



NIREUS GROUP OF COMPANIES

COMMUNICATION ON PROGRESS

Year: 2016

Country: Greece

STATEMENT OF CONTINUED SUPPORT

Dear Mr. Secretary-General,

Nireus Group has been a member of the United Nations Global Compact, since 2009.

Since its establishment, NIREUS has been constantly focusing on the value of business development with respect to both the environment and to people. The Group has been supporting international voluntary initiatives such as the UN Global Compact and the SDG's. Furthermore, we are implementing several measures and procedures which enhance corporate governance and corporate responsibility.

Our deep and honest conviction that ethics in business and legal compliance comprise the basic principles by which we operate and function, is also reflected throughout the context of this Communication on Progress Report, and it is a fact that makes us proud.

During 2016, we managed to improve our performance in several areas of interest such as employment, education and product donations. In addition to the above, we have followed the guidelines of the Global Reporting Initiative (GRI) in compiling this report to facilitate transparency.

Under my capacity as Nireus CEO, I am very pleased to reconfirm our commitment and support for the United Nations Global Compact for this year as well.

Sincerely yours,

Antonios Chachlakis
CEO

Koropi Attikis, June 2017

Description of nature of business

Nireus Group has the following activities:

- ✓ Production and sales of juveniles for marine fish farmed in the Mediterranean Sea
- ✓ Production and sales of Mediterranean marine fish (mainly seabass and seabream) in raw and processed form (fresh and frozen, whole, gutted and fillets)
- ✓ Production and sales of fish feed for Mediterranean farmed fish and trout
- ✓ Production and sales of aquaculture equipment (cages and nets)
- ✓ Sales of genetic material, feed, medicine and hygiene products to swine, poultry and cattle farmers

For all these activities, the Group owns and operates hatcheries, farming units, factories etc.

We employ **1.187** people in Greece and Spain, who work in over 60 locations.

Principles of the UN Global Compact:

1. HUMAN RIGHTS

PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed Human Rights.

PRINCIPLE 2: Business should ensure that they are not complicit in Human Rights abuses.

Commitment

Our company is committed to upholding the United Nations' Universal Declaration of Human Rights. We also comply with the relevant Greek Legislation, as well as the local laws and legislations of all the countries in which we operate. To ensure that we constantly improve on our commitment, we continuously review and revise our internal and external policies.

Nireus' Group Code of Conduct as well as our Internal Labor Code expressively provide for the protection of Human Rights and prohibit any kind of abuse thereof.

More specifically the Group's principles on corporate ethics and employees' appropriate conduct towards its customers, suppliers and other partners are, inter alia, referred to in the Group's Code of Conduct in Chapter Z "Protection of interests and resources". The Code, also provides for the imposition of penalties in case of violation of rules, which are escalated according to the seriousness of the misconduct from reprimand up to dismissal.

Policies on regular and extraordinary reports: Having established numerous branches in Greece and abroad, and aiming at the establishment of direct and structured communication of local working groups with headquarters, NIREUS Group has established, since 2013, a monthly policy on completing Regular and Ad hoc grievance reports through a special form.

Grievance Management Policy (Whistleblowing Policy): Furthermore, the Groups has established since 2013 a Grievance Management Policy implemented in all facilities, aiming at establishing early warning procedures in view of tracking any illegalities and irregularities for any matter relating to the Group's operations.

Remediation Plans: Electronic submission of Regular and Ad-hoc Grievance Reports through means of direct electronic submission and automatic notification to all responsible officials concerned is in place, thus maintaining, in this manner, an electronic file for the purpose of transparency.

In addition to internal policies, our company is also committed in supporting local communities, as an entity inseparable from the society, within which it operates, affects and is affected by the circumstances of our times and its place of action.

Outcomes

Our Group acknowledges that highly rated companies are judged not only by their financial results or by the quality of their products and services which they provide, but are also judged in terms of their contribution to the social groups with which they interact, given that there is a risk of losing their “social license to operate”, i.e., from the confidence provided by the local communities to continue their operations.

Creating value in local communities, comprises a permanent chapter in the formation the CSR and the strategy of the NIREUS Group and its employees. Managing the issue directly impacts local communities of the regions in which we operate. Furthermore, influences are acknowledged to exist at various stages of our Group’s value chain, such as in the production of fish feed, cultivation and processing.

