

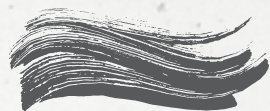


**cromaris**



*Sustainability report*  
2021





ORIGINAL  
MEDITERRANEAN  
QUALITY

THE GREEN  
DIRECTION

## TABLE OF CONTENTS

A letter from our CEO	7	Goals for 2022	89
Aquaculture	11		
Cromaris today	13	<b>Sustainable products and services</b>	<b>91</b>
Historical overview	15	Organic production	93
Key business indicators in 2021	19	Increase in Cromaris' organic production	97
Cromaris Management Board	23		
Production sites	25	<b>Carbon footprint reduction</b>	<b>99</b>
Hatchery	27	Risk of climate change	101
Farms	29	Carbon footprint reduction and greenhouse gas emissions monitoring	103
Gaženica production and logistics centre	43	Cromaris greenhouse gas emissions and energy consumption in 2021	105
Vertical integration and traceability	45	Emission reduction measures implemented in 2021	109
Certificates	49	Plans for Cromaris' carbon footprint reduction	111
Market overview	53	Bike to Work Day	113
Consumption of fish per capita	55		
Nutritional value of Cromaris fish	57	Development of own fish feed formulations in Cromaris	115
<b>Responsible customer experience</b>	<b>61</b>	Fish raw materials from sustainable sources	117
Commercial excellence	63	Fish feed formulation testing and guidance for 2022	119
		Risks and opportunities in fish feed development	121
Portfolio	65	Animal welfare and good farming practice	123
New Cromaris species – dentex and greater amberjack	71	Farming without the use of antifouling agents on nets	125
BIO fish	73		
Superior Taste Award 2021	75		
Sustainability of Adris grupa and non-financial reporting on ESG topics	77		
Cromaris materiality matrix	83		
Identified risks, challenges, opportunities, and material topics	85		
Evaluation of the sustainable development goals set in 2020	87		

Sampling and monitoring at farms	127	Share of procurement by supplier country (by number of suppliers)	162
Farming without the use of antibiotics	131	Responsible suppliers	163
How to achieve farming without the use of antibiotics?	133	<b>Employee well-being and employee lifelong learning – Social topics</b>	165
<b>Digital innovation</b>	135	Our people = our value	167
Cromaris' digital strategy	137	Employee structure – security, equity, and equality	169
Communication platforms	139	Careers Inspired by the Sea	171
Automation	141	Lifelong learning	173
Cromaris' transformation programme	145	Employee rewarding and well-being	175
Project TP 09: Optimisation of the Cromaris portfolio value	147	Protection and safety of employees in the workplace	177
Project TP 14: Reducing the quantities and costs of animal by-products and waste	149	Covid-19	179
Waste management in Cromaris	151	<b>Responsibility towards local communities</b>	181
Waste life cycle and circular management	153	Employment of locals	183
Wastewaters	155	Local community inputs	185
<b>Sustainable supply chains</b>	157	Donations of Cromaris products	187
Sustainable procurement and our suppliers	159	Donations, sponsorships, and volunteering	189
Integrating sustainability elements in procurement processes as of 2022	160	Back to school recipes	191
Share of Croatian suppliers in purchasing consumption on an annual basis (by cost)	161	Cromaris' memberships and roles in associations	193
		Projects bringing together academia and industry	195

# A letter from our CEO

2021 was yet another important year on Cromaris development path. Despite the still very unfavourable business conditions associated with the coronavirus crisis, as well as other challenges, Cromaris achieved growth in all key business indicators in 2021. In addition to growth in key markets, we have also opened up new important markets. The product portfolio has been expanded with new innovative products and numerous technological and production improvements have been made. After being the first in the industry to publish the Sustainable Development Report last year, we continued to prove ourselves as a leader in sustainable and responsible business in 2021, primarily in the preservation of the natural environment and partnership with the community in which we do business.

The operations of Cromaris in 2021 were still strongly affected by the coronavirus pandemic, which caused logistical difficulties, supply chain disruptions, and the closure of the HORECA channel, as well as rising costs, which are even more pronounced in 2022. The focus remains on protecting people's health and safety in the workplace, with growing concerns due to natural

disasters related to climate change. Events related to the war in Ukraine are also actively monitored. Cromaris recognises these risks, considers potential impacts, and adapts its business in a timely manner, trying to minimise them. We also recognise opportunities for even stronger market positioning. Among the positive trends in the environment, the ones that stand out are increased demand for farmed fish as the foundation of a healthy diet and consumer awareness of sustainable production. In the last few years, the demand for farmed fish and the consumption of white fish have been growing at an average of about ten percent a year, which represents a great potential for Cromaris.

In 2021, Cromaris achieved sales volume of 12,421 tonnes of fresh fish equivalent, up 20 percent compared to the previous year. 11,272 tonnes of fish products were sold – an increase of 21 percent. In export markets, volume growth of 21 percent was recorded. Cromaris generated 86 percent of the sales volumes and 87 percent of the sales revenue in foreign markets. We are present on a large number of European markets, and since November 2021 also on the Spanish,



**IVAN LEKO**  
CROMARIS CEO

the second largest world market for sea bream and sea bass. Revenues from differentiated products rose by seven percent. Sales revenues amount to HRK 613 million in 2021 and are 20 percent higher than last year's. In 2021, Cromaris made a profit before interest, tax, and depreciation (EBITDA) in the amount of HRK 67 million, which is 14 percent more than in 2020. Net profit amounted to HRK 13 million, which is a growth of 40 percent.

Cromaris responds to trends and consumer demands. We are constantly investing in technological processes and developing innovations. After years of research by Cromaris experts, in 2021 we presented two

new gastronomically highly valued species – greater amberjack and dentex. This was a great success because both species are very demanding to breed, and we are the only dentex producer in the world.

Cromaris builds its distinctiveness, resilience, and market position on products of superior quality and freshness, with a proven high nutritional value, grown with minimal environmental impact at all stages of production. This has been confirmed by all relevant certificates, including IFS, Global GAP, and ASC, which cover responsible management, environmental care, and social responsibility. The superior quality of the products has been confirmed by consumers, but also by the profession. For the fourth consecutive year, Cromaris has received the Superior Taste Award, the world's most prestigious award in the food segment, for all four of its registered products: sea bass, sea bream, meagre, and greater amberjack.

The activities and experiences of Cromaris in the field of sustainable and responsible business were considered in 2021 when considering the future approach to sustainability at the level of Adris grupa, within which the company operates. Cromaris was recognised as the leader of the Group, primarily in environmental protection and the development of sustainable products, and many of Cromaris' positive practices and experiences have been

taken over by other components of the Group. The experience gained and progress achieved so far, the defined priority areas of sustainable business, in addition to the new ambitious objectives, are a clear guideline for Cromaris and the Group as a whole for promoting economic, social, and environmental factors in business even more systematically. This will benefit all stakeholders involved while also contributing to the global sustainability objectives, the achievement of the European Green Deal objectives and the EU climate neutrality by 2050, as well as the UN Sustainable Development Goals.

The same as other companies in the Group, Cromaris is committed to developing sustainable products and services and to fostering responsible consumer experience. Cromaris products are sustainable because they seek to balance economic, ethical, social, and environmental requirements at all stages of production. Cromaris does not stop there – encouraged by the EU guidelines and trends, we plan to increase organic production by almost three times until 2025. As soon as next year, we will launch a new product – organic Cromaris meagre. In the middle of 2021, preparatory activities for organic production began at the new Lavdara farm and the conversion of one of the existing farms exclusively for organic production is in progress. Another proof that Cromaris pays special attention to

the health of the end consumer, but also to the well-being of the environment, is the production without the use of antibiotics throughout the life cycle of the fish, which is extremely rare in the industry and for which we have the Antibiotic Free Certificate issued by the independent accreditation body DNV GL.

One of the priorities of Cromaris' sustainable business in the coming period is reducing its carbon footprint. In 2020 Cromaris committed to managing greenhouse gas emissions. We measured the quantity of greenhouse gases emitted, made an inventory of the greenhouse gases, and defined an Action Plan for reducing emissions. In 2021, we took a number of concrete measures and installed more energy-efficient systems and exceeded the target for the relative reduction in greenhouse gas emissions for that year. We will apply the same principles systematically to any new investment. We managed the energy consumption and water resources more responsibly, worked on more efficient waste management, and considered the use of raw materials and materials that have better environmental potential. Significant quantities of by-products have been reused, with which Cromaris promotes the principles of a circular economy.

Employees are our most important resource, so we invest significantly in developing education and training systems, as well as

providing a safe and stimulating working environment. The Human Resources department, established in 2021, will contribute to this by working on attracting employees, managing career development, and carrying out activities aimed to raise the level of employee satisfaction. Employing local workers is also very important to us, especially in island communities, because in this way we enable the development of these often isolated communities and the retention of people on the islands.

Cromaris remains a good partner to the communities in which it operates. We are actively involved in numerous socially beneficial projects and activities. Our donations have helped parts of Croatia affected by the earthquake and a number of other events in Zadar County. We donated equipment to schools and equipped playgrounds and libraries. We are also a proud sponsor of KK Zadar.

In our socially responsible programmes, we pay special attention to children and young people. Through our educational workshops, we encourage children's environmental awareness and promote the consumption of fish as a healthy food. We support education and training in the field of mariculture by organising field classes, providing professional practices, and assisting in the preparation of term papers and other

professional papers. We also continue our long-standing successful cooperation with numerous domestic and foreign scientific and educational institutions on important projects in the field of marine science.

Despite the numerous challenges in 2021, stability, sustainability, and even further growth have proved to be achievable goals for Cromaris. Although 2022 has brought new and unexpected challenges and uncertainty, we continue with our intended path – offering sustainable products of the highest quality, produced with minimal environmental impact, taking into account the needs of employees and the community in which we operate. We continue to implement the started transformation projects that will result in new steps in market operations and the optimization of production processes.

Cromaris strongly and boldly steps towards sustainable farming, because only sustainable aquaculture is the future. Let's protect the seas, the habitats, the air, and the Earth in order to protect the people!

# Aquaculture

Aquaculture is one of the fastest-growing branches in the food industry, with an average growth of more than 8% per year in the last ten years.

In 2020 the Republic of Croatia accounted for 4% of the total production of the Mediterranean species in the EU.

According to the Ministry of Agriculture, the total annual production of marine aquaculture in the Republic of Croatia in 2020 amounted to 18,992 tonnes, while sea bass and sea bream accounted for 14,534 tonnes.

The production of other species, including meagre, dentex, greater amberjack, and Mediterranean scallop amounted to 618 tonnes. In 2020, Cromaris held 2.05% of the volume and 2.93% of the value market share of the Mediterranean species aquaculture market.

Zadar County is the leader of aquaculture in the Adriatic and the leading county in the Republic of Croatia. The production, preparation, and consumption of healthy food is part of the Mediterranean identity of the Zadar region.



# Cromaris today

Cromaris is the Croatian leader and sixth company in the world in sea bass and sea bream farming, as well as the fastest-growing company in the industry. Cromaris is a recognised market leader in quality, as

evidenced not only by consumer confidence, but also by numerous certificates and daily checks through a system of strict process and product controls.

## OUR VISION

One of the world's leading companies in the production and processing of Mediterranean fish, recognised as a leader in freshness, top quality, innovation, and sustainable business.

## OUR MISSION

Developing and spreading a culture of a balanced diet, the consumption of fresh and fish products.



**MISSION**

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ng of the  
healthy and  
et based on  
ption of fish  
products.



**OUR GOALS**

Long-term  
growth, profitable,  
sustainable, and  
prominent business  
within Adris grupa.

# Historical overview

Cromaris nurtures a long tradition dating back to 1979, when the company Cenmar, one of the pioneers of mariculture in the Mediterranean, was founded. Cenmar was among the first companies in the world to start cage farming sea bass and sea bream. The first commercial sea bass farming was launched in Lamjana bay on the island of Ugljan. In 2009 Adris grupa merged Cenmar and three smaller Mediterranean fish farming companies into a new modern company based in Zadar – Cromaris. Nowadays Cromaris is one of the world leaders in the production and processing of top-quality Mediterranean fish. The basis of the offer are native Mediterranean species – sea bream, sea bass, meagre, greater amberjack, and dentex. Cromaris responds to the increasingly demanding needs of the modern consumer and constantly develops new products of proven superior quality and freshness, with a unique taste and high nutritional value.

**1979** – Foundation of Cenmar. Among the first in the world to immerse a sea bass farming cage into the sea

**1981** – Cenmar's first sea bass and sea bream hatchery opened in Nin

**1984** – Foundation of Marimirna Rovinj marks the beginning of mariculture in Istria

**1995** – Start of new species farming (dentex and sheepshead bream)

**2008** – Adris acquires four companies: Cenmar, Marimirna, Marikultura Istra and Bisage-Nit

**2009** – The merger of Cenmar, Rovinj Marimirna, Mariculture Istria, and Bisage-Nit creates Cromaris d.d., which operates within Adris grupa / Innovation in fresh fish packaging – the first MAP fish packaging is launched

**2011** – In addition to sea bass and sea bream, Cromaris presents a new indigenous species to the market – meagre / Beginning of the certification of technological processes and quality assurance (iso standards) / Strategic

step forward in mariculture by establishing two new departments – R&D and Marketing

**2012** – Cromaris certified according to EU regulations for organic farming and Naturland

**2014** – Sale of 5,000 t of WFE recorded for the first time / Start of Cromaris BIO range sale – BIO sea bass and BIO sea bream

**2015** – New hatchery opened in Nin, one of the most modern hatcheries in Europe / SAP module was developed and implemented, specifically adapted to the management of aquaculture systems

**2016** – Nutritional Centre founded and the first Cromaris fish feed formulations designed / Kudica farm started operating

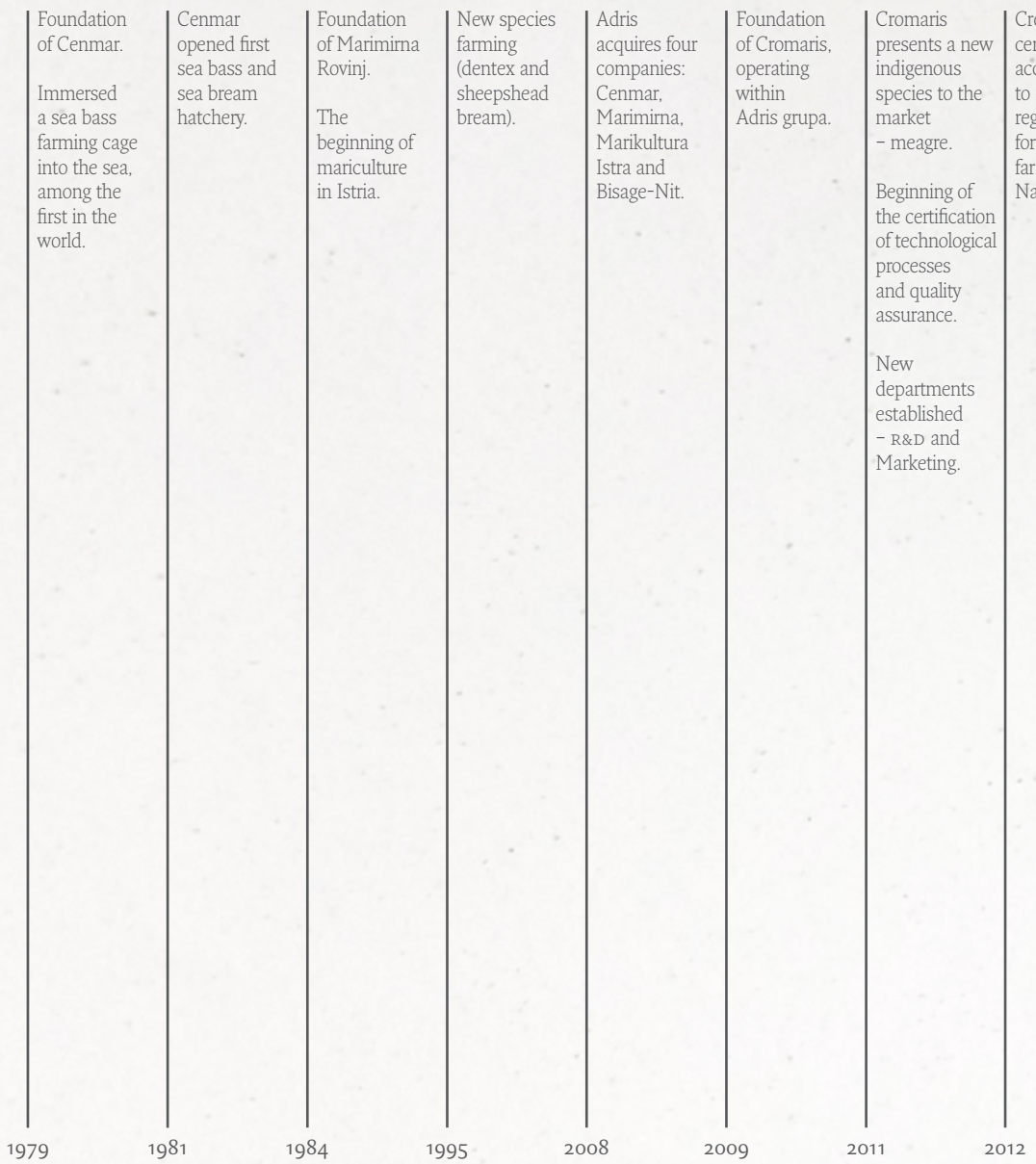
**2017** – Žman farm opened

**2018** – First generation of trainees in the “Future in Cromaris” project

**2019** – All Cromaris farms and all species certified according to the ASC standard / Launch of fresh SKIN fillets in new recyclable packaging

**2020** – Record year – 10,000 t of WFE sold! / Beginning of greenhouse gas emission monitoring for Cromaris, 2020 set as base year / Launch of the new MAP product range in recyclable PET packaging / Cromaris certified according to organic BIO Suisse certification

**2021** – Two new species launched: Cromaris greater amberjack and dentex / Cromaris first in the industry to publish a sustainability report for the previous year / Lavdara farm opened



<p>Record sale of <b>5,000 t of WFE</b>, for the first time.</p> <p>Start of Cromaris BIO products sale.</p>	<p>New hatchery opened in Nin, one of the most modern hatcheries in Europe.</p> <p>SAP Aquaculture module was developed and implemented.</p>	<p>Nutritional Centre founded and the first Cromaris fish feed formulations designed.</p> <p>Kudica farm started operating.</p>	<p>Žman farm opened.</p>	<p>First generation of trainees in the "Future in Cromaris" project.</p>	<p>All Cromaris farms and all species certified according to the ASC standard.</p> <p>Launch of fresh SKIN fillets in new recyclable packaging.</p>	<p>Record year – <b>10,000 t of WFE</b> sold!</p> <p>Beginning of greenhouse gas emission monitoring for Cromaris.</p> <p>Launch of the new MAP product range in recyclable PET packaging.</p> <p>Cromaris certified according to organic BIO Suisse certification.</p>	<p>Two new species launched: Cromaris greater amberjack and dentex.</p> <p>Lavdara farm opened.</p> <p>Cromaris first in the industry to publish a sustainability report.</p>
2014	2015	2016	2017	2018	2019	2020	2021

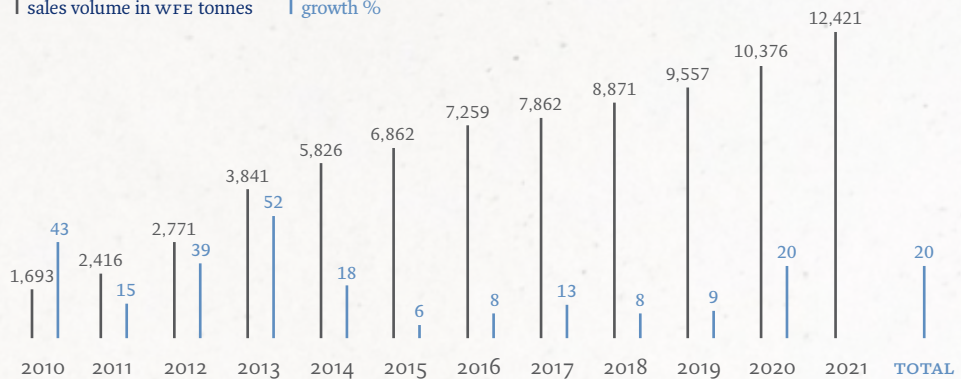
# Key business indicators in 2021

## SALES IN TONNES OF WFE (WHOLE FISH EQUIVALENT)

Cromaris d.d. is one of the fastest-growing companies in the industry. Since its establishment in 2009, it has been recording strong annual organic sales growth. In the period from 2010 to 2021, volume sales increased on average by +20% per year.

