



## ESG Report 2019





<b>Introduction</b>	<b>2</b>
<b>Environmental</b>	<b>4</b>
Sustainable fisheries	4
Certification of sustainable fisheries and aquaculture	4
Certified products	5
Energy use	5
Greenhouse gas emissions	5
Water use	6
Waste	6
Environmental metrics – Table	7
<b>Social</b>	<b>9</b>
Occupational health and safety	9
Social metrics – Table	10
<b>Governance</b>	<b>11</b>
Governance metrics– Table	12
<b>Other support projects</b>	<b>15</b>
Borneo Orangutan Survival Foundation	15
Rhino Foundation of Indonesia	15



**The governance of sustainability within the company is built on local regulations, international agreements and internal values, policies and code of conduct.**



## Introduction

Iceland Seafood International is adopting a systematic, comprehensive approach to sustainability work. This effort is shaped to support the achievement of the UN's global goals. This report is the second ESG report that the company publishes. The scope of the report for 2019 is broader than before as it covers increased operations and improved reporting on metrics.

This report is the result of the continued implementation of a data capture process across the group to record the key

sustainability metrics of the operations. These metrics are according to the second version of voluntary non-financial guidelines for Environmental, Social, and Corporate Governance (ESG) disclosure issued by Nasdaq's Nordic and Baltic stock exchange, but not restricted to it. With the emphasis that the company puts on sustainable seafood it is appropriate that it is also covered in the report and is included in the environmental chapter.

The governance of sustainability within the company is built on local regulations,

international agreements and internal values, policies and code of conduct.

The report reflects the current understanding of the company's social responsibility. With the publication the company is not declaring full understanding of the effect its operations have but rather it is a step in an ongoing process towards better understanding the opportunities and challenges within its operations.

## Environmental

The key environmental aspects of Iceland Seafood are sustainable fisheries, energy use, greenhouse gas emissions, water use and waste. For the purpose of this report the scope for environmental metrics, apart from sustainable fisheries, are the seven value added factories within the Iceland Seafood group. These sites represent the great majority of Iceland Seafood's environmental footprint.

### Sustainable fisheries

Iceland seafood International has always recognized the need for managing fish stocks

in a responsible way. Since FAO adopted the FAO Code of Conduct for responsible fisheries in 1995 it has been the blueprint for responsible fishing nations on how to manage fish stocks. Various projects have been based on the guidelines presented in the FAO Code of conduct and Iceland Seafood supports initiatives that support sustainable fishing practices.

The company has based its sourcing policy on the following principles:

- Source from fisheries that are administrated in conformance with FAO Code of Conduct for responsible fisheries and have proper fishery management systems.
- Support independent and credible standards that are set to audit and approve fisheries that are well managed and will wherever possible promote these fisheries to its customers.
- Committed to working with industry on fishery improvements and best practices.
- Help and support customers to make the right choice to source sustainable seafood.
- Committed to supply sustainable seafood to its customers.

## Environmental

### Certification of sustainable fisheries and aquaculture

Various credible standard schemes are certifying fisheries and seafood. The third party certification that has the biggest global success is maintained by Marine Stewardship Council, MSC. They certify the wild caught fish stocks in question and also individual chinks in the value chain to ensure traceability from catch to consumer. For a company to be able to distribute certified fish it has to have a third party audited system to ensure traceability and adherence to the standard.

All the sales offices within Iceland Seafood have a valid chain of custody certification towards the MSC standard and three of the processing sites.

A certification for responsible aquaculture is maintained by the Aquaculture Stewardship Council, ASC. A part of the trade in aquaculture products within Iceland Seafood are certified towards ASC chain of custody.

### Energy use

The total energy use within the group has been calculated and sources mapped. 41% of the energy used in 2019 was from renewable sources.

### Greenhouse gas emissions

Emissions from factories within the group are both direct (Scope 1: Emissions from owned and operated assets) and indirect (Scope 2: Emissions from purchased energy).

In this year's report, the Scope 1 calculations include emissions from company vehicles and losses of coolants in cooling equipment for the first time. Coolants are powerful greenhouse gasses and contribute to total emissions accordingly. In addition to these sources, some direct emissions of greenhouse gasses are the results of usage of the production sites themselves, i.e. oil burnt for water heating.

## Environmental

Total on-site emissions correspond to 2.511 MT of greenhouse gases. Refills of coolants contribute to 71% of those.

The ratio of energy from non-renewable sources in 2019 was 59% of total usage. Indirect emissions (Scope 2) correspond to 2.369 metric tonnes (“MT”) of greenhouse gases.

### Water use

Water is an integral part of food production and relevant hygiene. With the company's emphasis on food safety and quality the hygiene is of

great importance. At the same time the use of too much water is of concern due to negative effect on nature, factories and operational costs.

In 2019 there were 57.1 thousand m<sup>3</sup> of water used in the production sites within Iceland Seafood.