The Group creates value for local societies by:

- product donations and other grants
- employment workers from the local communities in a very large percentage of total Group employees
- selecting suppliers from the local communities
- carrying out educational activities in our facilities
- stable and frequent contact with them
- encouraging volunteerism

In 2016 our product donations amounted 10.188 kgs and had a cost of € 32.601,60. Other additional financial aid to organizations, amounted to € 12.340, as analysed below:

REGION	KILOS	BENEFICIARY INSTITUTION	PRODUCT DONATION (KILOS)	FINANCIAL DONATION (€)
2016				
ATHENS	4.800	CHARITABLE ASSOCIATIONS - CULTURAL INSTITUTIONS	7876	2,200
CHIOS	3441	NURSING HOMES - ORPHANAGES - HOSPITALS	700	
EVIA	668	MUNICIPALITIES - SOCIAL GROCERY - PORT AND FIRE DEPARTMENT SERVICES	550	1,200

PATRA	680	SPORTS ASSOCIATIONS		6.850
ASTAKOS	320	ACADEMIC INSTITUTIONS- SCHOOLS- UNIVERSITIES	340	2,090
NAUPAKTOS	144	CHURCHES	722	-
NAUPLIO	90			
IGOYMENTISA	30			
LEUKADA	15			
Total (10.188 KGR OF A TOTAL VALUE OF EURO 32.601)			10.188	12.340

Also, Nireus has a Blood Bank which has helped many times our employees and their relatives in their needs.

Other voluntary actions:

- Food collection for refugees through the Greek Network for Corporate Social Responsibility
- Participating in road races with humanitarian purposes, with our corporate team, such as the Race For the Cure of breast cancer and many others
- Fund raising through our Easter bazaar to aid colleagues with financial difficulty
- Food collection action for people in need

We also offered eleven (9 more than 2015, +450%) practical training in aquaculture to university students.

All these activities will be included in our Group's Corporate Social Responsibility Report.

Future Commitments

We strongly believe that food is nowadays one of the basic human rights, therefore will continue to support materially the social groups in need.

We will also support universities and students to promote the right to education.

Finally, we will continue to implement internal procedures that acknowledge the respect of human rights within the corporate environment of our organization as one of our top priorities.

LABOR

PRINCIPLE 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE 4: Business should uphold the elimination of all forms of forced and compulsory labor.

PRINCIPLE 5: Business should support the effective abolition of child labor

PRINCIPLE 6: Business should support the elimination of discrimination in respect of employment and occupation.

Commitment

We recognize that our employees are our greatest asset and to ensure that we can recruit, hire and retain the most talented people we strive to assist all our employees in maintaining a healthy work-life balance.

Nireus is committed to supporting, encouraging and facilitating employee's personal and professional growth and wellbeing and offers them many benefits.

We encourage them to develop their professional skills through enrollment in seminar courses and conference attendance to enhance and broaden their skills and knowledge.

To maintain the highest standard of honesty, openness and accountability employees are encouraged to express their opinions and concerns to any member of the management.

Our company complies with the Greek Labor Legislation on all its activities, as well as the local laws and legislations of all the countries in which we operate. These, among other things, forbid all forms of forced and compulsory labor give the right to employees to resign from their work voluntarily and reward extra-hours of work with additional payment.

We have three workers' unions in our company with which we communicate openly and frequently. They are based in Chios Island, in Evia Island and in Chiliadou of Nafaktos.

We do not support, encourage or endorse any form of child labor in all our operations in Greece and abroad.

Outcomes

Given the wide dispersion of our branches, NIREUS is, in most areas, the largest and most preferred employer. The selection of our personnel is based on their qualifications, work experience, and, if necessary, on personal interviews without gender or age discriminations. A recruitment procedure approved by the Group Management is strictly followed by all branches.

All employees sign a contract of employment upon hire that includes: date of hire, place of work, working hours, job title, wage and collective agreements applicable to the specific job, as well as the relevant laws that determine the amount of indemnity in case of involuntary termination of employment. The government authorities check wages for employees at the time of hire and every time there is a change to verify that the rate and overtime provisions are equal or greater to the minimum rates applicable for each job. The same authorities also check that there is no illegal or forced labor.