## SALES VOLUME

| sales volume in WFE tonnes | growth %



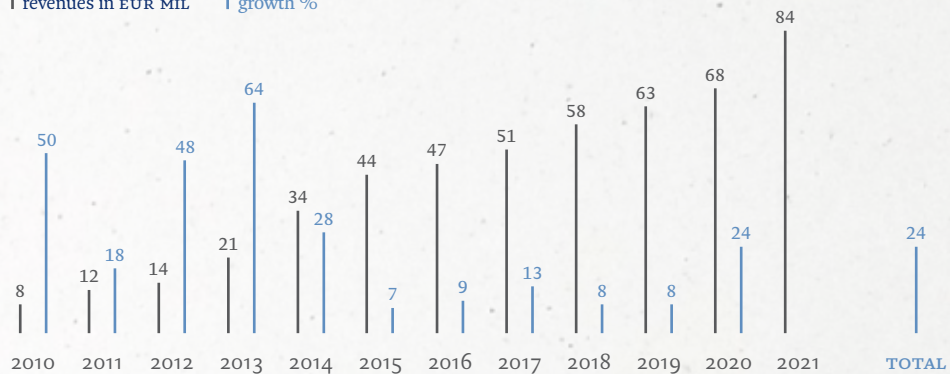
## SALES REVENUES IN MILLIONS OF EUR

Due to the strategic orientation of the company towards the *premium* segment of the market and investments in the development of value-added products, sales revenues of Cromaris d.d. have achieved an even higher

growth rate in relation to the volume sales. In the period from 2010 to 2021, sales revenues of Cromaris d.d. grew at an average annual rate of +24%.

### SALES REVENUE (EUR MIL.)

■ revenues in EUR MIL    ■ growth %

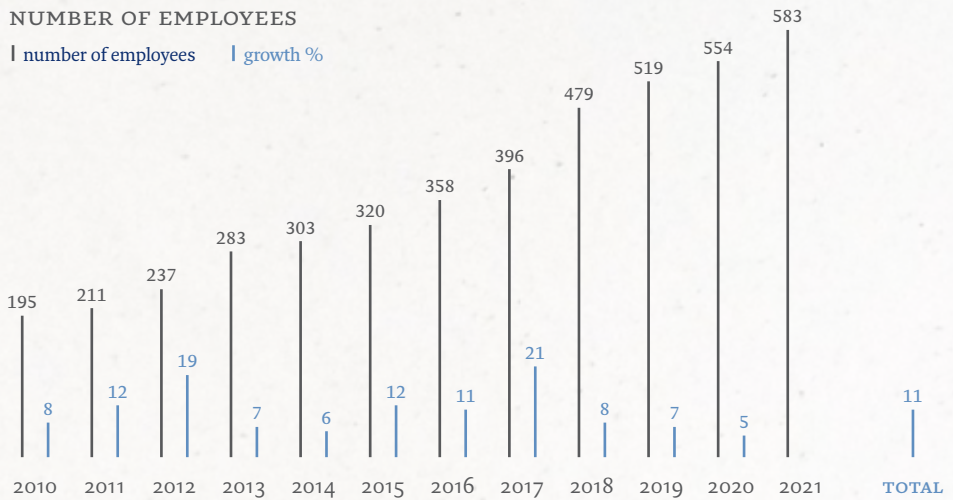


## NUMBER OF EMPLOYEES

As sales and business activities grow, so does the need for qualified employees. Cromaris employs an increasing number of employees year after year. At the end of 2021, Cromaris had just over 580 employees.

## NUMBER OF EMPLOYEES

| number of employees | growth %

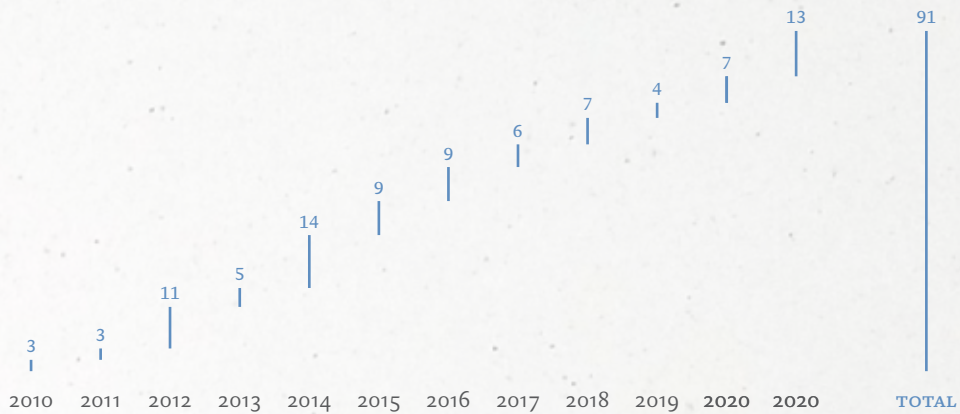


## INVESTMENTS IN NON-CURRENT ASSETS IN MILLIONS OF EUR

More than EUR 91 million had been invested in non-current assets until 2021. Investments will be continued in order to achieve the highest level of industrial efficiency.

## LONG-TERM INVESTMENTS

investments in EUR MIL



# Cromaris Management Board

Following a decision of the Supervisory Board, as of 2021 Cromaris has a new, three-member Management Board. Ivan Leko was appointed President of the Management Board, while Dane Desnica and Giuseppe Virzi were appointed members of the Management Board. At the end of 2021, Giuseppe Virzi left the Management Board of Cromaris and Stipe Anušić became a member of the Management Board in charge of Cromaris' market operations. As of 1 January 2022, the Management Board of Cromaris is composed of Ivan Leko, President of the Management Board and Dane Desnica and Stipe Anušić as members.

Since the establishment of Cromaris in 2009, Adris grupa has invested more than HRK 1 billion in the development of the company, which has resulted in strong growth of all business indicators, opening of new markets, expansion of the product portfolio, and technological and production improvements. As the company enters a new, very demanding cycle of growth and development, the organisational structure needs to adapt to the new market circumstances in order to achieve its ambitious goals. This is the main task of the new Management Board of the company, whose four-year term started on 1 April 2021.



**IVAN LEKO**  
PRESIDENT OF THE  
MANAGEMENT  
BOARD



**STIPE ANUŠIĆ**  
MEMBER OF THE  
MANAGEMENT  
BOARD



**DANE DESNICA**  
MEMBER OF THE  
MANAGEMENT  
BOARD

A large, white, 3D logo for 'Cromaris' is mounted on the side of a blue building. The logo consists of a stylized 'C' followed by the word 'cromaris' in a lowercase, sans-serif font. The building's facade is made of blue horizontal panels, and the sky in the background is a clear, bright blue with some light clouds.

**Cromaris**

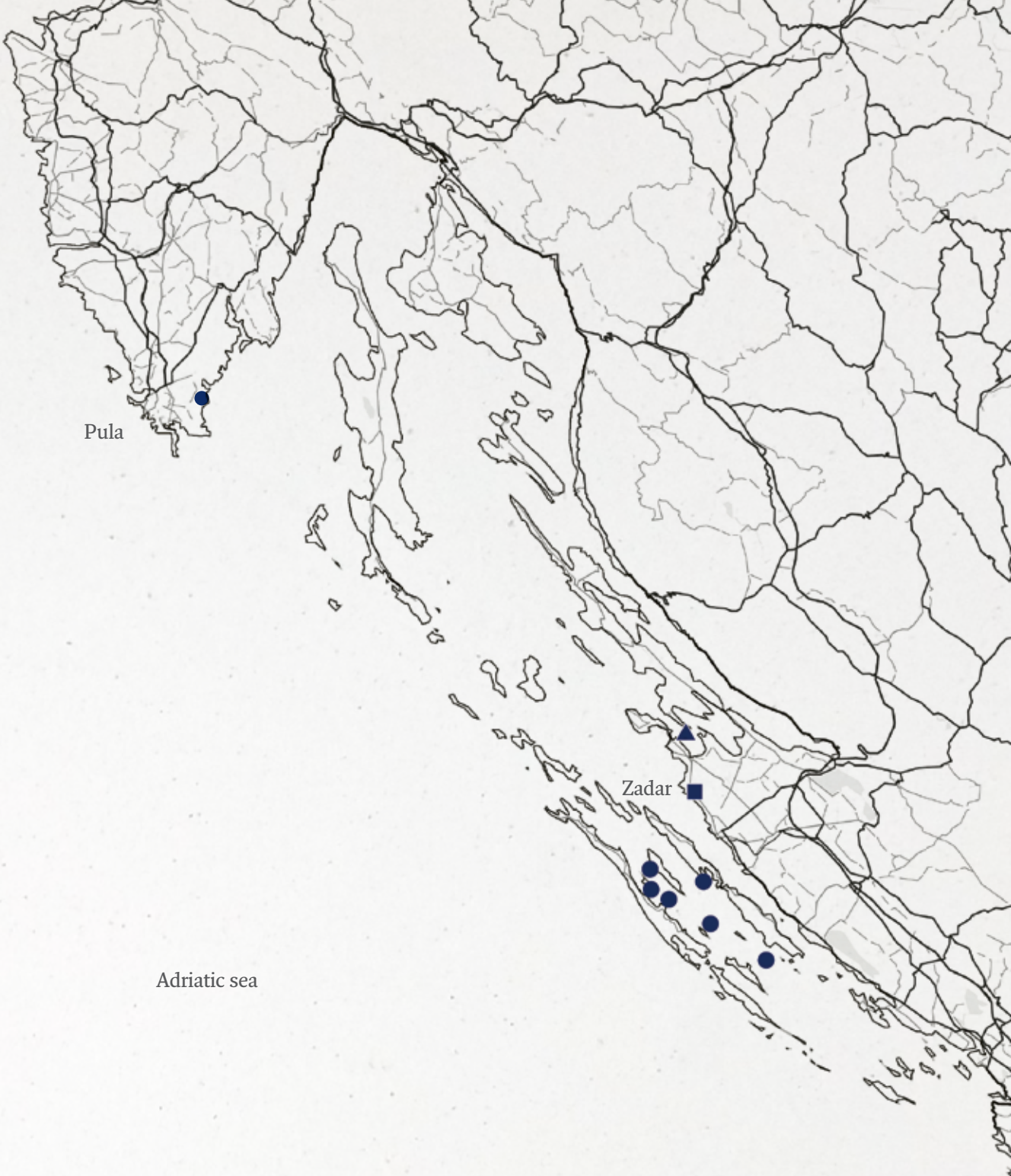
# Production sites

The company's registered office is in Zadar. The production and logistics centre with a plant for sorting and processing is located in the same town, in Gaženica, as well as a new, larger and more energy-efficient warehouse for finished products, built in 2021.

Of the seven Cromaris farms, one is located in Istria (Budava), and the remaining six are in the Zadar region, in the Central Adriatic (Lamjana, Košara, Velo žalo, Žman, Kudica,

and the newly opened Lavdara farm). The locations of all farms are carefully selected due to the exceptionally clean sea and pristine nature, in accordance with the spatial plans of the Zadar and Istria counties, which assess these locations as suitable for white fish farming. A new Cromaris hatchery was formally opened in 2015 at the location of the old hatchery in Nin from 1981, and it is one of the most modern hatcheries for Mediterranean fish in Europe and the world.

- ▲ 1 Hatchery in Nin
- 1 Processing and Logistics Center
- 7 Fish Farms



Pula

Zadar

Adriatic sea

# Hatchery

Back in 1981, Cenmar opened one of the first hatcheries in the Mediterranean in the historic town of Nin, not far from Zadar. With the establishment of Cromaris, the constant growth of production and the development of new farming species create a need for a new plant. In 2013, Cromaris started work on the extension and reconstruction of the hatchery. The new hatchery, one of the most modern sea bass and sea bream hatcheries in the world, started operating in 2015.

In addition to its superior production technology, Cromaris is also proud of the many years of experience and know-how of its expert team, which improves its juvenile fish production technology year after year, in accordance with the highest quality standards.

This is also confirmed by the Global G.A.P. certificate for all produced juvenile fish, as well as the organic production certificate for Cromaris' Organic part of the portfolio.

The hatchery is organised according to the requirements of the technological process. Individual units have separate filtration systems, which makes it possible to achieve the optimal zoo-hygienic conditions and production stability. When the juvenile fish reach a mass of 3 to 5 grams, they are transported to the hatchery in transport basins to continue the farming cycle. In addition to the focus on regular production of juvenile sea bass and sea bream, a great deal of effort is invested in researching the production of new species of juvenile fish and the production of organic juvenile fish.



# Farms

## KOŠARA

Our farm is situated on a small Island of Košara, southwest of the Island of Pašman. The world famous “Kornati” National Park is in vicinity of the farm.



## **KUDICA – ORGANIC FARM**

KUDICA FARM is located next to a group of islands surrounding the Island of Iž. It is certified in accordance with the EU Organic Farming, Naturland and Bio Suisse certification.



## ŽMAN

ŽMAN FARM was established along the uninhabited part of the Island of Dugi Otok, between Luka and Žman.



## VELO ŽALO

VELO ŽALO FARM is sited on one of the most beautiful islands in the Mediterranean, in Velo Žalo Cove on the Island of Dugi Otok.



## **LAMJANA**

This farm is located near LAMJANA Bay on the Island of Ugljan. Besides the commercial production, the farm also features an experimental platform for a variety of feed and new species experiments. Due to its longest experience, this oldest farm was selected to host a venue for performing R&D trials.



## **BUDAVA**

BUDAVA FARM is situated on the Istrian Peninsula, in one of the most beautiful bays in the area, Budava Bay. Interestingly enough, for many years this site was under the protection of the army, making sure the nature in and around the bay was to be left completely intact.



## LAVDARA

THE LAVDARA FARM started operating in the middle of 2021, as the seventh in a series of Cromaris farms. It is located between the island of Lavdara vela and Pašman in Srednji kanal, along the northeast coast of the island of Lavdara. It consists of four farming fields. The feeding of fish on Lavdara is fully automated, carried out with the help of a barge placed in the middle of the farm. The barge is connected by pipes to all cages on the farm, which enables faster and more efficient dispersal of food throughout the year.



# Gaženica production and logistics centre

Cromaris fish processing plant is located in Zadar, a few hours away by boat from Cromaris farms and in immediate proximity to the highway. It was put into operation in 2012 and has been continuously modernised and upgraded with numerous investments, in accordance with the latest technologies and standards in fish processing. The facility is built in line with the principles of good manufacturing and hygiene practices and is certified according to the strictest international food safety standards (BRC Global Standard for Food Safety and IFS Food). Cromaris thus guarantees maximum certainty that customers and end consumers are purchasing a healthy and quality product with superior freshness.

The caught fish is immediately transported to the processing plant for sorting by Cromaris fleet ships. In the sorting process, the fish is divided into classes by size on an automated sorting line to make the process as short and efficient as possible. Depending on customer orders, part of the sorted fresh

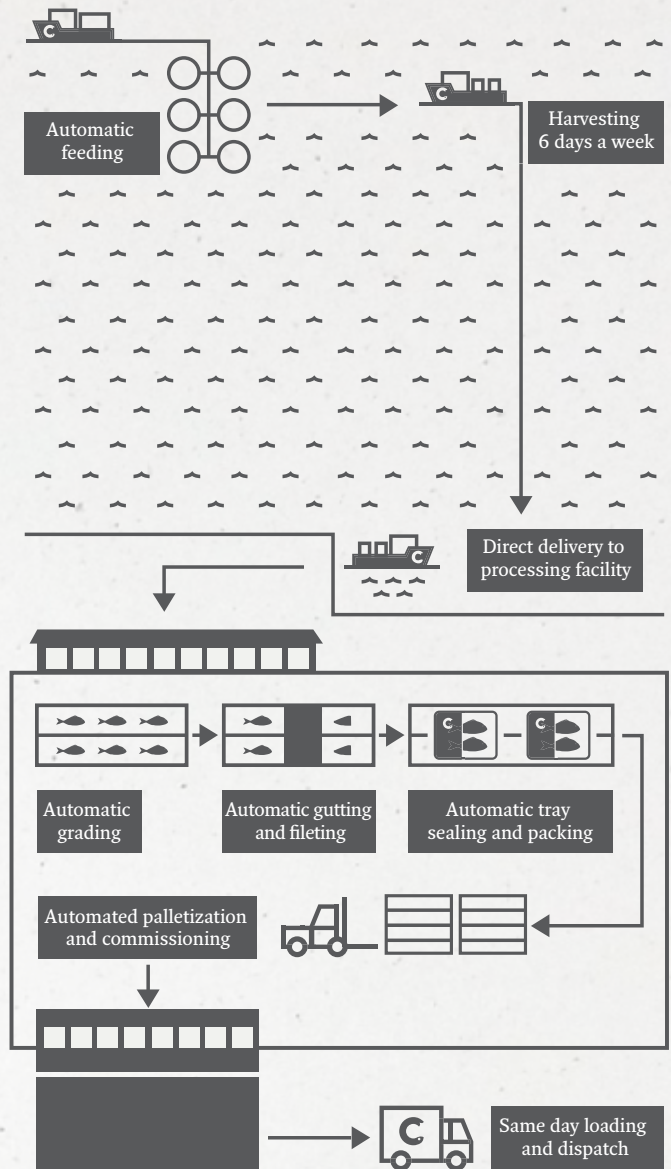
fish packed in cases is sent directly to the market, while the other part is processed. Fish descaling, cleaning, and filleting are done by machine, with minimal manual manipulation. The fresh fish thus processed is then packed in cases or recyclable PET trays. Packaging in trays, by MAP or SKIN technology, which additionally retains product freshness, is done in an automated manner, by using the most advanced machines currently available on the market.

A special part of the production, which requires the highest hygiene standards, refers to Cromaris' delicacy range. This is a range of smoked and marinated products, ready for consumption, prepared using traditional methods, without the use of artificial additives and preservatives.

## **NEW FINISHED PRODUCTS WAREHOUSE GAŽENICA**

The project of reconstruction of the aquaculture products warehouse and substations

in Gaženica was completed in the second half of 2021 and it will start operating in the first quarter of 2022. The newly built warehouse, which is located next to the existing processing plant in Gaženica, is characterised by sustainable systems and solutions. In 2020, Cromaris calculated the greenhouse gas emissions for the first time and adopted a strategic plan to reduce the carbon footprint and decide on the systematic implementation of sustainable components where possible. A water chiller with an environmentally friendly working substance (propane) and low GWP (global warming potential) was selected for the cooling system in the new warehouse. Propane is a type of hydrocarbon (HC) with excellent thermodynamic properties for operation in refrigeration devices and is a very good substitute for freons or other harmful working substances with an adverse impact on the environment. Also, efficient LED lighting fixtures were installed in all rooms. A small photovoltaic plant was installed on the roof of the warehouse, as well as transformers with the lowest energy losses.

