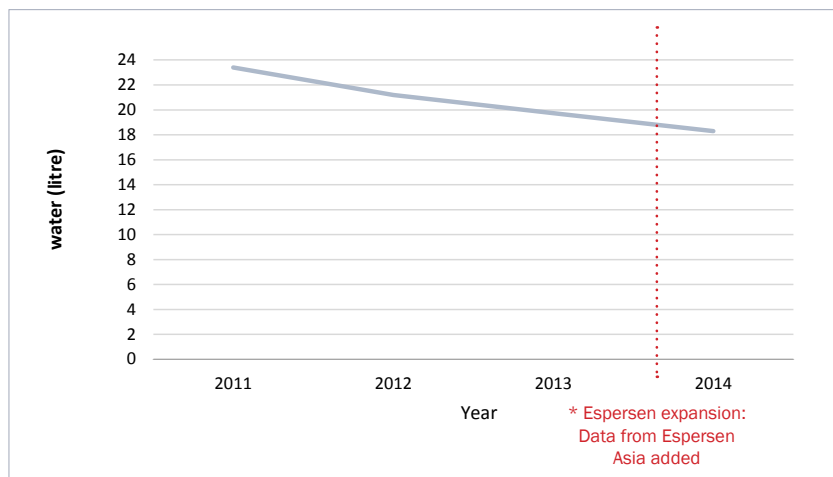
**Water usage (m³)
2011-2014**



**Water use (litre) per kg
of product (consumer
product)
2011-2014**



**Water use (litre) per kg
of product (fillet)
2011-2014**





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