Regarding our support on the abolition of child labor on our application form for employment, we ask for the age of the applicants to ensure that we don't consider, when hiring, persons under the age of 18.

Again, upon hire, the age of the employees is checked from official documentation provided by them.

Our personnel has the following age distribution:

Age group	% of total
20-30	8.4%
31-40	28.9%
41-50	39.9%
50+	22.8%

At the date of payment all employees receive a wage receipt with an analysis of their payment that includes tax and social security deductions.

Nireus provides its employees the following benefits:

✓ Advance Payments/No interest loans.

The basic policy of the Nireus is to support employee's both financially and psychologically when they are in need. To achieve this goal a standard policy is in place regarding non-interest-bearing loans to the amount of 1.500€ for a period not exceeding 12 months.

Higher amount may be also provided for a particularly important and emergencies situation such as health problems of the employees or members of their families or other serious financial needs that are impossible to predict. During the year 2016 Nireus provided **93 (13 more than 2015, +16.2%)** loans to its employees. (**Total amount** 106.603 €)

✓ Extra paid annual leave for health problems.

✓ Financial gifts (cash) when they are married or have children.

Nireus offers the amount of 300€.

✓ Employee of the month & Year

The Employee of the Month is a type of a "reward program" which is being given out by Nireus. The main purpose is to encourage the employees to work more productively as teams and individuals. It involves recognizing employees for achieving excellence in their field, and being the best employee across all fields. A very important factor for the program is that the candidates are elected from their fellow workers.

The award of 150€ is given out every month to every winning employee.

At the end of the year the winner of each month is candidate for the Employee of the Year. The award is 1500€.

✓ An annual painting contest for our employees' children with special prizes and gifts for all the contestants. Some of the paintings become the company's Christmas cards.

✓ Special discount on the company's products.

Job descriptions have been designed for all work positions within the Group and, apart from the central organizational chart; each individual Department has its own detailed organizational chart. Furthermore, the operating procedures of each Department are documented under the ISO system.

In 2016 emphasis was given on " Health & Safety in labor" courses and quality of food subjects (HACCP)

Training on **11** subjects (such as HACCP, employment and tax legislation, financial topics etc.) was carried out throughout the year, both at the company's headquarters and at the other branches of the Group, with a total duration of 477 hours and a value of EUROS **42.048€ (20.204.72 € more than 2015, +92.4%)**

All our facilities are being frequently visited by a doctor and a safety technician to inspect or solve Health & Safety issues. Medical records for all employees are kept. Safety inspections are carried out frequently by our safety technicians to oversee that safety rules are kept and to train workers in the use of personal protective equipment. All employees working on the fish cages are required to wear special lifejackets suitable for work in aquaculture.

In 2016, we had (in a total of 1187 employees (95 employees more than 2015, + 8.6%)) **6** (3 less than 2015, -33.3%) minor accidents,

The number of accidents per site is an indicator in the performance evaluation system for all our production managers.

Future Commitments

We shall continue to support universities for the required practice of their students and to provide all our employees with a balanced work-personal life.

We shall continue to invest in our employees' education to enhance their personal and professional development.

We shall enhance internal procedures that encourage the freedom of expression on behalf of all our people.

ENVIRONMENT

PRINCIPLE 7: Business should support a precautionary approach to environmental challenges

PRINCIPLE 8: Business should undertake initiatives to promote greater environmental responsibility

PRINCIPLE 9: Business should encourage the development and diffusion of environmental friendly technologies.

Commitment

As stated in its Environmental Policy, Nireus Aquaculture S.A. commits to:

- complying with the environmental legislation and all the codes and principles that apply to the company's activities
- preventing pollution in coastal and marine establishments
- preserving the quality of the marine environment that surrounds the existed production units, as well as the new ones
- promoting recycling
- monitoring the environmental performances of all its production sites
- providing the appropriate environmental training and educating employees on the environmental aspects of the activity

- working cooperatively with third parties to further promote common environmental objectives

Nireus always conducts an Environmental Impact Assessment before starting any new activity. Also, when we plan for new and existing operations, all the environmental factors such as wastes, water and land, emissions, natural resources and energy consumption are considered.