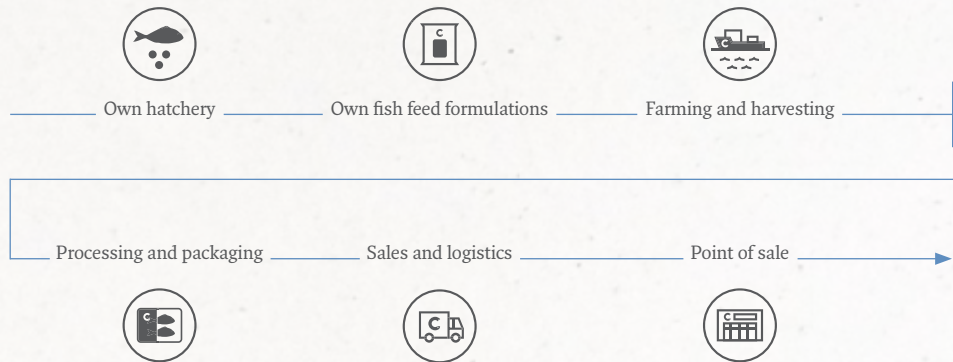


# Vertical integration and traceability

Cromaris is a vertically integrated company in terms of production; from the broodstock to the final product. The production cycle begins at its own hatchery in Nin, continues at one of the seven farms in the Zadar and Istria counties, and ends with sorting and processing at the processing centre in Gaženica in Zadar, from where the finished products

are distributed to customers in Croatia and abroad. The quality of business processes is confirmed by numerous certificates and full traceability in real-time with the help of SAP – from broodstock and spawn, through juvenile fish and fish for consumption, all the way to the end consumer.

## SEA TO FORK

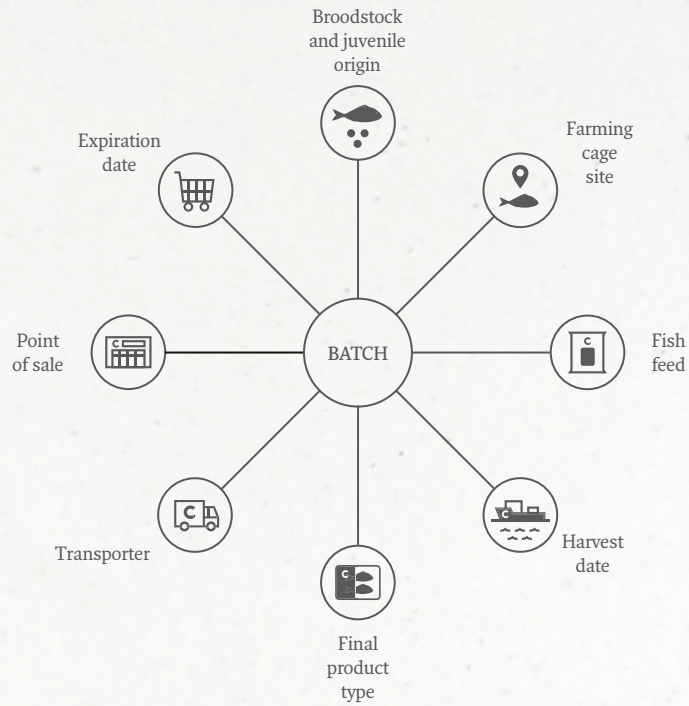




**THE BATCH NUMBER** on finished products allows Cromaris to trace the entire farming process, from spawning, farming cage site, fish feed, temperature regime from harvest to delivery, as well as other

key parameters. The QR code, included on innovative packaging, allows each customer to take a virtual walk around the farm from which the fish originated.

**FULL TRACEABILITY**  
Information available via batch number





# Certificates

As early as 2011, Cromaris began the process of harmonising its operations with the recognised ISO standards, thus becoming one of the leaders in the industry, competitive on the domestic and international market. It is currently certified according to the latest revisions of the **ISO standards**:

- ISO 9001: 2015 – Products and services quality management system
- ISO 14001: 2015 – Environmental management system
- ISO 22000: 2018 – Food safety management system

Following the increase of the processing plant capacity and expansion of the market to foreign retail chains, a need emerged for the introduction of **IFS Food standards** from the GFSI standards scheme developed by French and German retail chains. IFS designates products in accordance with the customer specification and today it is practically impossible to export food products to the EU market without this certificate. IFS Food version 6 is currently implemented, and preparations are underway for a slightly different version 7, the certification of which is planned for 2022.

A few years later, another demanding GFSI standard – **BRC** – was implemented. Developed by British retail chains, it became a benchmark for best practice in the food industry in a short time.

One of the most widespread certification schemes in the world – **Global G.A.P.**, together with its associated modules **GRASP and Friend of the Sea**, was implemented in 2015 at all Cromaris farming sites. The standard covers good manufacturing practice (farming), quality management system, and HACCP principles. The aim is to minimise the negative effects of the farming processes on the environment and to ensure a responsible attitude towards the population.

When the independent non-profit organisation **Aquaculture Stewardship Council (ASC)** established a kind of protocol for the farming of sea bream, sea bass, and meagre, Cromaris initiated a process to implement this standard, which guarantees customers that the fish is produced in a socially and environmentally responsible manner. Since then, all Cromaris breeding sites have been ASC certified and the distinctive ASC logo has

been displayed on the packaging of Cromaris products.

Certification according to the strict requirements of the **EU regulations for organic production and labelling**, **Naturland** and **Bio Suisse** standards, makes up a special category. Without its implementation, it

would not be possible to market the organic range of Cromaris products on the Swiss market.

#### CERTIFIKATI



2011	ISO 9001, ISO 22000, ISO 14001, Kosher
2012	EU Organic, Naturland
2014	IFS Food
2015	Global G.A.P. GRASP. Friend of the sea
2018	BRC
2019	ASC, Antibiotic Free according to STP-80.
2020	Bio Suisse Organic
2021	In the process of optimizing the number of certificates



Quality management system



Food safety (hatchery and farms)



Food safety (processing)



Social responsibility



Organic production



Marks, trademarks



cial  
sibility



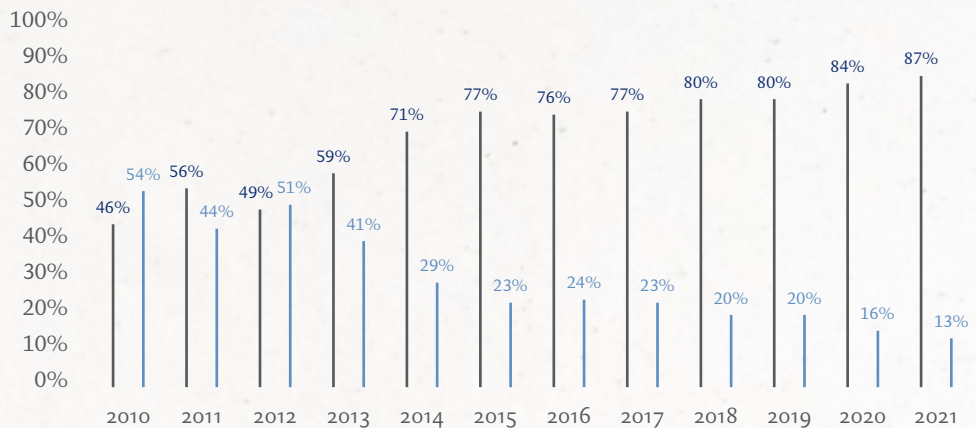
Environmental protection,  
animal welfare, and sustainability

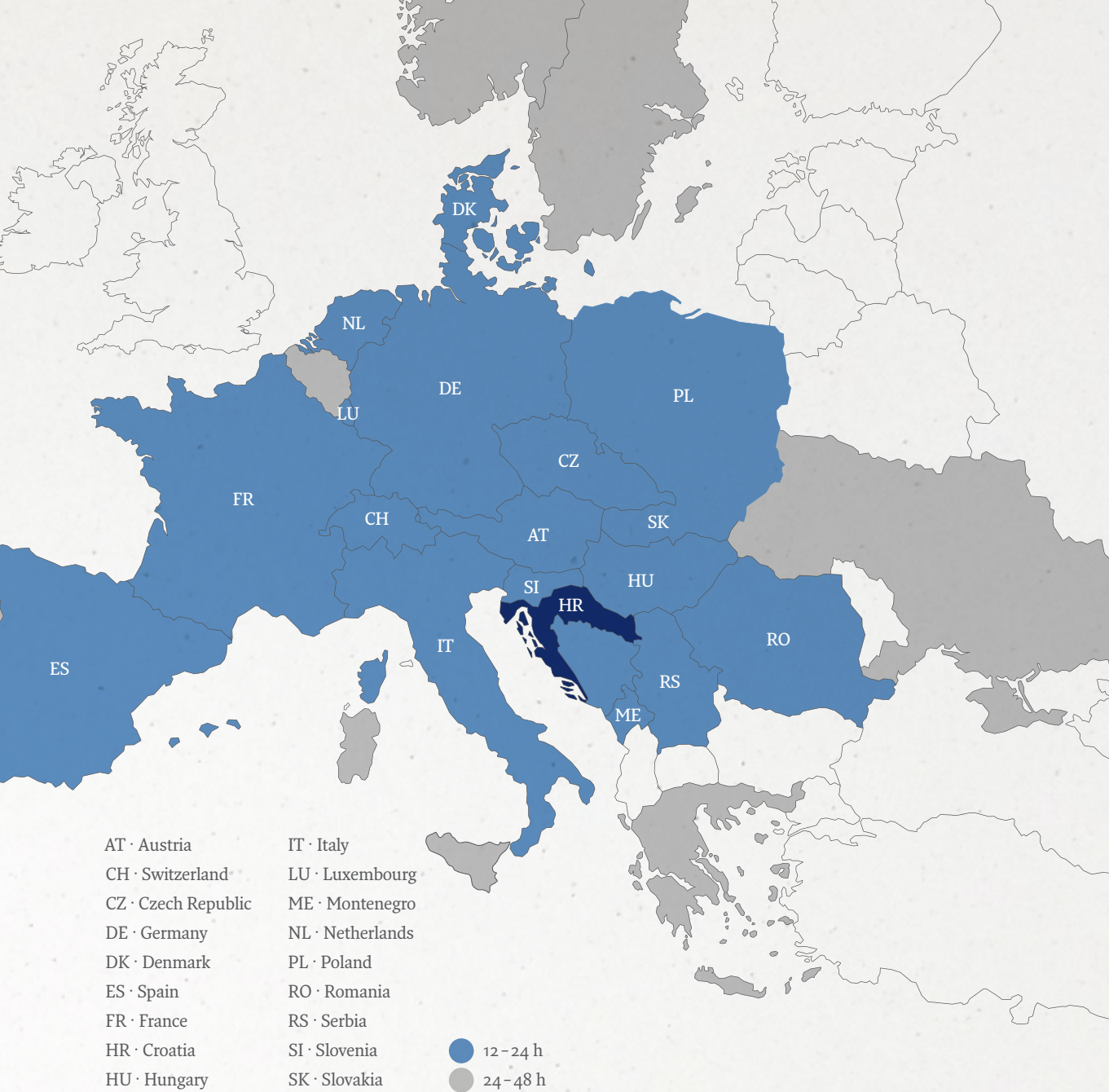
# Market overview

11,237 tonnes of fish or 12,387 tonnes of whole fish equivalent were sold in 2021, which is 6% more than planned and 21% more than in 2020. In addition to the domestic market and Italy, which is the largest and most important market for Mediterranean fish, Cromaris is also present in the markets of Slovenia, Austria, Germany, Switzerland, France, the Netherlands, Denmark, Luxembourg, Poland, the Czech Republic, Slovakia, Romania, Montenegro, Serbia, and Hungary. New markets are constantly opening up, so in 2021 Cromaris first

entered the Spanish market, which is the second-largest market for Mediterranean white fish in terms of volume. In the past eleven years, revenue from the sale of products on foreign markets has been a key and growing feature of Cromaris' business. Foreign sales revenue accounted for 87% of the total sales in 2021. The strength of exports is also evidenced by the fact that the Croatian Exporters' Association presented Cromaris with the Golden Key award for the second year in a row in the category of the Best Exporter in Italy.

## SHARE OF EXPORTS IN SALES REVENUE





# Consumption of fish per capita

Population growth and the increasingly strong trend of healthy living and turning to a proper diet result in an increased demand for food, including fish and fish products. However, the existing patterns of food consumption are unsustainable from a health and environmental point of view, and the availability of wild fish in meeting the needs of the population is also limited.

Aquaculture is one of the ways we can provide sufficient quantities of food for the growing needs of the world's growing population. The advantage of farmed fish compared to other farmed animals is its lower Feed Conversion Ratio, i.e. higher and cheaper production of protein with lower consumption of fish feed and raw materials.

In developing countries, insufficient intake of protein food is even more pronounced, and precisely aquaculture could be the answer because by farming fish we can meet the world's growing needs and fight malnutrition. Cromaris' business contributes

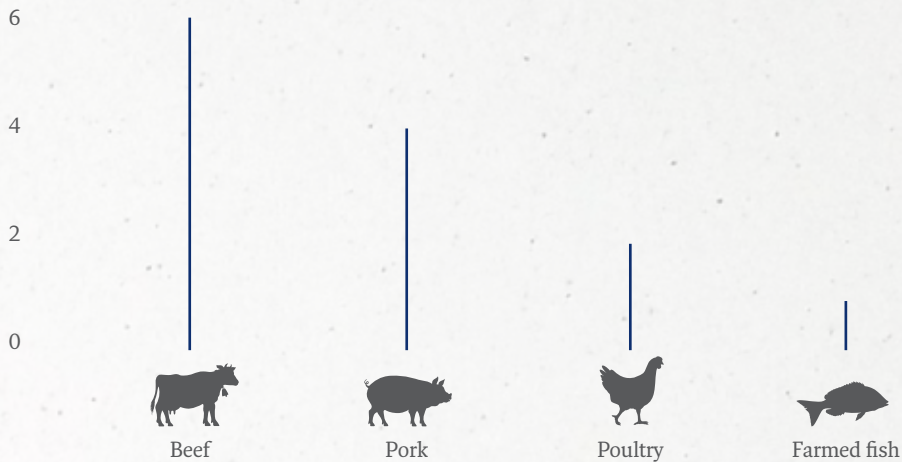
to reducing the gap between supply and demand for fish and promotes healthy diet through products rich in high-value nutrients that are widely available.

According to the EUMOFA report on the European fish market in 2021, total household consumption of fish and fish products at the EU level in 2020 amounted to EUR 59 billion, up by 17% compared to 2019. Spain is the country with the highest consumption (13.6 billion) and the highest growth (39%) compared to 2019. Other markets in which Cromaris is present also show a growth in the consumption of fish and fish products: Italy +3%, France +9%, Germany +6%, Austria +7%, Poland +7%, Croatia +6%, Hungary +4%, and Slovenia +1%.

Consumption of fish per capita at the level of the European Union in 2020 is down by 2% compared to the previous year and amounts to 23.97 kg. Spain, France, and Austria are at last year's levels of consumption per capita, while Italy, Poland, Slovenia, and Hungary

recorded a growth. Croatia, although still below the average EU consumption per capita at 20.82 kg, recorded an increase of 9% compared to 2019. Germany stands out with extremely low fish consumption and a large drop of as much as 10% compared to 2019.

#### FEED CONVERSION RATIO



Source: Global Seafood Alliance

# Nutritional value of Cromaris fish

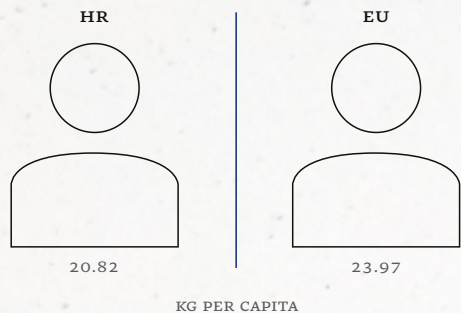
Through many years of investments in research and development, Cromaris has developed its own innovative fish feed formulation, which achieves a higher proportion of omega-3 fatty acids in the final product and a favourable ratio of omega-3 to omega-6 fatty acids, which has a high-value effect on consumers' health.

Chemical tests of the fatty acid composition of Cromaris products are continuously carried out in internal and external reference laboratories, with special monitoring of the ratio of omega-3 fatty acids, EPA, and DHA, which are proven to have a positive effect on the health of the circulatory system and the brain.

More than 200 analyses of the composition of fatty acids were carried out in the internal laboratory in 2021 to confirm the desired quantities of essential fatty acids EPA and DHA.

The health safety of the product is also ensured by continuous microbiological testing of the fish at the time of catch, as well as of

finished products at the end of the production process. The hygiene of the plant is regularly maintained and tested. Trend analysis for the results of microbiological tests is also carried out in accordance with the legal regulations.



Despite the fishing tradition in the coastal areas of the Republic of Croatia, the diet of Croats is still poorer in fish than the EU average.

**Vitamin D** directly affects bone health and the immune system. The nutrient is under-represented in food, so attention should be paid to its sufficient intake, especially during the winter months. With sufficient sun exposure and adequate intake of vitamin D-rich foods, we can ensure sufficient intake of vitamin D. Cromaris fish is an ideal source of vitamin D and can satisfy a significant part of the daily needs for this important nutrient.

The modern diet is poor in **omega-3 fatty acids**, with excessive amounts of omega-6 fatty acids. Fish is one of the best sources of healthy omega-3 fatty acids, EPA, and DHA. The anti-inflammatory action of omega-3 fatty acids (EPA + DHA) has a beneficial effect on the circulatory system and brain health, so it is extremely important to include foods with a favourable ratio of omega-6 to omega-3 fatty acids in the diet. The EPA and DHA content in Cromaris fish averages between 1.0 and 2.2 g per 100 g of fish. The values of essential fatty acids in Cromaris white fish are higher than in other farmed white fish and can be

compared to farmed salmon, which is one of the richest sources of omega-3 fatty acids. Only some species of wild blue fish have larger quantities of EPA + DHA.

The source of omega-3 fatty acids in farmed fish is fish feed with a high content of marine raw materials. Marine raw materials are selected according to the principles of sustainability, so high proportions of raw materials that are by-products of the fish processing industry are used.

Scientists recommend eating fish twice a week, which can provide the recommended quantity of EPA + DHA (250-500 mg). Given the high content of EPA + DHA in Cromaris fish, 1 to 2 meals per week may be sufficient to achieve a beneficial effect on human health.