### Waste

Waste from operations within Iceland Seafood is sorted and recycled as much as possible. In 2019 the level of sorted waste was 91% and recycled waste was 35%. Included in that figure is plastic, cardboard and biological waste from production that is sent appropriate waste management. The factories sent 316 MT of cardboard for recycling and 89 MT of plastic.

**Environmental**

Environmental Metrics	2019
Full Time Equivalents (FTE)	659
Annual Revenue (EUR m)	448
<b>E1 Direct &amp; Indirect GHG Emissions (MT CO2e)</b>	
Scope 1 (on site fossil fuel usage)	2.511
Scope 2 (Energy use)	2.369
Scope 3	-
<b>E2 Carbon Intensity</b>	
MTCO2e emissions/FTE	7,2
CO2e emission/Revenue (MT/EUR m)	10,6
<b>E3 Direct &amp; Indirect Energy Consumption</b>	
E3.1 Total amount of energy directly consumed (MWh)	3.186
E3.2 Total amount of energy indirectly consumed (MWh)	7.855
Renewable Energy consumption (MWh)	4.506
Non-Renewable Energy consumption (MWh)	6.539

<b>E4 Energy Intensity</b>		
Energy consumed/FTE (MWh/FTE)	15.3	
Energy consumed/Revenue (MWh/EUR m)	22.5	
<b>E5 Energy mix - top 5</b>		<b>%</b>
Renewable sources (hydro, geothermal, solar, wind)(MWh)	4.506	41
Natural Gas (MWh)	3.667	33
Oil (MWh)	1.366	12
Coal (MWh)	562	5
Nuclear (MWh)	519	5
<b>Renewable Energy Intensity</b>		
Renewable energy/Non-renewable energy	0,69	
<b>E6 Water usage</b>		
E6.1 Total amount of water consumed ('000 m³)	57.1	
E6.2 Total amount of water reclaimed (m³)	-	

**Environmental**

Environmental Metrics	2019
<b>Waste Management</b>	
Waste recycled (MT)	710
Waste not recycled (MT)	1.335
Total waste (MT)	2.045
Total waste generated/FTE (MT/employee)	3,1
Total waste generated/Revenue (MT/EUR m)	4,6
% Recycled Waste	35%
<b>E8. Climate Oversight / Board</b>	
Does your Board of Directors oversee and/or manage climate-related risks?	*

\* Board of Directors is conscious of climate-related risk and potential impact of this on the company operation, but such risk factors are not measured or managed in a structural manner.

<b>E9. Climate Oversight / Management</b>	
Does your Senior Management Team oversee and/or manage climate-related risks?	**
<b>E10. Climate Oversight / Management</b>	
Total amount invested, annually, in climate-related infrastructure, resilience, and product development.	***

\*\* Company management is conscious of climate-related risk and potential impact of this on the company operation, but such risk factors are not measured or managed in a structural manner.

\*\*\* Was not included in scope 2019 but will be included in 2020.



## Social

The social aspects of Iceland Seafood's operations are mainly towards its employees and their families. The key challenge is to stay a vibrant and safe workplace where discrimination is not tolerated.

A corporate social responsibility-policy (CSR-policy) was adopted by the board of directors in 2019. It describes the group's standards and guidelines regarding human rights, non-discrimination, global health & safety, child & forced labor and fair labor practices. It also contains a code of conduct for Iceland Seafood's personnel. This policy lays the

foundation for the implementation of a uniform understanding within Iceland Seafood of the social responsibility of the company and its employees.

### **Occupational health and safety**

Iceland Seafood wants to promote its employees good health. Local occupational health and safety requirements are applied in every country where the company operates. There is systematic work in all production facilities to prevent injuries. Currently the reporting of incidents varies between subsidiaries but as the data capture matures within the group the aim will be that this variation is reduced.

In 2019 there were total of 55 incidents documented. This corresponds to 0,064 incidents per employee in company.

### **Gender pay ratio**

Iceland Seafood has operations of different nature in various economies and tracks this ratio in each location. In some cases there are only a few office employees behind the ratio, while in other the workforce of the subsidiary consists of factory workers, sales people and office staff. The broad range of the ratio represents this variety. For total workforce the ratio between median male salary v.s. median female salary for each subsidiary varies from 1:1 (equal salaries) to 3.46:1 (median male salary

## Social

3.46 times higher than female salary). The difference is highest in subsidiaries with few office employees. For production staff, the ratio varies from 1:1 to 1.3:1.

Iceland Seafood's operations in Iceland will be seeking a certification towards the Icelandic equal pay standard in 2020.