We set environmental targets and we monitor critical parameters to establish early indications of any possible environmental risks. We promote recycling and manage natural resources to enhance the viability and sustainability of aquaculture.

Nireus identifies and evaluates all the environmental aspects related to its activities and sets measurable objectives and targets.

This procedure is standardized and applicable to all the activities and all the sites of the company's operations.

Outcomes

The implementation of the Environmental Management System which is based on ISO 14001:2004 continued for the tenth year in 2016 in our Group's production facilities. During this year, Nireus expended the GLOBALG.A.P. Certification to the Feed Mill Factories

Apart from the Global GAP, the Group is additionally certified in accordance with ISO 9001:2008, ISO 22000:2005 (HACCP), ISO 14001:2004 and BRC Global Standards (British Retail Consortium).

Monitoring the Quality of Sea Water

During 2016, 900 (400 more than 2015, +80%) physicochemical and 650 (40 more than 2015, + 6.5%) microbiological analyses were undertaken in the aquatic farming.

The physicochemical analysis includes heavy metals, mercury, residue of pesticides, as well as nutrient salts and the microbiological analysis includes TVC (Total Viable Count), Total Coliforms, E. coli, Staphylococcus aureus, Salmonella, Listeria, Fecal streptococci, Clostridium perfringens, Pseudomonas, Fecal coliforms. The intensification of the analysis and the systematic monitoring of the farming parameters ensure the maintenance of the quality of the sea environment.

Monitoring Liquid Waste Parameters

Liquid waste is monitored with respect to the biochemical oxygen demand (BOD), the chemical oxygen demand (COD), the total suspended solids (TSS), the total nitrogen and total phosphorus levels through laboratory analysis which are carried out in both internal and external accredited laboratories. The purpose of the analysis is to ensure that the liquid waste will not alter the physicochemical properties of the final recipient (sea, underground, drainage systems). In 2016, 750 (122 more than 2015, + 19.5%) analyses of waste waters were carried out.

Recycling Programs

The company actively participates in the Joint Recycling Programs that have been created at a nationwide level including smaller programs which the company also develops on its own.

- In 2016, 4 tons of paper (2.5 tonnes more than 2015, +166.6%) was gathered for recycling which was disposed of to the accredited by the Ministry of Environment, subcontractor who has been granted the license for management of used paper.
- Ink ribbons from all facilities are gathered at the Head office and sent for recycling and/or reuse to the accredited subcontractors. In 2016, 93 ink cartridges and toners were gathered.
- Portable batteries which were delivered to the accredited bodies AFIS and SIDESIS reached 1.000 kg
- Old electrical and electronic equipment in addition to fluorescent light bulbs are gathered and disposed of to the recycling organisations Recycling Devices SA and Photocycling respectively. In 2016, 750 hg of lamps and 95 pieces of electronic equipment were delivered.
- Used lubricant oils were gathered in specially formed containers and are gathered by the management body ELTEPE. In 2016, the quantities which were gathered in the production units of the company reached 3.000 hg
- Used reagents from the physicochemical analysis plant are delivered to the supplier who has developed a network for the gatherings and exploitation of the materials which are produced.
- Significant amounts of iron which are produced from the upgrading works carried out in the production facilities are disposed of the accredited subcontractors. In 2016, 2 tons of iron were given for recycling and/or reuse.

Management of Production By-products

Total processing by-products are used in accordance with the European Regulations on management of fish by-products. The intestines and fish heads are sent to a fur farming breeder who uses these as raw materials to produce feed. The fish farming units' by-products are incinerated either in the company's veterinary furnace or in collaborating licensed premises.

Communication actions

The company places great emphasis on communication with interested parties such as with the Association of Hellenic Sea Culture, the Authorities, the Local Communities and the University community.

The results of the monitoring programs on the quality of aquatic farming are communicated to the responsible authorities in a form of an analytical report.

High level employees of the Group actively participate in conferences held by accredited University Academics, on the issue of the interaction of aquaculture and the environment. In addition, these employees are also members of the Scientific Advisory Committee of the Association of Hellenic Sea Culture.