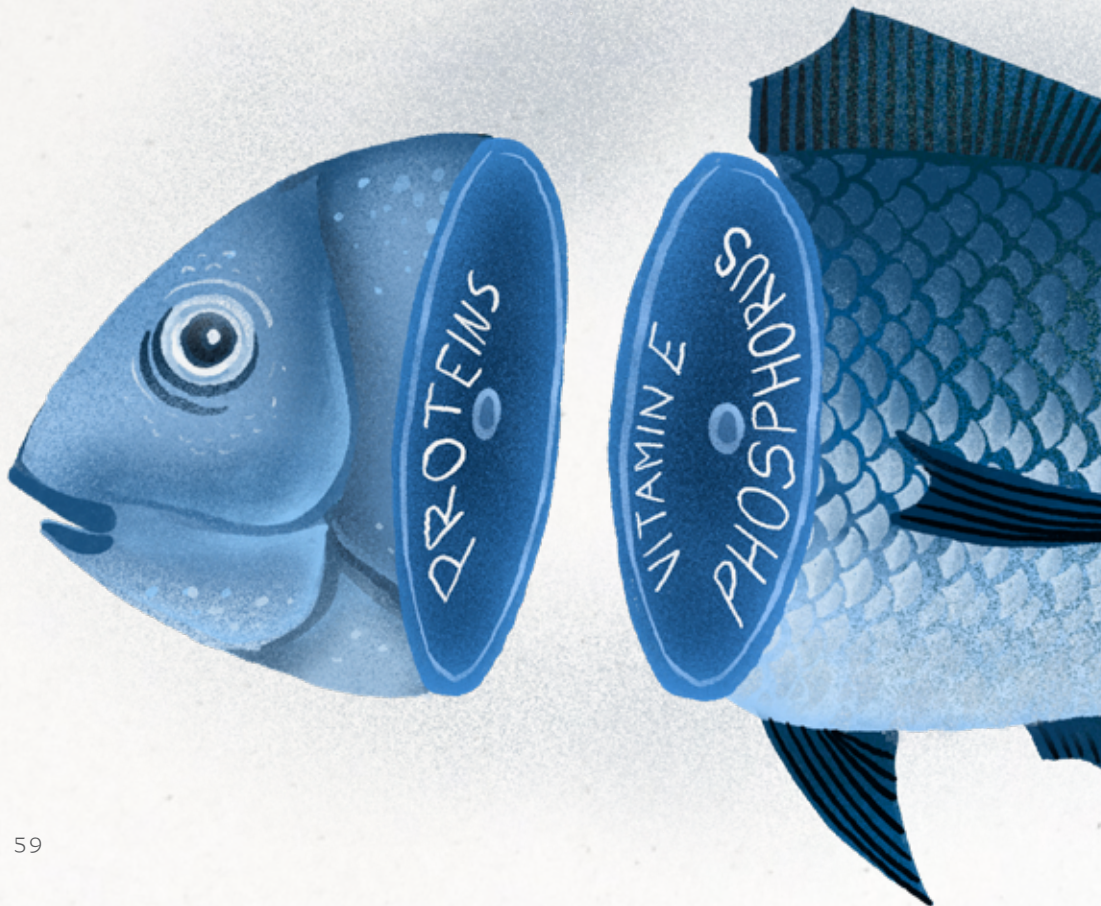
Fish is an **important source of animal proteins** that are more easily digestible than those originating from warm-blooded animals. They are important for building muscle tissue and are the basis of almost all

biochemical reactions in the human body. Fish meat contains all the essential amino acids that the human body is unable to produce independently and should be obtained through food.

**Phosphorus** is an integral part of bones, teeth, RNA and DNA, phospholipids of each cell membrane, the basic energy unit of ATP, and a certain number of enzymes and coenzymes. Phosphorus is very well represented

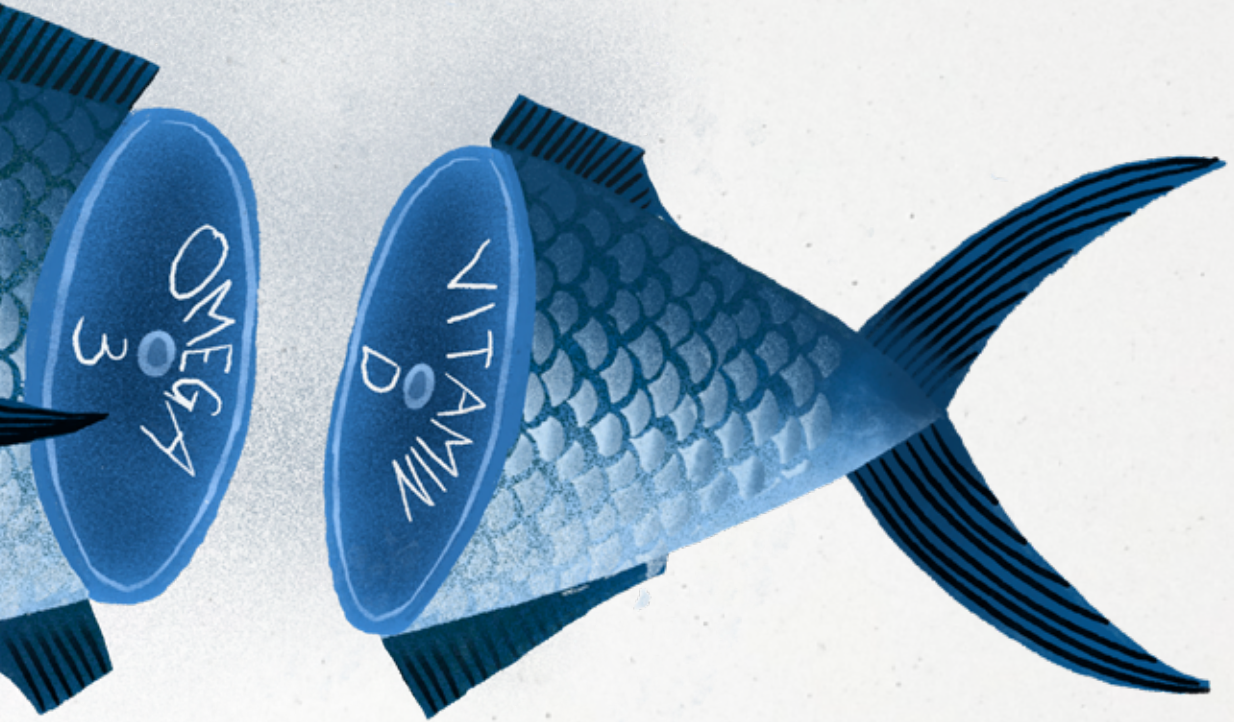
in a balanced diet. However, some foods are richer in it, and these are primarily protein-rich foods – meat, fish, milk, legumes, nuts, and cereals.

**Vitamin E** is an antioxidant, it protects the cell from damage by free radicals. Free radicals damage the cell and can contribute to the development of chronic diseases. Vitamin E also plays an important role in the function of the immune system.



Apart from the high nutritional value, the simplicity and fast preparation of tasty and healthy meals are also important due to the fast-paced lifestyle nowadays. The products offered by Cromaris fit perfectly with the idea of a healthier diet. Consumers can choose products according to their own needs from a wide range of Cromaris products - fresh whole sea bream, sea bass, meagre, greater amberjack, and dentex, fish fillets ready for

quick preparation and consumption, deli products such as smoked and marinated fish, but also fish from organic production. All Cromaris products are characterised by superior freshness and quality and are produced without added preservatives, additives, antibiotics, or GMO ingredients. Cromaris products are designed for the most demanding modern consumers focused on a tasty, healthy, sustainable, and quality diet.



# Responsible customer experience





# Commercial excellence

In defining the long-term strategic plan of Cromaris, the need for a department that will specialise in strategic management of the company's profitability, as well as customer and consumer relations, was recognised.

Establishing the Department of Commercial Excellence is an important strategic step in this direction. Some of the tasks of this Department include the pricing policy, managing customers' commercial conditions, managing products, and directing their sales

into channels and markets with the aim of increasing profits, optimising the assortment, effectively implementing promotional activities, and developing the fish category in all sales channels.

The Department of Commercial Excellence is a result of management and operational changes in the organisational structure of Cromaris. The main goal of the new Department is to achieve commercial excellence in customer and end consumer relations.



Differentiation  
and innovation



Understanding  
consumers



Professional  
management team



Latest  
technology



1. STRATEGY AND  
ROAD MAP



2. VALUE  
PROPOSITION



3. PRICING AND  
MARGIN



4. SALES  
PIPELINE



5. SEGMENTATION



6. KEY  
ACCOUNTS



7. DEMAND  
PLANNING



8. PRODUCT  
LIFE-CYCLE

# Portfolio

Cromaris bases its market strength and competitiveness on quality and innovation. It constantly upgrades its product range to meet consumer requirements relating to health, safety, and sustainability, in addition to the superior taste and product quality. The basis of Cromaris' offer consists of autochthonous species of the highest quality Mediterranean fish: sea bream, sea bass, and meagre.

In 2021 Cromaris expanded its offer with two new indigenous farmed species: greater amberjack (*Seriola dumerili*) and dentex (*Dentex dentex*). In addition to the whole ungutted fish, the product range also includes packaged fresh, gutted fish and steaks and fillets, which make a healthy diet simpler, tastier, and more

convenient. We should also mention the deli programme, which consists of smoked and marinated products.

Bio fish is an important part of the Cromaris portfolio which, along with the BIO sea bass and BIO sea bream, will proudly present new species as of 2022 – BIO meagre.

In most markets, there is an increasing trend towards a healthy diet, which includes the consumption of fish. Consumers value the origin and quality of the product itself, which motivates us as a producer to constantly improve our production processes and develop new innovative products.

## FRESH FISH

The offer is based on five species of the highest quality Mediterranean fish – sea bream, sea bass, meagre, and new species: greater

amberjack and dentex. In addition to the whole fish, the sea bass, sea bream, and meagre are also available as gutted fish and fillets.



## FILLETS AND STEAKS

The offer includes conventional and organic fillets of sea bass, sea bream, and meagre. Depending on the finishing method, *Classic*,

*Gourmet*, or *Selection* fillets are available. Cromaris also offers fresh meagre steaks.



## MAP

Fish farmed in the open Adriatic Sea is packaged in a controlled atmosphere (MAP – Modified Atmosphere Packaging), thus maintaining the freshness and quality of products for up to 12

days. The modern and informative design further refines the PET tray made of 100% recyclable material. In addition to the conventional fish, BIO fish is also part of the MAP range.



## SKIN

Cromaris fillets are packaged in the so-called *skin* innovative packaging without folds, which preserves the freshness, colour, and integrity of the product. Gutted, boneless, and descaled sea bream, sea bass, and meagre fillets are ready to cook. *Skin* packaging is a proud holder of the 2020 Innovation of the Year Award in

France, which is presented by *Produit de la Mer*, one of the most important European magazines specialised in the mariculture sector. Due to the attractive packaging, exceptional taste, and certified quality, Cromaris *skin* fillets were rated the highest in the competition of the world's leading producers in mariculture.



## DELI

**Cromaris smoked sea bass, sea bream, and meagre fillets** are a speciality prepared in the traditional way, by using the hot smoking method with beechwood smoke after pre-treating the fish with Mediterranean herbs – rosemary, basil, laurel, and sage.

**Cromaris marinated sea bass and sea bream fillets** are prepared by lightly marinating fresh fish with the addition of herbs – chives and rocket, and the aroma of Provençal herbs and lemons. The fillets are not heat treated.



# New Cromaris species – dentex and greater amberjack

Cromaris made a significant contribution to the diversification of Croatian mariculture and to increasing its competitiveness by developing two new farming species of high commercial value – the autochthonous Mediterranean species of greater amberjack and dentex. These are important innovations because no other significant competitor in the market of quality Mediterranean farmed fish has these species.

The new species represent an achievement of utmost importance for Cromaris. In the farming of new species, balancing fish feed and adapting it to the specific needs of each species is an important prerequisite for success, bearing in mind the use of raw materials from sustainable resources. Cromaris has not only succeeded in this, but, given the major changes in the available quantities and price of raw materials for fish feed production on the world market, has taken balancing and the search for sustainable raw materials to an even higher level. This situation has not discouraged Cromaris' experts, so they manage to use their knowledge to overcome the difficulties that occur

and answer the questions that arise with their knowledge. It also enables ambitious plans for the systematic increase of production capacities, expansion and optimisation of the product portfolio, opening of new markets, and further operational investments in promotional activities.

**Dentex** (*Dentex dentex*) belongs to the *Sparidae* family and is one of the gastronomically most valued species of fish. It is robust in build, with a strong jaw and large, sharp fangs for which it was named. Cromaris dentex is a premium fish of first-class freshness and nutritional composition, and it is the only farmed dentex available throughout the year.

**Greater amberjack** (*Seriola dumerili*) belongs to the *Carangidae* family and is also a highly valued fish species. It has an elongated and elegant silver body with tiny scales reflecting rainbow colours. Cromaris greater amberjack is rich in healthy fats and proteins and is excellent for preparing numerous dishes and imaginative gourmet creations.



**C**  
cromaris

**C**  
cromaris

Importo de Pesca Sostenible  
España y Sostentabilidad Social

# BIO fish

In addition to high-quality fresh fish of conventional production, Cromaris also offers fresh BIO fish. Cromaris BIO fish is farmed in a natural environment in accordance with strict environmental standards. Production is based on the principles of sustainable development and care for animal welfare. Cromaris' own unique recipe for fish feed is used. Exclusively organic feed and natural ingredients from sustainable sources, without any antibiotics and GMO raw materials, are used for feeding Cromaris fish, while the stocking density is low, a maximum of 10 kg/m<sup>3</sup>. Cromaris BIO fish is certified with all relevant certificates in the bio fish category:

Naturland, Bio Siegel, EU Organic, Bio Suisse, and AB. BIO products that can be found in Cromaris' offer are: fresh whole ungutted and gutted BIO fish, fresh BIO fillets, and fresh gutted BIO fish packaged in a controlled atmosphere (MAP).

A major new item in the range is BIO meagre, the launch of which has been prepared for 2022 and, along with the BIO sea bass and BIO sea bream, it will represent an added value in the BIO fish offer. Given that Cromaris will be the only one in the world that produces BIO meagre, it represents yet another element of differentiation on the market.



**C**  
cromaris  
ORGANIC  
BIO

# Superior Taste Award 2021

The synergy of Cromaris with the market and the unique quality of Cromaris products are confirmed by numerous recognitions. Cromaris is the winner of the Superior Taste Award 2021 for all five products applied: sea bass, sea bream, meagre, greater amberjack, and dentex. This year, the sea bass once again received a maximum of three gold stars for its exceptional taste and became the only product in the fresh fish category to win the Crystal Taste Award. *The prestigious award is presented by the International Taste Institute in Brussels to products that meet the strict criteria of a jury made up of the most respected chefs from all over Europe. In order to improve the taste*

*and control of its products*, Cromaris' sensory team regularly conducts organoleptic testing of their fish and other fish on the market.

## **GOLD BASKET**

Cromaris is the winner of the Golden Basket in the **Best Producer category**. This is a valuable recognition presented for the sixth year in a row by JA TRGOVAC, a magazine specialised in the retail and FMCG industry, for special achievements, such as business improvement, response to market demands, opening of new business opportunities, or other performance indicators.



**CRYSTAL  
TASTE AWARD**  
★ ★ ★



# Sustainability of Adris grupa and non-financial reporting on ESG topics

Cromaris, as well as Adris grupa and other companies in its composition, has a long-standing tradition of sustainable business, whereby quality management, and responsibility towards employees, the community, and the environment are the basic assumptions of sustainability, stability, and profitability. A balance between economic success, environmental protection and social responsibility is essential for the success of all companies. All companies need to recognise their impacts on the environment in which they operate and the relationships they establish with key stakeholders. Companies must systematically manage activities and measure

and report on key non-financial indicators. Since 2017, Cromaris has been annually submitting non-financial reports to Adris grupa, within which it operates and which publishes the consolidated Non-Financial Report as an integral part of its Annual Report. Non-financial reports are prepared in accordance with GRI standards: Basic option. In 2020, Cromaris published its first report on sustainability in the white fish industry, in which it links its goals to the 17 UN Sustainable Development Goals (SDGs).

The 17 SDGs were adopted by 193 United Nations Member States in September 2015

and include global targets for social, environmental, and economic progress in the period 2015–2030. Targeted activities seek to address the biggest challenges and risks facing society today. It is everyone’s obligation to contribute to the achievement of these goals with their life, work, and action. UN SDGs are designed primarily for adoption at the country level, but the goals can and should be adapted to the business of economic operators.

The aquaculture industry can make a significant contribution to achieving all 17 goals and sub-goals, and given its specificities, the following contributions especially stand out: #2 Zero Hunger, #5 Gender Equality, #6 Clean Water and Sanitation, #7 Affordable and Clean Energy, #8 Decent Work and Economic Growth, #12 Responsible Consumption and Production, #13 Climate Action, #14 Life Below Water, #15 Life on Land.

Adris grupa has recognised the need for more systematic management and coordination of numerous activities aimed at sustainability and accountability among

the Group members. The new sustainable business approach includes the definition of common sustainability areas for the Group, activities, goals, and related performance indicators. Existing and identified new material topics which can reasonably be considered important for the presentation of economic, environmental, and social impacts (ESG) of Adris grupa, but also of Cromaris, have been checked.

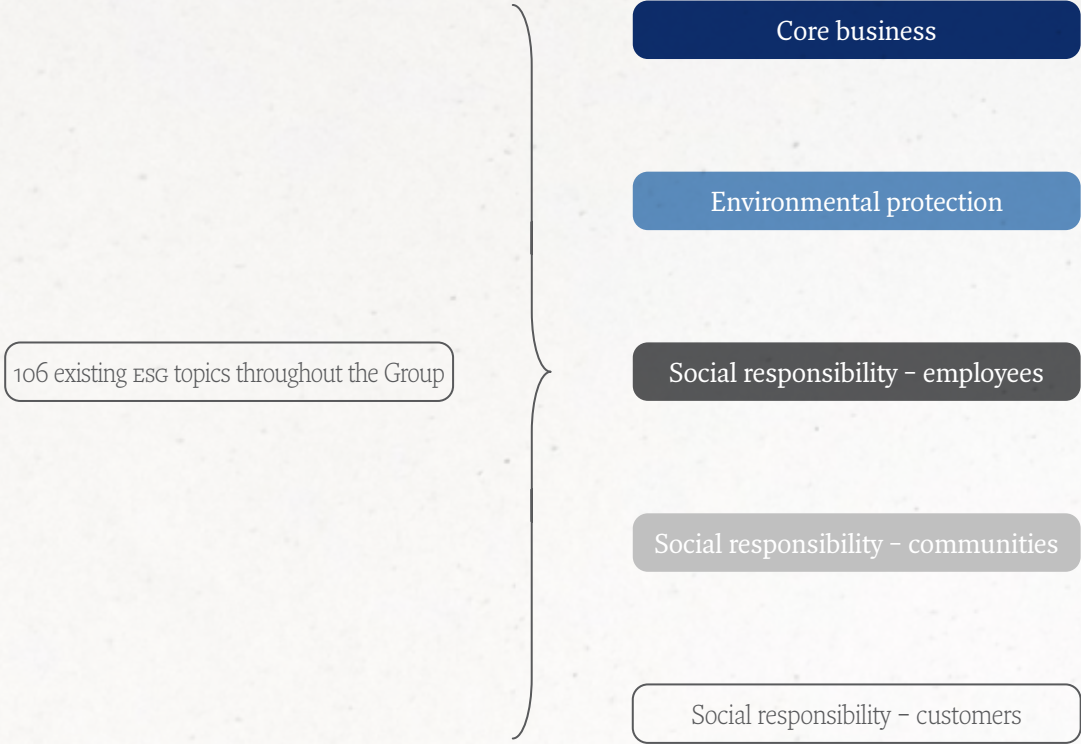
Adris recognised more than a hundred economic, environmental, and social topics, which it grouped into 14 key topics. They include priority topics identified through the materiality matrix, to which attention and resources will be focused in the next short-term period. The materiality matrix includes opinions and inputs from various external stakeholders. Material topics are strategically important, not only for Adris, but for all members of the Group. A total of **7 priorities** have been identified, and they relate to social responsibility, business and compliance, and environmental protection. Within the existing topics, the importance of digitalisation



was recognised, i.e. the necessity of faster adaptation to business in the digital age and the reduction of carbon footprint throughout Adris grupa.

Adris' priority ESG topics are fully aligned with the UN Sustainable Development Goals.