Social Metrics	2019	Comments
<b>S1 CEO Pay Ratio</b>	<b>9</b>	CEO salary/ Company average salary.
<b>S2 Gender Pay Ratio</b>		
Total work force:	From 1:1 to 3,46:1	ISI has operations of different nature in various economies and tracks this ratio in each location. The broad range of the ratio represents this variety.
Production staff:	From 1:1 to 1,3:1	
Staff, other than production staff:	From 1:1 to 3,46:1	
<b>S3 Employee Turnover Ratio – Year-over-year change</b>		
S3.1) Full-time employees	26%	
S3.2) Part-time employees	11%	
S3.3) Contractors	0%	
<b>S4 Gender Diversity</b>	<b>Men</b>	<b>Women</b>
S4.1) Total enterprise headcount	59%	41%
S4.2) Entry- and mid-level	59%	41%
S4.3) Senior- and executive-level	68%	32%
<b>S5 Temporary Worker Ratio</b>	<b>20,2%</b>	
<b>S6 Non-Discrimination Policy</b>	<b>In place</b>	See Company website for more details.
<b>S7 Injury rate</b>	<b>0.06</b>	(Total accidents / FTE)
<b>S8 Global Health and Safety policy</b>	<b>In place</b>	See Company website for more details.
<b>S9 Child &amp; Forced Labor Policy</b>	<b>In place</b>	See Company website for more details.
<b>S10 Human Rights Policy</b>	<b>In place</b>	See Company website for more details.



## Governance

Iceland Seafood International is a limited liability company operating under Act No. 2/1995 respecting Public Limited Companies. Under its Articles of Association, the Company is governed by shareholders' meetings, the Board of Directors and the Chief Executive Officer.

Iceland Seafood's corporate governance framework is defined by Act No. 2/1995 on Public Limited Companies (hereafter referred to as the "Act on Public Companies"), the Nasdaq Iceland Rules and is set out in the Company's Articles of Association. The

Company adheres to the principles set forth in the Corporate Governance Guidelines, published by the Iceland Chamber of Commerce in co-operation with SA Business Iceland and Nasdaq Iceland (hereafter referred to as the "Guidelines"). As of the date of this statement there is only one deviation from full compliance with the Guidelines as the Company does not have a board nomination committee as such committee has not been considered needed.

Under the Icelandic Accounting Act, Iceland Seafood is required to report on corporate responsibility and selected responsibility topics. An account of the company's efforts to address the relevant topics in 2019 is

included in the financial statement and described in more detail in this report.

Unless otherwise stated, the key figures in Iceland Seafood's ESG reporting cover all subsidiaries of Iceland Seafood group at 31 December 2019 and represent the previous 12 months. The key figures for emissions, energy, water consumption and waste are collected from the seven production sites but other figures are collected from all subsidiaries of Iceland Seafood. The information in the report has not been validated by a third party.

## Governance

Governance Metrics	Measurement/ Status	Comments
<b>G1 Board diversity</b>		
G1.1) Total board seats occupied by women	33%/50%	There is one women out of three boad mebers. The anternate board member is a woman that sits all meetings
G1.2) Committee chairs occupied by women	50%	One of two committee chairs is occupied by a woman.
<b>G2. Board Independence</b>		
G2.1) Does company prohibit CEO from serving as board chair?	Yes	
G2.2) Total board seats occupied by independents	67%	Two of three boardmembers are independent. The alternate board member is also independent.
<b>G3 Incentivized pay</b>	<b>No</b>	Company 's employees are currently not financially incentivized for ESG performance.
<b>G4. Collective Bargaining Percentage:</b>		This was not included in the scope for 2019. Will be included for 2020.



## Governance

Governance Metrics	Measurement/ Status	Comments
<b>G5 Supplier Code of Conduct</b>	<b>No</b>	Individual subsidiaries have implemented supplier codes of conduct but an overarching group CoC is not in place. Development of Group CoC is currently in process, with target completion before year end 2021.
<b>G6. Ethics &amp; Anti-Corruption</b>		
G6.1) Does your company follow an ethics and/or Anti-Corruption policy?	Yes	See Iceland Seafood website for more details.
G6.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?		No certification has been implemented.
<b>G7. Data Privacy</b>		
G7.1) Does your company follow a Data Privacy policy?		Partially implemented. Full implementation in 2020.
G7.2) Has your company taken steps to comply with GDPR rules?		Partially implemented. Full implementation in 2020.

**Governance**

Governance Metrics	Measurement/ Status	Comments
G8. ESG Reporting	Yes	ESG metrics included in annual report and a more detailed ESG report available at Iceland Seafood's website.
G9. Disclosure Practices	No	Iceland Seafood has reported ESG metrics through an ESG report.
G10 External Assurance	No	ESG metrics have not been validated by a third party.



## Other support projects

Though the main focus of Iceland Seafood is on sustainable seafood the company also supports through its subsidiaries various projects related to sustainability and social responsibility, including the following:

### **Borneo Orangutan Survival Foundation**

Iceland Seafood supports with donations their work to realize the conservation of the Bornean orangutan and its habitat with the local community's participation. For more information go to: **<http://orangutan.or.id/>**

### **Rhino Foundation of Indonesia**

Iceland Seafood supports with donations their vision of ensuring continuous living populations of Javan and Sumatran rhinos in a safe, sustainable habitat. For more information go to: **<http://badak.or.id/>**





[www.icelandseafood.com](http://www.icelandseafood.com)