Collaboration with Academic Institutions and Research Organizations

The program relating to the monitoring of residues and the materialization of self-monitoring actions concerning the company's products has a budgeted cost of € 21.000. It includes investigation on the possible effects on the products resulting from actions performed in the sea environment (i.e. Oil spills). The project is performed in collaboration with the University of Athens / Laboratory of Analytical Chemistry.

The collaboration with the Norwegian research AKVAFORSK Genetics Centre on the genetically selected sea bream and sea bass broodstock further continued in 2014. The

annual budget cost amounted to € 100.000. The very positive results arising from the progress of the genetic selection project have already begun to be reflected in the production results of the company.

Collaboration with environmental NGO

The impact of the aquaculture industry, which is growing rapidly in fish populations, marine ecosystems, water quality and society, can be significantly and measurably reduced when responsible practices are applied.

After two years of laborious preparation in cooperation with two reliable key partners, WWF and AB Vasilopoulos, once again NIREUS leads the way in aquaculture by participating in a joint effort under the “Aquaculture Improvement Project”. This project is implemented based on the responsible aquaculture standards developed for other cultured species by the Aquaculture Stewardship Council (ASC), an independent international organization, and it will be adapted to the requirements of Mediterranean species.

As a first step, NIREUS participates in the project with its three units at Aliveri, Astakos and Nafpaktos, voluntarily assuming commitments which aim at further improving the management practices already applied, using high quality and sustainability standards. The implementation of such commitments shall be monitored and certified by a prominent certification body, TÜV Austria. The said three aquaculture farms will work as a role model for the other facilities of our Group, globally upgrading further the level of our sustainability activities in the aquaculture of Mediterranean species and establishing new quality criteria for the field of aquaculture.

This initiative falls within the broader strategic plan of our Group for the sustainable development of its production process. Our achievements and awards so far, form the basis of and our commitment to an ongoing effort for even better performances in terms of sustainability and corporate social responsibility.

Future commitments

We shall continue our environmental efforts to contribute to the decrease of our ecological footprint.

We shall also continue our collaboration with the universities and other educational institutions to promote innovative methods that will allow the sustainability of our sector at the maximum possible level.

ANTI-CORRUPTION

PRINCIPLE 10: Business should work against all forms of corruption, including extortion and bribery.

Commitment

Nireus SA is against all forms of corruption (bribery, extortion, money laundering and law disobedience).

Corporate governance regulations are in place, while compliance is being monitored by the Audit Committee, external and internal Auditors as well as from the Legal and Corporate Affairs Department.

Outcomes

The Group's supplies policy requires an assessment of Nireus suppliers in Greece and abroad, apart from the traditional aspects of cost, quality and consistency, and is in line with the Group's code of values and the principles of corporate governance.

The group acknowledges the important role of chain markets for its growth and wishes its suppliers to act with responsibility, integrity, honesty and transparency. We evaluate suppliers based on the following standards:

- The overall business activity should be guided by respect for and compliance with the applicable laws and regulations.
- Fair competition and refraining from unfair trade practices. Suppliers must also take care to safeguard the integrity, prestige and dignity of the profession to which they belong, with respect for the interests of consumers.
- Disposal of products and services consistent with the applicable quality and safety standards.
- Conduct of business with respect for the environment and compliance with applicable environmental laws and regulations.

The group has long standing relationships of healthy and profitable collaboration, which require trust, honesty and constant communication between the parties. For this reason, key suppliers are visited at least once a year.

Our Internal Labor Code refers (in Chapter Z) to our business principles about our employees' ethics and conduct to our suppliers, clients and other coworkers.

According to our company's Code of Conduct all our employees are encouraged to report any case of violation comes to their attention to deal with it directly for the benefit of all and do justice. For this purpose, a special e-mail address was created (codeofconduct@nireus.com) which addresses solely, under strict confidentiality, to the Legal & Corporate Affairs Department.

Also, an international auditing firm audits our financial statements every six months. Regular and extra audits are also conducted for all departments by the Internal Audit Department.

Future commitments

We are also in the process of drafting and implementing enhanced Compliance Programs throughout the organization and to promote further clear and precise policies and procedures that prevent all potential forms of corruption.

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