...grouped in 5 general categories



...unified in 14 key ESG topics

Sustainable products and services

Digital innovation

Managing ESG risks

Data protection

Reduction of carbon footprint

Water and waste management

Biodiversity protection

Employee well-being

Employees' lifelong learning

Equal opportunities

Responsibility towards local communities

Sustainable supply chains

Responsible user experience

Customer safety

# The Adris High Priority ESG Topics are fully aligned with the UN Sustainable Development Goals

## RESPONSIBLE CUSTOMER EXPERIENCE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



## RESPONSIBILITY TOWARDS LOCAL COMMUNITIES

11 SUSTAINABLE CITIES AND COMMUNITIES



8 DECENT WORK AND ECONOMIC GROWTH



## EMPLOYEE WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH



3 GOOD HEALTH AND WELL BEING



## EMPLOYEE LIFELONG LEARNING

4 QUALITY EDUCATION



### DIGITAL INNOVATION

9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



8 DECENT WORK AND  
ECONOMIC GROWTH



### CARBON FOOTPRINT REDUCTION

13 CLIMATE  
ACTION



7 AFFORDABLE AND  
CLEAN ENERGY



### SUSTAINABLE PRODUCTS AND SERVICES

12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



8 DECENT WORK AND  
ECONOMIC GROWTH



# Cromaris materiality matrix

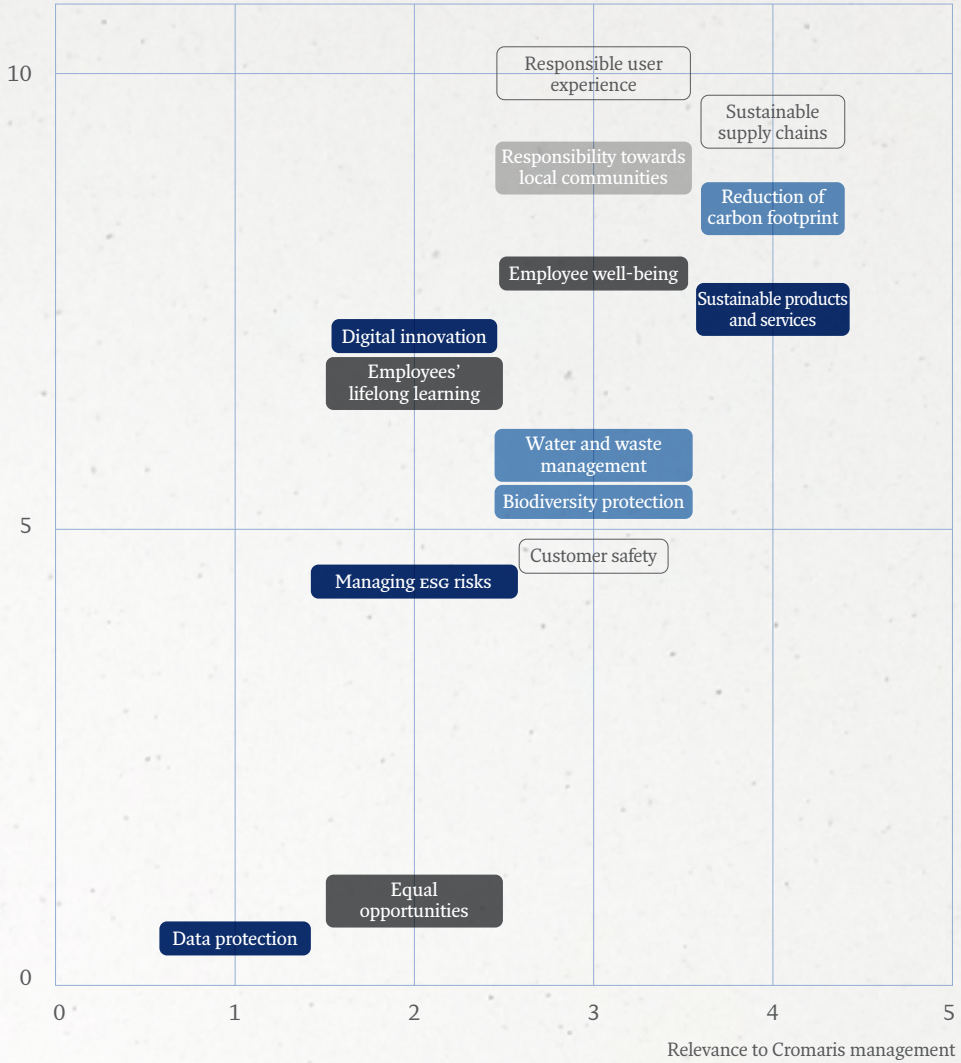
The materiality matrix presents 14 common key ESG topics that are defined at the Group level. Given the specifics of the industry and the slightly different structure of its key stakeholders, Cromaris has accepted the defined topics and made its own prioritisation of ESG topics with the aim of defining guidelines for

the future period, so in 2022 the emphasis will be on a **sustainable supply chain, reducing the carbon footprint, and sustainable products and services**. The priorities and goals of Cromaris set in 2021 are aligned with the UN Sustainable Development Goals.



## MATERIALITY MATRIX

Importance to stakeholders



# Identified risks, challenges, opportunities, and material topics



GREENHOUSE GAS EMISSIONS



OBJECTIONS FROM THE LOCAL  
COMMUNITY



LABOUR SHORTAGE



WASTEWATER TREATMENT



PRODUCT SAFETY - IFS RATING > 97%  
DEVELOPMENT OF NEW PRODUCTS  
SHELF LIFE TESTING  
MICROBIOLOGICAL ANALYSES  
SENSORY EVALUATION



ANIMAL BY-PRODUCTS - SALE OF  
RAW MATERIALS FOR USE IN  
OTHER INDUSTRIES



100% RECYCLING OF WASTE PLASTICS,  
PAPER, AND CARDBOARD



OSCILLATIONS IN THE PRICE AND  
AVAILABILITY OF RAW MATERIALS  
FOR FISH FEED PRODUCTION  
FISH RAW MATERIALS FROM SUSTAINABLE  
SOURCES



ANIMAL WELFARE  
0 anti-fouling agents used on the nets  
0 units of antibiotic used  
0 submerged acoustic deterrent devices for  
predators  
2 test electric stunners prior to harvest



SEAWATER QUALITY MONITORING -  
4 X PER YEAR  
SEDIMENT QUALITY ANALYSIS -  
1 X PER YEAR

36%

OF FISH RAW MATERIALS  
IN FEED FROM SUSTAINABLE  
SOURCES

6.7%

REDUCTION IN GREENHOUSE  
GAS EMISSIONS PER TONNE  
OF FISH PRODUCED COMPARED  
TO 2020



INCREASE IN ORGANIC  
PRODUCTION AND NUMBER  
OF SPECIES FARMED  
ACCORDING TO PRINCIPLES  
OF ORGANIC PRODUCTION

0

ANTIFOULING AGENTS USED ON  
CROMARIS' NETS

0 g

FARMING WITHOUT  
THE USE OF ANTIBIOTICS

100%

PASS RATE AT AUDITS

100%

OF CROMARIS SEA BREAM,  
SEA BASS, AND MEAGRE  
IS ASC CERTIFIED

# Evaluation of the sustainable development goals set in 2020

To make a significant step forward, enable the measurement of progress and reporting on the progress made, Cromaris has set concrete goals and a plan of activities for their achievement.

The main focus in 2021 was on the implementation of measures for reducing greenhouse gas emissions, in accordance with the guidelines proposed in the Cromaris Strategy with the Action Plan for reducing greenhouse gas emissions and the calculation for 2021. A higher relative reduction in greenhouse gas emissions per tonne of fish produced was achieved (6.7%) than the target reduction (5%) for that year. The implemented measures as well as the reduction plan for 2022 are listed below, on page 105.

Also, according to the Biomass Reduction Plan at the Lamjana farm, by converting certain farming fields into farming fields for juvenile fish, the biomass was reduced by 14.2%, compared to 2019. The pressure on the seabed has therefore been reduced, as shown by the results of the analysis of sediment and benthic populations.

In 2021, the quantities of processing by-products sold for reuse in pet food production increased. The plan was to sell 10% more quantities compared to 2020, and until 31 December 2021, 42% more was sold than in 2020, which significantly exceeded the set goal. Animal by-products are recognised as a quality raw material and potentially a key resource, and 2021 marked the beginning of a transformation project that includes a



reduction in the quantity of by-products from the farms and the production of new raw materials, but also continued promotion of circular economy by selling processing by-products, as described in more details on page 149 of this Report.









Plastic waste, i.e. large used fish feed bags are another element of circular waste management. Fewer bags were sold than planned, but all unsold bags were transported for recycling for free. More information on waste and its final disposal is available on pages 151 to 153.

Organic aquaculture is one of the ways to achieve the goals of sustainable aquaculture, by producing fish and fish products that are environmentally, economically, and socially sustainable. Organic production, i.e. organic

juvenile fish stocking increased by 93.6% in Cromaris, while sales grew by 8.1% compared to 2020. Read more about Cromaris' future plans for organic production on pages 93 to 97.

Compared to 2020, the rate of occupational injuries has been continuously decreasing, as well as the number of working hours lost. More on the topic on page 177.

# Goals for 2022

PROPOSALS	ESG PRIORITIES	UN GOALS	PAGE
1. Increase in organic production and marketing of a new product (organic meagre)	Sustainable products and services	 	93-98
2. Continued monitoring of greenhouse gas emissions and implementation of emission reduction measures	Carbon footprint reduction	  	103-111
3. Continued cooperation exclusively with fsc certified cardboard suppliers (boxes, covers, etc.)	Sustainable supply chains	 	163-164
4. Integrating sustainability elements in procurement processes from 2022 onwards	Sustainable supply chains		159-160

PROPOSALS	ESG PRIORITIES	UN GOALS	PAGE
5. Optimisation of the Cromaris portfolio packaging for the purpose of reducing costs and quantities of plastic material placed on the market	Sustainable products and services		147-148
6. Reducing animal by-products and stimulating the circular economy	Water and waste management	 	149-150
7. Support for educational institutions in the Zadar region	Responsibility towards local communities		189-190

# Sustainable products and services





# Organic production

In the beautiful landscape of the Adriatic Sea, at the Kudica organic farm, Cromaris farms organic fish in accordance with strict environmental standards, based on which it received European certificates for organic production: Bio Suisse, Naturland, AB, and Bio Siegel. In addition, as of 2012, Cromaris' organic farms, hatcheries, and processing have been certified in accordance with EU organic farming regulations.

The plan is to expand the location for organic farming in view of the planned increase in organic production and extend the scope of organic certificates to another farm – Velo žalo. In early 2022, work will be done on catching conventional fish from Velo žalo and planting organic juvenile fish, which will take the farm into a transitional period, so it would finally be exclusively organic by the end of next year.

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*Carefully selected*  
**LOCATIONS**

---

*Continued care  
and monitoring of*  
**ENVIRONMENTAL  
IMPACT**

---

**EXCLUSIVELY**  
*organic fish feed*

---

*Nanomaterial-free*  
**PACKAGING**

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**LOW-DENSITY**  
*farming*  
**max. 10 kg/m<sup>3</sup>**

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*Max. 166 calories*  
**PER 100 GRAMS**

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*100% certified product*



According to Council Regulation no. 834/2007, organic production is an overall system of farm management and food production that combines best environmental practices, a high level of biodiversity, the preservation of natural resources, the application of high animal welfare standards and a production method in line with the preference of certain consumers for products produced using natural substances and processes. The organic production method thus plays a dual societal role, where it on the one hand provides for a specific market responding to consumer demand for organic products, and on the other hand delivers public goods contributing to the protection of the environment and animal welfare, as well as to rural development.

The Advisory Council on Aquaculture identified organic aquaculture as one of the five main priorities for 2021. According to the European Commission, organic farming is an environmentally friendly practice that needs to be further developed. Cromaris operates in accordance with these goals and plans to significantly increase the growing quantities of organic sea bass, sea bass, and meagre by 2025.

Support for UN Sustainable Development Goal #2 “Zero Hunger” is also important. It relates to eradicating world hunger, achieving food safety, and improved nutrition, as well as promoting sustainable agriculture and cultivation. Food with insufficient energy and nutritional value, and insufficient vitamin intake cause a whole range of health problems, especially in the most vulnerable groups – children and the elderly.

The “Farm to Fork” strategy is one of the key components of the European Green Deal. The strategy intends to transform the EU food system to become a global standard of sustainability and thus contribute to achieving climate neutrality by 2050. It will stimulate the supply and demand of organic products and ensure consumer education and confidence. The main guidelines point to the importance of reducing food waste, the necessity of reducing the sale and use of antibiotics in farming, and encouraging an increase in organic production. Cromaris’ business and strategic plan to increase organic fish production quantities confirm the monitoring of environmental trends and commitment to global sustainability goals in a concrete and measurable way.

 **cromaris**  
ORGANIC

**BIO**

Dorade Royale  
Dorade Royal  
Orata  
Orada  
*Sparus aurata*

 *Fraiche*  
*Frische*  
*Fresco*  
*Sveža*

ÉVISCÉRÉE / AUSGENOMMEN  
EVISCERATA / OČIŠČENA



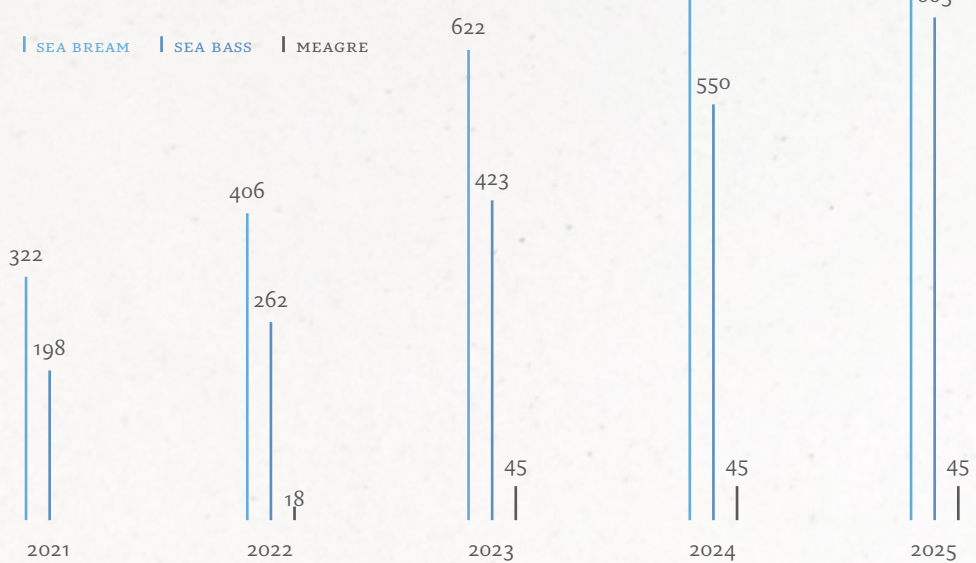


# Increase in Cromaris' organic production

Cromaris has been recording an annual growth in organic fish sales since 2018. The organic fish sales started in 2014 with only 31 tonnes of WFE sales, and nowadays it reaches 520 tonnes of WFE. BIO products

in Cromaris' offer are fresh, whole, ungutted BIO sea bream and sea bass, then gutted BIO fish, fresh BIO fillets, and fresh gutted BIO fish packaged in a controlled atmosphere.

ORGANIC FISH SALES PLAN (2021-2025)  
in tonnes

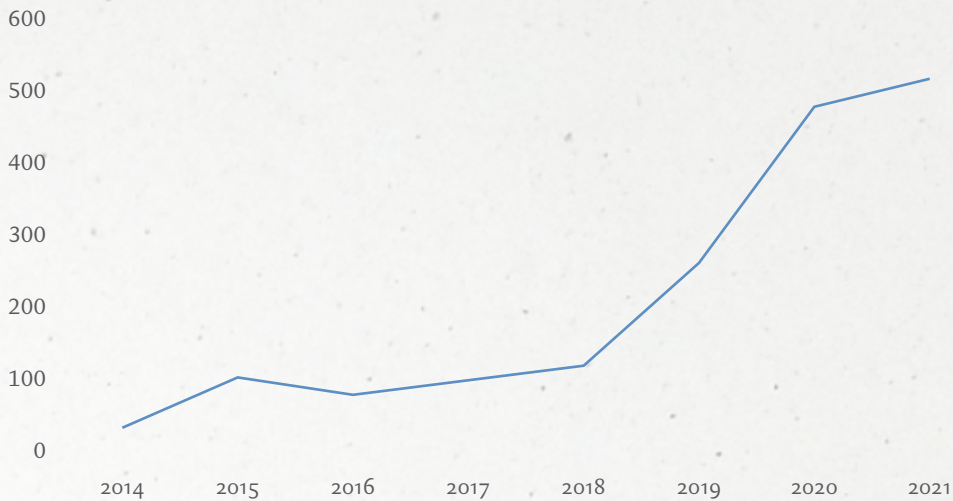


According to the sales plan for organic fish – sea bass, sea bream, and meagre, an increase of 32% is planned for 2022, i.e. the plan is to double the sales of organic products by 2024. This is in line with the trends of

growing consumption of BIO products and has the purpose of preserving the biodiversity of ecosystems, and promoting social responsibility towards the community, employees, and animal welfare.

#### ORGANIC FISH SALES FROM 2014 TO 2021 IN WFE (T)

WFE/t

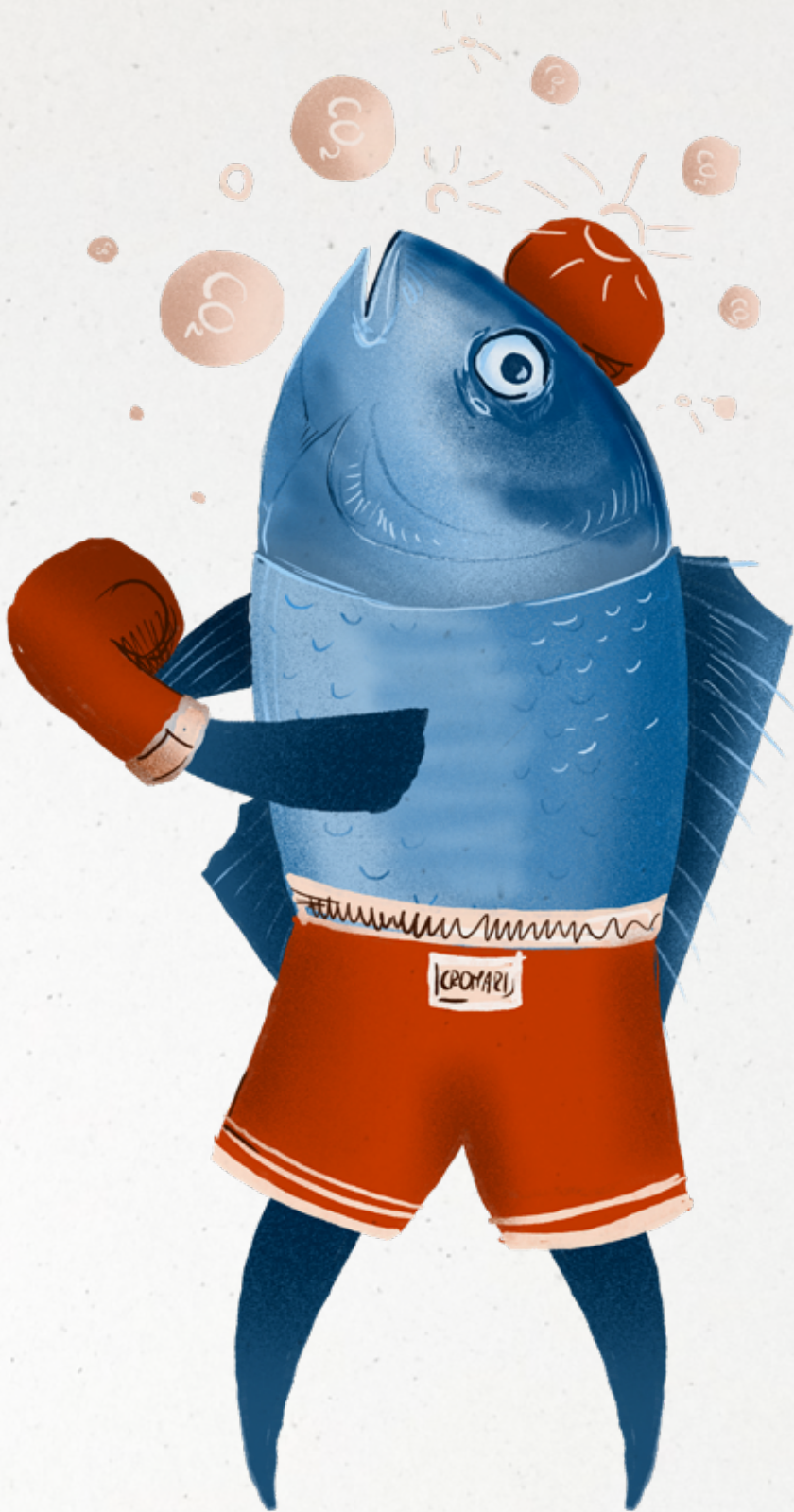


In the spring of 2022, Cromaris added a new organic species to its range – meagre. Organic juvenile fish coming from Cromaris' own hatchery is already at the Kudica organic farm, along with other BIO fish. The offer will also include whole fresh BIO meagre and fresh BIO meagre fillets.

In 2021, 94% more organic juvenile fish was stocked at the organic farm compared to 2020. Additional increases are planned for 2022.

# Carbon footprint reduction





# Risk of climate change

Increased levels of carbon dioxide and other greenhouse gases in the atmosphere are changing the Earth's climate, negatively affecting oceans, seas, and freshwater ecosystems, which in turn has a direct impact on fisheries and aquaculture. Aquaculture is particularly vulnerable to the impact of climate change given that farming takes place in natural aquatic ecosystems.

Current forecasts of climate change do not show any significant effects on Mediterranean aquaculture, but significant effects can be expected in the coming decades due to the rise in average sea temperature as one of the more pronounced consequences of global warming. The rise in sea temperature can result in faster growth of farmed species, can affect feed conversion ratios, but also cause thermal stress, and affect fish resilience. Species that are better adapted to higher sea temperatures could have more favourable conditions for faster growth and development due to temperature increases in winter. This could, on the one hand, have a beneficial effect on the growth rate in *Cromaris*, and therefore on the cost of production. On the other hand, global warming leads e.g. to the penetration

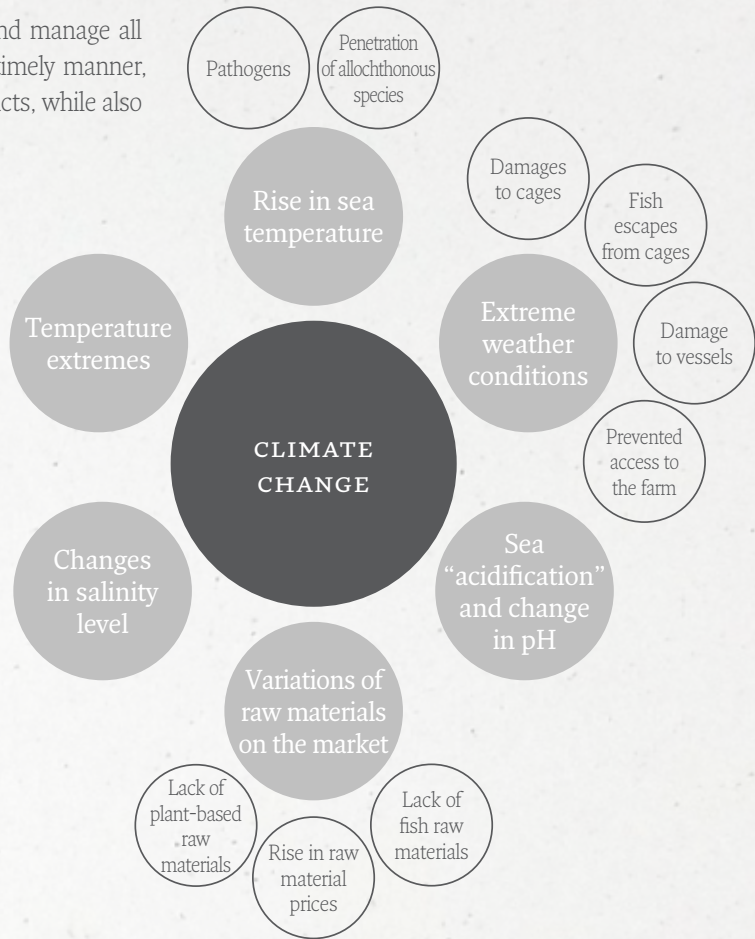
of invasive alien species from warmer seas, which can represent potential predators to autochthonous species or carriers of pathogens, i.e. diseases.

Climate change causes extreme weather conditions and therefore increases the possibility of unpredictable storms and waves that can damage equipment, vessels, cage structures, and anchor systems. The fish escape due to cage damage leads to economic losses, as well as a potential change in the genetic material of natural populations due to reproduction with farmed individuals. Stronger and more frequent storms will also affect transport connections and thus negatively affect business processes and access to fish farms. Changes in temperature, salinity and consequently pH of the sea in which aquaculture takes place may affect the farming possibilities of some species of fish (and shellfish).

Climate change is associated, for example, with the availability and price of raw materials (fish oil and meal, vegetable raw materials) used in the production of fish feed. More extreme droughts can lead to a shortage of plant raw materials on the market. We also view

climate change and the active management of associated risks as an opportunity, e.g. variations in fish raw materials on the market encourage Cromaris to innovate by developing its own formulation of fish feed and adapting formulations to maintain the high nutritional value of food, while optimising costs.

It is important to recognise and manage all risks to be able to react in a timely manner, adapt and avoid negative impacts, while also seizing opportunities.



# Carbon footprint reduction and greenhouse gas emissions monitoring

The effects of climate change are already felt through growing average global temperatures, rising sea levels, changing precipitation frequency and intensity, and extreme weather conditions, such as hurricane-strength winds, devastating floods, or catastrophic droughts in different parts of the world. According to the World Meteorological Organisation, 2016 was the warmest year on record. The average global temperature in 2020 was 1.2 °C higher than the average temperature in the period between 1850 and 1900. The European Union (EU) has taken the leading role in global efforts to mitigate climate change and has presented the most ambitious plans and concrete targets so far according to the Paris Agreement: an obligation to reduce greenhouse gas emissions by

at least 55% by 2030 compared to 1990 emissions.

Carbon footprint reduction by businesses is part of the solution to climate change, with carbon neutrality (the balance between greenhouse gas emissions from sources and absorption from the atmosphere into carbon sinks, such as soil, biomass, oceans) in Europe by 2050 as the ultimate goal. To succeed in this, it is important to measure and manage our own emissions and other impacts on climate change.

**SCOPE 1** - Direct greenhouse gas emissions generated at company sites due to fuel combustion in stationary and mobile energy sources and due to work substance losses in cooling systems.

**SCOPE 2** - Indirect greenhouse gas emissions that occur outside the company's sites and are related to the purchase and consumption of electricity.

**SCOPE 3** - Indirect greenhouse gas emissions that occur outside the company's sites and are caused by activities that are not owned or controlled by the company. For example, production of fish feed, transport of employees by passenger cars, air travel for business purposes, waste transport, etc.

# Cromaris greenhouse gas emissions and energy consumption in 2021

In Cromaris' total greenhouse gas emissions, CO<sub>2</sub> emissions account for around 99%. CH<sub>4</sub> and N<sub>2</sub>O emissions, which are reduced to CO<sub>2</sub> equivalent, account for 1%.

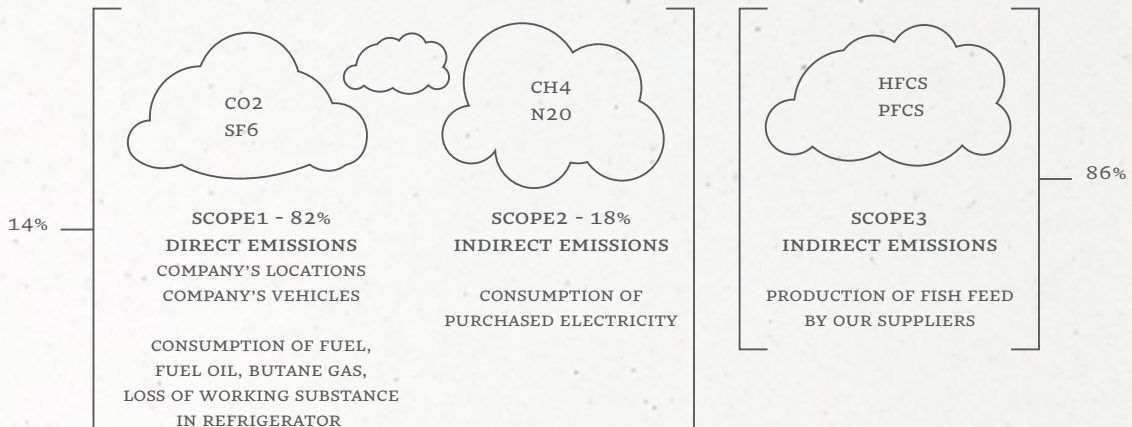
Observing only the emissions from the activities of Scope 1 and Scope 2, the largest contribution to greenhouse gas emissions in 2021 was made by mobile energy sources (54.5%), followed by stationary energy sources (27.4%), electricity consumption (17.9%), and fugitive sources (0.1%).

The calculated greenhouse gas emissions from the activities of Scope 1 and Scope 2 amounted to **6,992.7 t CO<sub>2</sub>e** for Cromaris in 2021, with an estimate of the emissions calculation uncertainty of  $\pm 6.9\%$ . Observing only Scope 1 and 2, Cromaris' direct emissions

account for 82%, while indirect (electricity consumption) account for 18% of all emissions.

It is proposed to set a relative target of a 25% reduction in greenhouse gas emissions per tonne of fish produced by 2025, i.e. a 5% reduction in emissions per year compared to the emission level from the base 2020. In 2021, a higher relative reduction in greenhouse gas emissions per tonne of fish produced (6.7%) was achieved than the target emission reduction for that year.

	2020	2021
Indicator - t CO <sub>2</sub> e / t WFE	0.626	0.584
Total greenhouse gas emissions (t CO <sub>2</sub> e)	6,086.9	6,992.7
Scope 1 (t CO <sub>2</sub> e)	4,635	5,738
Scope 2 (t CO <sub>2</sub> e)	1,452	1,255



If indirect emissions due to fish feed production (Scope 3) are added to the emissions from Scope 1 and Scope 2 activities, the total emission in 2021 would grow **by as much as 86%**.

### **CROMARIS' GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION IN 2021**

Fish farms account for the largest quantity of Cromaris' greenhouse gas emissions (45.6%),

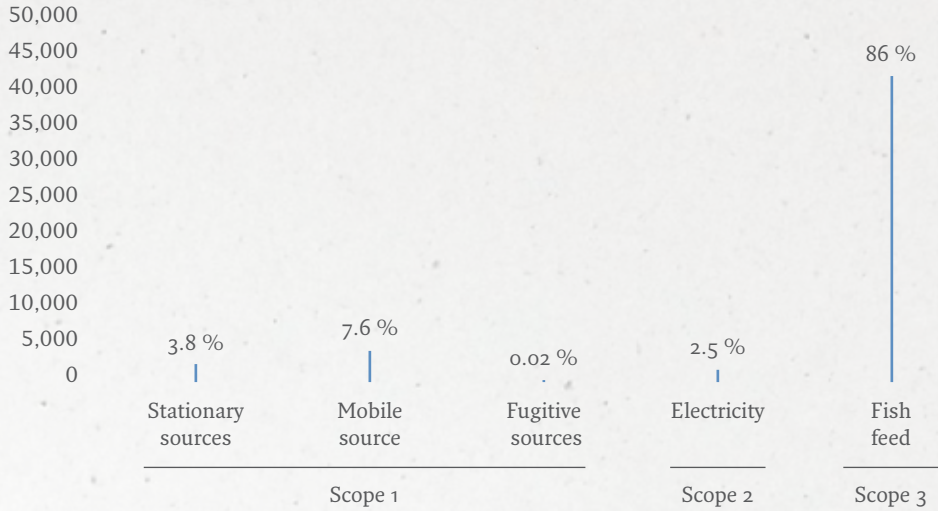
followed by hatchery (38.1%), road vehicles (8.5%), logistics and processing (7.6%), and fishmongers (0.2%).

Within Scope 3, Cromaris emissions included the emissions of fish feed suppliers for the first time in 2021. The contribution of indirect emissions related to fish feed production to total Cromaris' emissions in 2021 is as high as 86%.



**OVERVIEW OF EMISSIONS IN 2021 – SCOPE 1, 2, AND 3**

CO<sub>2</sub>e emission (t)



Cromaris' total energy consumption in 2021 was 110.4 TJ, while the specific energy consumption per tonne of fish was 9.221 GJ.

**ENERGY CONSUMPTION IN CROMARIS IN 2021**

**ENERGY CONSUMPTION (GJ)**

Fixed sources	25,811.1
Mobile Sources	50,869.2
Electricity	33,757.6
Total	110,438.0

# Emission reduction measures implemented in 2021

In 2021, Cromaris implemented the activities related to higher energy efficiency proposed by the Action Plan for Greenhouse Gas Emission Reduction. Lighting fixtures at the Gaženica processing and logistics centre and the Cromaris laboratory were replaced by more energy-efficient LED lights. Significant savings will also be made on new hybrid company vehicles. At the end of 2021, three vehicles

were replaced and the purchase of two more such vehicles is planned for 2022. Existing tyres on freight vehicles have been replaced by those of higher energy grades, which will contribute to reducing the fuel consumption of freight vehicles. The measure of changing tyres on freight vehicles will continue in 2022.





# Plans for Cromaris' carbon footprint reduction



Testing of fish feed with exclusively sustainable fish raw materials on test platforms



Regular maintenance of vessels and engines and optimisation of waterways, procurement of hybrid vessels



Freight vehicles with more energy-efficient tyres and careful planning of supply chain routes



Reduced energy consumption



Generating energy from sustainable sources - photovoltaic panels



# *Bike to Work Day*

Cromaris supported the international *Bike to Work Day* for the first time in May 2021.

In addition to the health benefits, cycling as an alternative to driving a car contributes to employees' awareness of greenhouse gas emissions and climate change. We are extremely pleased that colleagues from Cromaris Italia and Zadar's Radio 057 joined the initiative.

## **WHY BIKE TO WORK?**

- Reduced risk of cardiovascular disease
- Keeping in shape
- Less traffic and avoiding road congestion
- More convenient and cheaper means of transport
- Environmental protection and lower greenhouse gas emissions
- It takes fewer resources and energy to build a bicycle



# Development of own fish feed formulations in Cromaris

In 2016, Cromaris began a new approach to fish feed, moving away from industrial feeds. Its vision and innovation are reflected in the idea of developing its own fish feed, which can achieve a nutritionally balanced finished product with a unique composition. Cromaris thus provides its consumers with fish rich in omega-3 fatty acids, with a favourable ratio of omega-3 to omega-6 fatty acids, vitamins, and highly digestible proteins. The concept has fully come to life and achieved the desired goals as early as next year. The fish feed recipe has been continuously optimised according to the situation on the raw materials market, and new and sustainable raw materials have been introduced. In its feed recipes, Cromaris selects high-quality raw materials from sustainable sources.

The share of sustainable raw materials, especially fish meal and fish by-product oil, increased in 2021. The amount of fish oil from the catch is also significantly reduced, to 8%

from the previous 10-13%. Also, the feed recipes do not contain raw materials originating from warm-blooded animals or GMO raw materials.

The highest level of fish feed quality, control, and protection of own formulations is carried out at four levels:

- By regularly auditing the suppliers,
- By controlling feed in own laboratory,
- By controlling feed in external accredited laboratories
- By carrying out the final control of feed testing on the experimental platform at the farm.

All fish feed that comes to farms is free from antibiotics or synthetic antioxidants (ethoxyquin). Cromaris uses only fish feed that has been certified and complies with the requirements of the Global G.A.P. and ASC standards, and Bio Suisse certificate, according to which organic food complies with additional strict European Union standards for organic farming.



# Fish raw materials from sustainable sources

The rapid growth of aquaculture results in an increasing demand for fish meal and fish oil – especially for feeding carnivorous fish species. Uncontrolled fishing and habitat destruction through uncontrolled fishing are the biggest threats to marine ecosystems. Such unsustainable global fisheries management has reduced the percentage of fish stocks by an alarming 25%.

What exactly is the meaning of “fish raw materials from sustainable sources” that are used in the production of fish feed?

Trimming, i.e. by-products of fish processing for human consumption, refer to excesses and residues generated during the

fish processing process that can be reused as valuable and quality raw materials. Fish oil and fish meal are nutritionally the most natural and richest raw materials used for fish feed. Whole wild fish is mainly used as a source of fish meal and oil in the production of fish feed. By replacing this fish with fish by-products (trimmings), economic and environmental advantage is realised. This is an example of good practice because fish residues from the processing industry, which are not suitable for human consumption and are most often disposed of as waste, thus become a valuable raw material. An additional advantage of using trimmings is the low carbon footprint and reduced overall environmental impact.



# Fish feed formulation testing and guidance for 2022

Cromaris' active approach and contribution to the development of Zero Waste feed is also confirmed by its cooperation with the Italian University of Bologna on the New Tech Aqua project. Zero Waste feed contains fish raw materials exclusively from sustainable sources originating from by-products of the fish processing industry, and the fish feed completely excludes raw materials containing soy. The results of the project will provide answers as to whether soy products can be completely excluded, using only fish meal and fish oil products derived from by-products instead.

In 2022, a completely new approach is being taken in the formulation of fish feed, with nutrients and sustainable raw materials as the main criteria. The feed formulation will not be fixed throughout the year. Working according to a matrix provides some flexibility to suppliers and their competitiveness for a particular type of raw materials is used, which is expected to result in better price and quality of raw materials.



# Risks and opportunities in fish feed development

## OSCILLATIONS IN PRICES AND AVAILABILITY OF RAW MATERIALS IN 2021

The significant **increase in the prices of raw materials** used in fish feed production has been recognised as one of the key economic impacts on Cromaris' business. The prices of the most important raw materials for fish feed production have been actively monitored since 2012.

Since the beginning of the monitoring, and this was especially pronounced during 2021, all raw materials have been recording a constant increase in prices. The coronavirus pandemic has further disrupted supply chains and there have been shortages of certain raw materials on the markets. All of the above requires the preparedness of Cromaris' experts, flexibility in modifying formulations, but also a timely reaction to maintain the nutritional value of the feed at optimal cost.

## DEVELOPMENT OF SUSTAINABLE RAW MATERIALS IN FISH FEED

Cromaris' feed formulations meet all the nutritional and physiological needs of farmed species. A step forward in the approach to feed has been made in such a way that all formulations for all fish farms are equal, making it possible to obtain fish of unique characteristics for the end customer. Feed directly affects the quality of the finished product. For example, the amounts of omega-3 acids and vitamins increase. Over the last two years, work has been done gradually to reduce the fish oil from catches and the proportion of omega-3 is specially optimised, so that the nutritional values of Cromaris fish would remain the main advantage over the competition. The source of omega-3 is found in other sustainable fish raw materials originating from by-products of the processing industry.



# Animal welfare and good farming practice

Fish welfare is one of the basic guidelines in Cromaris' business, so the possibilities of additionally improving the approach with numerous existing protection measures are considered and explored more and more every year. Cromaris' employees who directly take care of the animals, their feeding, cleanliness, handling, relocation, and harvest, but also the veterinary service that care for the health and condition of the fish, play a very important role in the preservation of fish welfare. One of the challenges identified is to improve animal welfare in the harvesting process. Animals must be spared any unnecessary pain, discomfort, or suffering during the killing or related operations.

Cromaris acts in accordance with the recommendations of the World Organisation for Animal Health (OIE) and the European Food Safety Authority (EFSA), which have identified different means of stunning fish, which need to be developed and adapted to the specificities of each species and catching methods. Electric stunning of white fish is recommended before killing. Cromaris tests

different systems and performs analyses in parallel to confirm that such procedures do not affect the fish quality and health.

## **FIVE FUNDAMENTAL FREEDOMS**

The independent scientific advisory committee, composed of leading experts in agriculture, has adopted the Five Fundamental Freedoms of Animal Welfare with the aim of ensuring that animals have adequate space, lighting, air quality, food, and water. The Five Freedoms are globally recognised as the gold standard in animal welfare, which includes both mental and physical animal welfare.

1. FREEDOM FROM HUNGER AND THIRST (and from poor nutrition, by ready access to feed in appropriate quantities)
2. FREEDOM FROM DISCOMFORT (by providing an appropriate environment and living space)
3. FREEDOM FROM FEAR AND DISTRESS (by ensuring good conditions which avoid suffering)

4. RIGHT TO EXPRESS NORMAL BEHAVIOUR (and freedom of expressing behaviour characteristic of the species)

5. FREEDOM FROM PAIN, INJURY, AND DISEASE (by prevention or rapid diagnosis and treatment)

**HOW DO WE PUT THE WELFARE OF OUR FISH AT THE FOREFRONT?**

- Photoperiod in the hatchery complies with the natural photoperiod of a species
- Density in fish cages complies with the farming standards
- Fish feed is tailored to specific needs of different species

- Quantities of fish feed and feeding methods are harmonised with fish needs
- 100% of the farmed sea bass is vaccinated
- Zoological hygiene is maintained at a high level
- Veterinary team inspects the fish in cages daily
- Daily checks of dissolved oxygen levels in cages
- Management of the seawater and marine environment quality as the basis for fish welfare at all stages of life and farming procedures

Increased survival is a basic indicator of animal welfare. Compared to 2015, the overall survival rate of all species increased by 29.6% in 2021.

# Farming without the use of antifouling agents on nets

Nets treated with antifouling agents are not used at Cromaris farms. Only sea water without special treatments and/or preparations that might adversely affect the environment is used for cleaning the net cages. This also implies an additional effort by the net manipulation team to keep all the nets on the cages clean.



# Sampling and monitoring at farms

Cage farming takes place in the marine environment, it is part of the ecosystem, and reduction of the environmental impact ensures desirable farming parameters. The quality of all parameters measured in a marine column, a high level of dissolved oxygen, as well as clean sea and seabed, free of pollutants and plastics, are in the farmers'

interest. The probability of occurrence of sudden events and negative impact on the environment is reduced to the minimum by complying with all regulations governing sea navigation, performance of farming activities, proper feeding, maintenance of vessels, and the prevention and proper disposal of waste.

**QUARTERLY SEA  
COLUMN MONITORING**

visual inspection, temperature, transparency, salinity, CO<sub>2</sub> saturation, total nitrogen, inorganic nitrogen, total organic carbon, silicates, orthophosphates, dissolved O<sub>2</sub>, nitrates, nitrites, ammonium, total phosphorus, chlorophyll a

**ANNUAL  
SCUBA  
INSPECTION**

**MAPPING  
LITURGICAL  
COMMUNITIES  
(CARLIT METHOD)**

**ANNUAL SEDIMENT  
AND BENTHOS ANALYSIS**

redox potential, total organic carbon, AMBI index, total phosphorus, total nitrogen





# Farming without the use of antibiotics

Cromaris was awarded the Antibiotic Free certificate according to DNV technical specification STP-80 for the first time in 2019, confirming fish farming without the use of antibiotics. Compliance with applicable legislation, regulations, and UNI EN ISO 22000 and ISO 9001 standards is a prerequisite for the certification. Antibiotics are not used in any part of the fish life cycle in Cromaris, which is extremely rare in the entire aquaculture industry.

The Antibiotic Free certificate represents the highest possible standard in the protection of consumers' health and safety and demonstrates Cromaris' commitment to animal welfare and sustainable development.

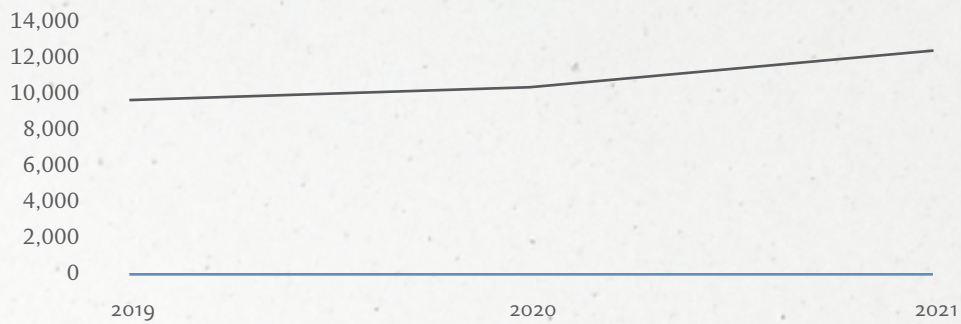
Cromaris' long-term plan is to continue operating without using antibiotic treatment units.

With the help of prevention measures, good manufacturing practice, and regular veterinary checks, farming without the use of antibiotics takes place both in farms and in Cromaris' hatchery. Farming without antibiotics has a positive impact on the preservation of biodiversity, and, what is especially important, on the global trend of antimicrobial resistance reduction.

**0 units of antibiotics used in Cromaris in 2021.**

COMPARISON OF ANTIBIOTIC USE AND SOLD QUANTITIES OF WFE (T)  
FROM 2019 TO 2021

| ANTIBIOTICS (mg) | SALES OF WFE (t)



# How to achieve farming without the use of antibiotics?

## ROLE OF ANTIBIOTICS AND POTENTIAL PROBLEMS DUE TO OVERUSE

Antimicrobial resistance (AMR) is a consequence of excessive and inadequate use of antimicrobials in the treatment of animals and humans. Regular use of antibiotics is also present in the food industry. Antibiotics have their uses in the prevention and treatment of fish diseases, through feed or by adding them to water. Excessive use of antibiotics leads to bacterial resistance, which adversely affects fish health and changes in bacterial flora in the water column and sediment. It also adversely affects the health of the end consumer – humans, thus posing a major threat to global health. Unrestricted use of antibiotics is a major problem due to its impact on fish, terrestrial animals, human health, and the environment.

## HOW CROMARIS HAS ACHIEVED FISH FARMING WITHOUT THE USE OF ANTIBIOTICS, THROUGHOUT THE FISH LIFE CYCLE

The introduction and strict control of measures affecting well-being and health, as well as high-quality fish feed, tailored to each species, reduce the need for the use of medicines, i.e. in Cromaris' case, enable complete elimination of the use of antibiotics.

**MEASURES THAT ARE  
SYSTEMATICALLY IMPLEMENTED  
ARE AS FOLLOWS**

- Effective vaccine protects the health of farmed sea bass
- Monitoring of seawater and sediment quality in the vicinity of the farm
- Adherence to stocking densities in accordance with good farming practice
- Daily control of sea temperature values and dissolved oxygen levels in cages and in the vicinity of cages
- Regular cleaning and changing of nets on the cages, i.e. maintaining clean biofilters in hatcheries and measuring the concentration of ammonia in pools
- Checking the health status of fish in all cages or pools by Cromaris veterinary service
- Daily removal of mortality from the cages
- Maintenance of hygiene of the equipment used in feeding
- Healthy fish feed, tailored to the species



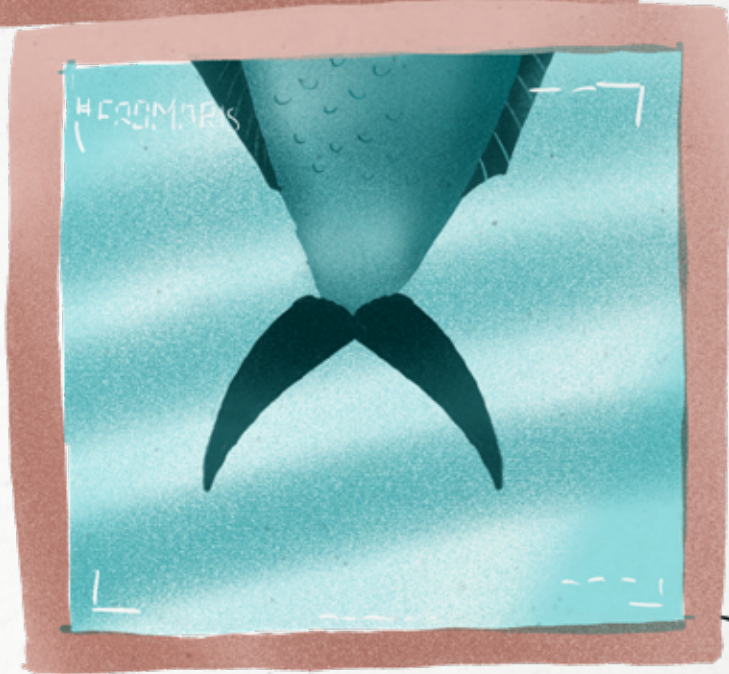
# Digital innovation

8 DECENT WORK AND  
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE





# Cromaris’ digital strategy

Cromaris’ digital strategy balances market trends and supports the company’s key success factors. It includes the introduction of new technologies to increase speed and flexibility in business, high-quality digital support for R&D, and a high degree of production process automation, so that new products could be quickly marketed. Also, digitalisation is the key to stronger integration of the supply chain with technological production and logistics systems. In Cromaris’ cooperation with external partners, there is a great need for more advanced management of collaborative processes, i.e. processes involving more than one legal entity, which is very difficult nowadays without digital communication.

In the area of farming and hatcheries, the main task of the digital initiatives is predictive market analytics, i.e. models for assessing what the Mediterranean fish market will look like in two years, and how long it takes from placing juvenile fish in the sea to marketing the fish.

Another key role of digitalisation is in the activities of strengthening the brand and market communication because digital channels and tools are the ones that make direct access to such a large number of people easier than ever. This is especially important for companies like Cromaris, which operate in a large number of markets.

The main risk for the success of the digital transformation is not changing the way of thinking, i.e. understanding digitalisation only as a means to accelerate and increase the accuracy of existing business processes. True digital transformation is only possible with the development of innovative business processes and even completely new business models. In other words: business excellence, IT excellence, and quality information technology are necessary and indivisible elements of a successful digital transformation, which will bring the company a real and sustainable advantage over the competition.



# Communication platforms

Cromaris systematically develops digital channels of communication with the market and consumers, as fundamental communication platforms of the future. The corporate website is continuously improved to provide all relevant information to the business and wider social community, as well as content intended for end consumers. In accordance with the international character of Cromaris' business, the website has been moved to the international domain **www.cromaris.com** and is available in English, Italian, and Croatian. In addition to the corporate website, the proactive approach of Cromaris on all major social networks on the domestic and Italian markets (Facebook and Instagram) represents the most important news in the field of market communications.

The results in 2021 exceeded expectations. Cromaris Italia Facebook page has already attracted more than 24,000 fans in the first year. With its colourful content, Cromaris Hrvatska FB page communicates with almost 23,000 fans, and the corporate LinkedIn page brings

together more than 3,000 followers from the business community. For example, we used the video series **“Fish One-on-one”** and **“This summer fish is on fire!”** to educate our fans and followers on the preparation of Cromaris fish with the, we have stepped into the world of Asian cuisine with Cromaris' first Asian cookbook and have created the **“Back to school cookbook”**, a cookbook with 30-minute recipes for the youngest! Our animated heroes, Detective Brancinić, Professor Oradovski, Assistant Hama, Miss Gofica, Zuberina, and others from friends from the depths made sure we received our dose of humour, making us laugh with events from their lives. The holiday season was marked by the **“Feast of 5 fishes”** campaign and a sea of delicious recipes, exciting fish stories, and tips on how to prepare Cromaris fish with the help of chef Giorgio Locatelli.

The primary goal of communication through these channels is to bring Cromaris closer to its existing and future customers, as well as employees and the business community. Daily

activities and posts continuously bring information about the news related to Cromaris products, provide added value with the recipes, and useful information on improvements in the offer and overall operations.

Thanks to its orientation towards new communication channels and the expansion of the distribution of packaged products, the Cromaris brand has reached record levels of recognisability in the Croatian (73%) and Italian (5.7%) markets.



# Automation

## **AUTOMATIC FISH FEEDING**

The integration of automatic fish feeding with the business (SAP) system was completed in mid-2020. Automatic fish feeding is done by barges on farms with fish food storage silos and a system for pneumatic transport of feed to cages. An interface connected to the barge control system has been implemented, recording all daytime feedings in SAP for each cage and automatically calculating all parameters. The advantages of the automated feeding method also include the dosage of feed according to the fish appetite. Thus, there is no excess or uneaten feed that falls to the seafloor and burdens the sediment with organic matter.

## **MONITORING OF MANUAL FISH FEEDING**

The use of mobile technology enables detailed planning and monitoring, i.e. full control of the entire process of manual fish feeding, also connected to the central SAP business system.

## **TRACEABILITY SYSTEM FOR FISH FEED**

Complete monitoring of each lot of fish food is possible, from the entrance to Cromaris (by boat or truck) to the feeding in each cage, including a complete record of sampling of each lot and monitoring of all necessary quality parameters. It is carried out with the help of SAP systems, using mobile handheld computers with scanners, used in the field by quality control employees and warehouse workers.

## **AUTOMATIC FISH FEEDING**

Until 2021, barges were used at all Cromaris farms exclusively for feeding fish of consumption and pre-consumption size. 80.7% of the feeding is carried out by an automated system and delivered to the cages by a system of pipes connected to the barge.

The new barge is a continuation of the project of full automation of the fish feeding system. It will enable the feeding of juvenile fish from six feeding systems with simultaneous work on different cages with different types of food.

% of automatic feeding in relation to overall feed consumption



#### JUVENILE FISH FEEDING BARGE

A barge for juvenile fish started operating at the Lamjana farm for the first time in July 2021.

Farming in larger cages allows better environmental conditions for juvenile fish, with more dissolved oxygen and living space. A smaller number of cage installations also reduces the direct impact on the environment. Sprayers on pipes are used to distribute food from the barge much more efficiently to cages with juvenile fish, with less fish feed waste in a shorter time. Fish feed of various granulations

is stored in the silos on the barges and is then brought to the desired cages by the pipe system, dosed according to the fish appetite. Less plastic waste is also produced since food is delivered in packages of tonnes instead of in plastic bags of 25 kg as in manual feeding.

In addition to more efficient feeding of the juvenile fish, conditions for employees are better, with less physical strain, especially in adverse weather conditions. At the same time, the barge can feed several cages with different types of food, whereby the feeders have the option to monitor the feeding process.



ZD PL044

Cromaris

Cromaris

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ZD PL044



# Cromaris' transformation programme

Preparations for Cromaris' transformation programme started in the middle of 2021. In accordance with the ambitious development plans, numerous projects are implemented in parallel in Cromaris during the year, so a decision was made in 2021 to place all projects under a joint programme, which will ensure complete and consistent portfolio management. The goal of the transformation programme is to create and implement projects in a way that allows continuous care for their compliance, integration, and the overall synergistic effect on Cromaris' operations.

The projects are grouped into two areas:

- 1. Commercial Excellence**
- 2. Operational Excellence**

Commercial Excellence manages improvements in the business areas of sales and marketing, and Operational Excellence manages projects related to product development, from hatcheries, farming, processing, and logistics, all the way to investment management and advanced analytics of Cromaris' business operations.

**14 projects are currently in progress**, which will contribute to Cromaris' further market and operational success, while increasing profitability and integrating the sustainability aspect in the company's operations.



# Project TP 09: Optimisation of the Cromaris portfolio value

**Optimisation of the total quantities and costs of plastic and cardboard packaging** of Cromaris' packaged products. Plastic packaging ensures food safety, but the fact that millions of tonnes of plastic end up in nature and the seas annually is concerning. Cromaris is aware that its business is directly related to the state of the environment in which it operates. Great attention is therefore paid to the principles of circular waste management, the quantity of packaging placed on the market and its potential for recycling. In addition to reducing waste, such an approach also contributes to the reduction of greenhouse gas emissions and the preservation of vulnerable ecosystems. Cromaris continuously works to improve all product characteristics, so, for example, one of the key products, MAP packed fish, will be available in smaller sized PET

trays as of mid-2022. Optimising packaging will reduce the share of **plastics by 43%**. According to the sales plan for 2022, this means more than **23 tonnes of plastic less** per year, despite the expected increase in sales quantities. Changing the weight of the packaging will also directly affect the **6%** reduction in the consumed cardboard material. Cromaris also contributes directly to the trends of the new European economy, which advocates smart and sustainable management of plastics.



**43% less plastic compared to the previous packaging**



# Project TP 14: Reducing the quantities and costs of animal by-products and waste

Food waste has been a major obstacle to achieving global food security and environmental sustainability for decades. Reducing food waste has a significant impact on several UN SDGs, including #2: Zero Hunger and #12: Responsible Consumption and Production. The targets of #12 are aimed precisely at significantly reducing waste generation by 2030, **by preventing or reducing food losses in production and supply chains, i.e. by processing and reusing waste.**

Cromaris disposes of animal by-products from processing, as well as dead individuals from the farm, and hands them over to an authorised collector in the Republic of Croatia.

Since 2019, Cromaris has been contributing to the circular economy **by transforming production “waste” into a valuable resource.** By-products of fish processing and gutting, as well as fish of inadequate quality, are sold as raw materials for the production of pet food. The possibilities of further reduction of the quantity of animal waste and the appropriate way of its treatment and conversion into raw material are also explored as this represents an even stronger turn towards circular economy. The purchase of a **composter** for the treatment of animal waste from the farm is planned for 2022, with the aim of obtaining raw material of smaller volume and mass, which can be more easily

handled and stored, as well as sold as valuable raw material.

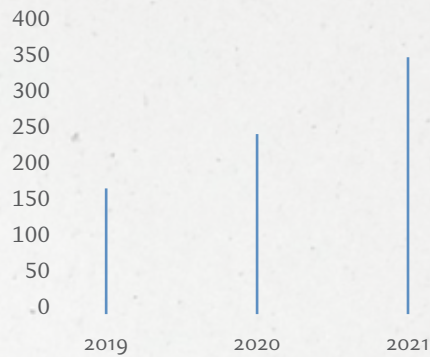
According to the danger they pose to human and animal health and the disposal method, animal by-products not intended for human consumption are classified as follows:

- **CATEGORY 1 (highest risk)** – incineration, co-incineration, sterilisation
- **CATEGORY 2 (medium risk)** – ensiling, composting, or conversion to biogas
- **CATEGORY 3 (lowest risk)** – use as raw material in certain industries (pet food, pharmaceutical or cosmetic industry)

Last year's goal was to sell 10% more processing by-products for use in other industries compared to 2020. We exceeded the set goal by selling as much as 42% more quantities than last year. In 2022, we aim to reach the target of 50% of sales of the total quantities of by-products from processing. The lifespan of the by-products is thus extended and the quantities of waste that need to be disposed of are reduced at the same time.

#### SALE OF CATEGORY 3 ANIMAL BY-PRODUCTS FOR FURTHER USE IN OTHER INDUSTRIES

tonnes

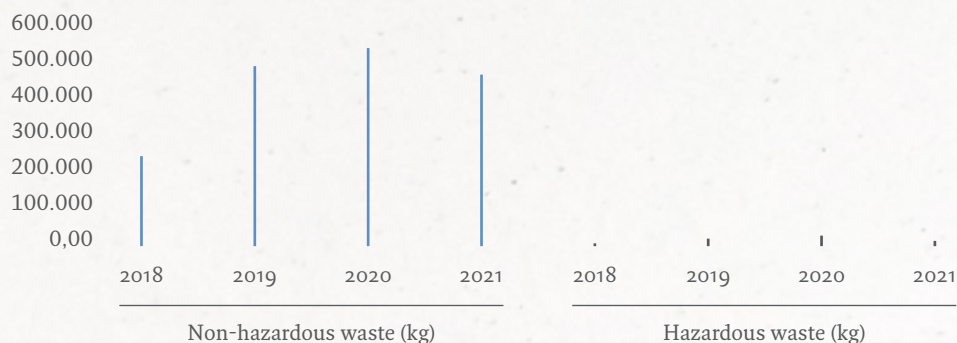


# Waste management in Cromaris

Apart from the fact that by optimising the portfolio Cromaris seeks to reduce the quantities of plastic and cardboard packaging, it continuously works to reduce the total waste quantities. Waste is regularly sorted and disposed of separately at the Cromaris level. Monitoring of waste data is performed with the help of logbooks and

accompanying sheets for each individual waste category. Trend analyses of collected waste are made at the end of each year according to different parameters. In 2021, the quantities of non-hazardous (-14%) and hazardous (-52%) waste decreased compared to the previous year even though production increased.

**TOTAL QUANTITIES OF NON-HAZARDOUS AND HAZARDOUS WASTE IN CROMARIS (2018/2021)**



Cromaris has been continuing its good practice of preventing waste generation, separating different waste, reusing, and

recycling certain types of waste year after year. Separating paper, cardboard, plastic packaging and foil, styrofoam trays and

cassettes, nets and bags of fish feed reduces the quantity of municipal waste.

The share of hazardous waste in the total quantity of Cromaris' waste is **3%**, while non-hazardous waste accounts for **97%**.



# Waste life cycle and circular management

The circular economy aims to reuse, convert, and recycle existing products and materials for as long as possible, in order to create additional product value and a longer life cycle. This has a positive impact on the environment, reduces the consumption of energy and raw materials, and reduces waste generation and its harmfulness. Cromaris does not recycle waste within the company, but hands it over to selected collectors authorised for these activities. Other measures for responsible waste management are implemented. In order to reduce the volume of plastic waste in Cromaris' farms, empty bags of fish feed are baled. Press containers within the Gaženica Processing and Logistics Centre reduce the quantity of bulky waste material (cardboard, paper), with

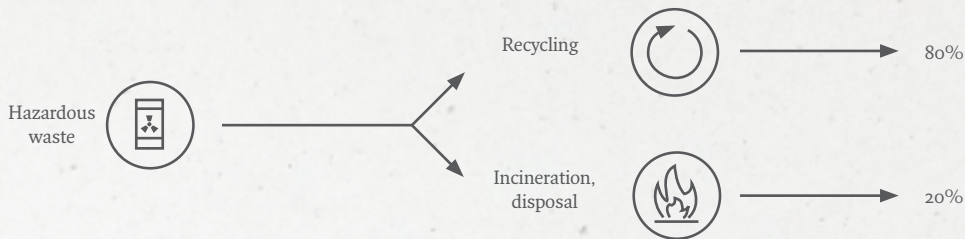
numerous benefits – waste is collected once a month instead of three times a week as before, which results in less greenhouse gas emissions, improved hygiene and tidiness of the premises, saves time, space, and labour.

**80% of the hazardous waste collected is further recycled** and 20% is incinerated or disposed of by an authorised collector.

**100% of the collected plastic, paper, and cardboard packaging** from all Cromaris locations is removed by authorised collectors and recycled. **This means approximately 70 tonnes of recycled packaging waste in 2021.**

## KEY WASTE

NUMBER	CATEGORY	WASTE NAME	UNIT (KG)
15 01 01	NON-HAZARDOUS WASTE	PAPER AND CARDBOARD PACKAGING	25,470
15 01 02	NON-HAZARDOUS WASTE	PLASTIC PACKAGING	43,850



## CIRCULAR WASTE MANAGEMENT

The sale of large used fish food bags (so-called “big bag”, ВВ) is Cromaris’ second contribution to circular waste management, which began in 2020 and continued during 2021. 16,000 bags were sold, which is less than planned, but all remaining unsold bags were transported for free for recycling by an authorised partner collector.

In addition to big bags for fish feed, waste plastic film is also separated into special containers, collected, and sold for further

use and thus ceases to be waste and becomes a valuable resource.

Cromaris is a member of the Croatian Chamber of Economy, where it actively participates in the work of several committees and working groups for the preparation and amendment of legal documents and regulations, including those referring to waste management. For example, with its knowledge, Cromaris has contributed to the adoption of the Ordinance on packaging and packaging waste, single-use plastic products and fishing gear containing plastic.

# Wastewaters

At Cromaris **location in Gaženica**, wastewater is discharged into public drainage systems (sanitary and industrial) and into the sea (rainwater). Before discharging into the public drainage systems, industrial water is treated mechanically and chemically with a wastewater treatment device. The process of industrial water treatment forms flotation foam and sludge, which are separately collected and handed over for disposal to an authorised company. Rainwater is also purified by a mechanical wastewater treatment device before being discharged into the sea.

Wastewater is tested four times a year, and the control is performed by an accredited laboratory of the Public Health Institute.

**At the site of the Nin hatchery**, wastewater is discharged into the public drainage systems (sanitary) and into the sea (industrial and rainwater). Industrial and rainwater are mechanically treated before discharge into the sea. Wastewater is tested eight times a year, and the control is performed by an accredited laboratory of the Public Health Institute.



# Sustainable supply chains





# Sustainable procurement and our suppliers

Satisfaction and loyalty of suppliers and business partners are very important for Cromaris because the competitive advantage and success of the company largely depend on them. The **e-procurement tool (Ensolva) for managing the procurement process and managing** the relations with suppliers, community, and stakeholders was implemented in Cromaris' procurement department in 2021. With the help of this system, more than 90% of invitations to tender were conducted in 2021, totalling 90% of the value of total consumption.

The development of additional control mechanisms of supply chain management is planned in the coming period. Among other things, a standard questionnaire will be established on the operations of suppliers, with the requirements of Cromaris (and Adris) towards suppliers in terms of sustainable development, circular economy, control and reduction of adverse effects of their operations on the environment and the community, as well as ethics in business.

# Integrating sustainability elements in procurement processes as of 2022

Cromaris' e-procurement system (Ensolva) will implement the General Terms and Conditions of Procurement in 2022. By accepting them, a supplier legally and responsibly confirms that they have the processes and policies for the following:

- Personal data protection
- Corporate social responsibility
- Workers' and human rights

- Environmental protection
- Anti-corruption clause
- Prevention of child labour
- International measures to curb and prevent money laundering and terrorist financing
- Obligation to apply security measures

Without this, it is not possible to participate in Cromaris' tender procedures.

# Share of Croatian suppliers in purchasing consumption on an annual basis (by cost)

The share of Croatian suppliers in purchasing consumption on an annual basis (by cost) is 33%. Although we strive for procurement from local Croatian suppliers, this is more difficult to implement in practice given that fish feed accounts for the largest share of procurement ( $\approx 55\%$ ). Fish feed is not produced or distributed in the Republic of Croatia, so it

is almost impossible to significantly raise the stated shares for the time being. As of 2022, consumption will be monitored by counties, with an emphasis on increasing turnover and the scope of cooperation with partners and suppliers from the Zadar County area, i.e. within our local community.

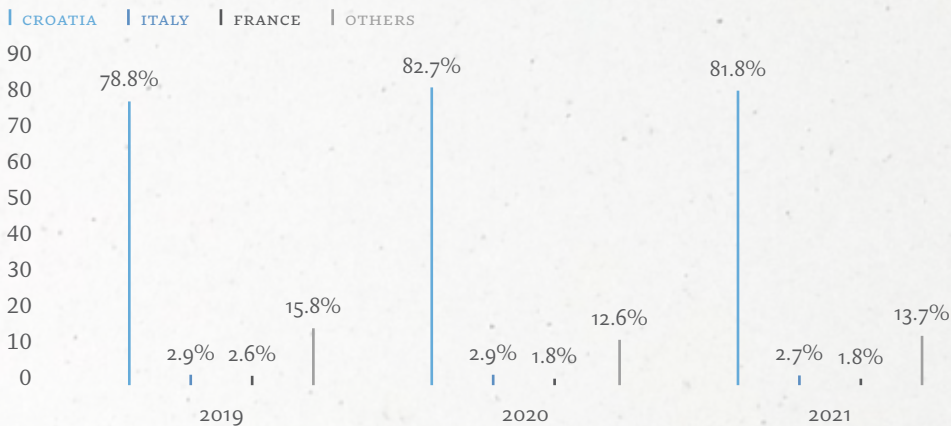
# Share of procurement by supplier country (by number of suppliers)

Cromaris supports local supply chains with a focus on maximising the positive impact on the local community when possible, which is evident in the number of suppliers with whom it cooperates. As the graph shows, Croatian suppliers account for more than 81% in 2021.

Supplier assessments and audits of key suppliers are carried out on a regular basis, at least once a year. We expect our suppliers to adhere

to the same rules as Cromaris and to carry out their business in a sustainable manner. Due to the Covid-19 pandemic, most audits were conducted online until the global situation improved. At the end of the year, key suppliers and suppliers selected according to the risk analysis carried out are also identified and evaluated. Some of the evaluation criteria include technical information, business support, quality, certificates they possess, delivery deadlines, etc.

SHARE OF PROCUREMENT BY SUPPLIER COUNTRY (BY NUMBER OF SUPPLIERS) (2021 - 2025)



# Responsible suppliers

All our suppliers of cardboard packaging are certified according to the FSC (Forest Stewardship Council) standard in 2021 and we continue to operate exclusively with certified suppliers of cardboard packaging. The objective of the FSC is improved forest management and market transformation, which redirects the global trend towards sustainable use, conservation, restoration, and respect for forests. **We want our products to be packaged as sustainably as possible, and the use of FSC cardboard brings us one step closer to meeting that goal.**

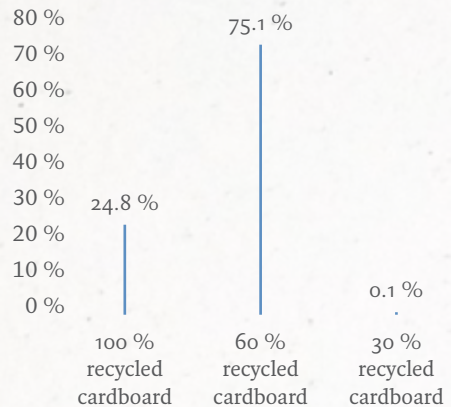


The covers on the Cromaris SKIN package are made of 100% recycled cardboard.

The transport boxes for all MAP products are also made of 100% recycled cardboard.

24.8% of cardboard packaging made from 100% recycled material and 75.1% of cardboard packaging made from 60% recycled cardboard were used in 2021.

SHARE OF CARDBOARD PACKAGING USED IN 2021 BY % OF RECYCLED MATERIAL (CARDBOARD)





# Employee well-being and employee lifelong learning – Social topics

8 DECENT WORK AND  
ECONOMIC GROWTH



3 GOOD HEALTH  
AND WELL BEING



4 QUALITY  
EDUCATION





# Our people = our value

Our people are our most valuable resource, so the permanent goal is to attract and retain as many quality, professional, and satisfied employees as possible. Our role is to provide employees with an opportunity for professional growth and career development within the company, to encourage them to actively participate in proposing and creating new solutions, in order to realise their full potential and feel comfortable and satisfied in their work environment.

The establishment of the Human Resources Department in 2021 is an additional indicator of a strategic and systematic approach to managing the company's most valuable resource - employees. The newly established department is one of the key departments of the company that recognises people as

its fundamental strategic and competitive advantage.

In 2021, special emphasis was placed on more intensive and direct communication with employees by holding regular meetings and informing them about the latest developments in the company through internal news and Cromaris newsletter.

Social dialogue in Cromaris is continuously improved by cooperation with the Works Council and the Trade Union, which is carried out by meetings of the Management Board, Human Resources Department, and social partners, including negotiations on the material rights of workers. Workers independently decide on their trade union membership, and one trade union is active in Cromaris.



**C**  
**cromaris**

# Employee structure – security, equity, and equality

**Number of employees as of 31 December 2021: 583**

**Open-ended employment contracts: 67% of employees**

Cromaris has 67% of employees with an open-ended employment contract. The company thus provides job security and shows trust and responsibility towards employees.

Employee structure by the level of education is diverse and corresponds to the needs of the business.

Cromaris promotes a policy of diversity and non-discrimination. All employment candidates, as well as all employees who are already employed, are provided with equal rights and opportunities, according to the principles of

diversity and inclusion by creating an organisational culture in which all differences are valued and where everyone has the opportunity to develop their specific skills and talents, regardless of gender, age, religion, ethnicity, or other type of diversity. We see equality between women and men as a genuine collective responsibility. We actively promote gender diversity in leading and managing levels, where, as we are aware, there is room for improvement, which is evident from the structure of employees by gender in leading and managing positions, which corresponds to the overall employee structure by gender.

We have made sure that all employees are aware of the anti-discrimination policy, and a good indicator is the fact that there were no incidents or reported cases of discrimination or harassment in 2021.

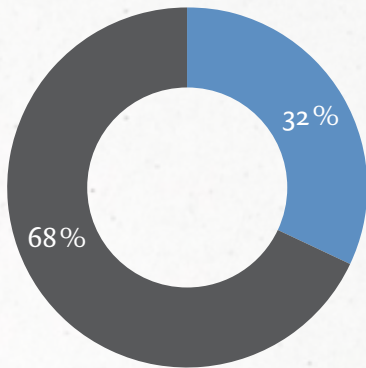
EMPLOYEE STRUCTURE BY AGE

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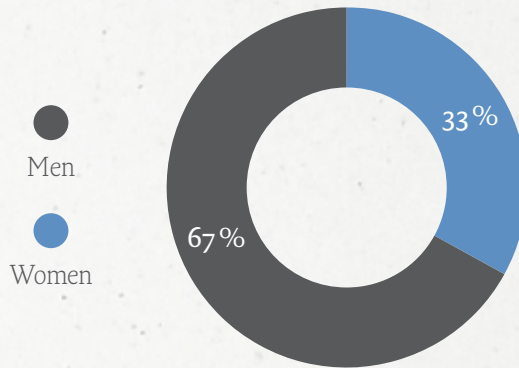
18 - 30 years	22 %
31 - 40 years	30 %
41 - 50 years	24 %
51 - 60 years	19 %
61 - 64 years	4 %

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EMPLOYEE STRUCTURE  
BY GENDER



EMPLOYEE STRUCTURE BY GENDER  
IN LEADING AND MANAGING  
POSITIONS



# Careers Inspired by the Sea

According to the UN Sustainable Development Goal #8 *Decent Work and Economic Growth*, the challenges facing the global and thus Croatian economy, which need to be addressed in the coming period, are **high youth unemployment rates and a lack of skilled labour in key sectors**.

Cromaris strategically plans, attracts, and employs young talents, in line with the current and future business needs. Building on the internship program of Adris grupa "*Future in Adris*", Cromaris launched the internship program "*Future in Cromaris*" in 2018. After a short break due to the covid crisis, 11 trainees started their careers in Cromaris in 2021. The internship programme entitled "*Careers Inspired by the Sea*" is an opportunity for young and educated people to continue to learn and develop practical knowledge and skills as soon as they finish their formal education, and to

gain the experience necessary for further growth and professional development in one of the leaders in mariculture.

During the programme, all interns have the professional guidance of mentors, who guide them through the internship and direct them to the areas in Cromaris for which they specialise and where they can contribute the most. Interns have the opportunity to work in different departments and participate in all technological processes essential for production. Getting the big picture and understanding the entire production cycle is of immense importance.

30 interns have been employed so far within the said internship programmes and they are growing together with the company, while a large part of them have already taken on extremely important and challenging leadership positions.



*I am Sara Šarić, MSc in Food Engineering. At the end of my university education in Zagreb, I was given an opportunity to return to the coast and dive into the business world through Cromaris' internship programme. During the internship, I went through four different departments of the company, which I saw as an enriching experience and an ideal transition from the student life to the business world. I had the opportunity to follow the fish from its very beginning in the hatchery, after which I fed this same fish by walking around the cages. In processing, I saw fish as an input raw material used to obtain quality final products, while in research and development I had the opportunity to see the whole story improved on a daily basis. In addition to the rich experience, I am also delighted by the beautiful acquaintances I continue to develop.*



*My name is Dino Škibola and I am a graduate student of Sustainable Management of Aquatic Ecosystems at the University of Zadar. In June 2021, I started my career at Cromaris as part of an internship programme. The possibility of participating in the entire fish farming process, as well as the opportunity to continue learning, develop professionally, and advance in my profession, is the greatest advantage of the internship programme. In addition to the practical knowledge I gained, the internship programme also helped me to learn to accept and solve the challenges I encounter in my daily work, thanks to which I gained many beautiful experiences and acquaintances that I will surely remember for many years. I am currently working on experimental platforms of the R&D sector, where we examine the effectiveness of fish feed recipes to improve their nutritional properties, with an emphasis on the importance of finding sustainable raw materials.*

# Lifelong learning

Lifelong learning and employee development are one of Cromaris' key priorities, which we ensure by continuously increasing the budget for company-level education. Internal and external training programmes are organised in agreement with managers, according to the employees' recognised individual development needs and the company's business needs. Special focus is placed on planning succession, i.e. preparing for taking on more complex functions in the organisation, and targeted investment in employees' professional and personal development, in order to ensure timely transfer and retention of key knowledge and skills in the company, necessary for the smooth running of the business processes.

Cromaris cooperates with several scientific and educational institutions, with the aim of raising the level of knowledge in the company and achieving excellence in specific areas for which there is no classically educated staff. The cooperation is two-way because it is also important to share knowledge, by organising various workshops, educational presentations, and participation in scientific and working groups and projects. Cromaris thus acts

affirmatively, and young people are introduced to the possibilities of careers in mariculture, after being presented with the diversity, opportunities, and challenges of their future profession as this information is not available during regular education. Cooperation with scientific institutions also allows participation in numerous important EU projects, which places Cromaris at the very top in the research and development of new technologies and knowledge in mariculture.



# Employee rewarding and well-being

Employees satisfied with the working conditions and the working environment are more productive and motivated and contribute more to the achievement of the company's goals. We strongly believe that employee satisfaction and engagement are some of the key prerequisites for successful business operations.

In line with the needs of business and labour market trends, additional focus was placed on retaining existing workers and attracting new employees in 2021. A comprehensive analysis and evaluation of jobs and total incomes of workers was carried out to ensure internal fairness and competitive total incomes. As in previous years, the average gross salary of Cromaris' employees in 2021 was higher than the average gross salary at the level of the Republic of Croatia.

Cromaris also provides its employees with a number of other guaranteed benefits arising from the Collective Agreement (e.g. incentive part of the salary, salary bonuses for working conditions, Christmas bonus, gift for children

for Christmas holidays, Easter bonus, holiday bonus, jubilee award, transportation allowance, (un)paid leave for various occasions, such as education or other important life events, financial support in challenging life situations, severance pay, etc.).

Collective negotiations were also started in 2021, with the aim of ensuring a high level of material rights of employees and preserving good social dialogue.

Thus, apart from wanting to motivate and reward our employees, we also ensure the well-being of employees, which includes the importance of work-life balance. As a family-friendly company, we encourage an environment in which all employees have an equal opportunity to use parental leave. 17 of our employees used parental leave in 2021 and they all had the possibility to return to their jobs. With a positive perception of the use of parental leave by fathers, we encourage the equality of working parents and support fathers in empowering their parental role.

A woman with long brown hair, wearing a black blazer over a grey t-shirt, is sitting in a black office chair. She is smiling and holding a white speech bubble sign with a blue border. The sign contains the text 'Tko zna ribu, bira Cromaris' in blue, bold, sans-serif font. The background shows a white door and a wooden wall panel.

**Tko zna ribu,  
bira Cromaris**

# Protection and safety of employees in the workplace

Cromaris promotes and ensures a safe and healthy working environment for all employees. The company takes responsibility for any injury and takes all measures to improve safety at the workplace.

Tests, measurements, and inspections of the means of work, work equipment, and the work environment are carried out at prescribed intervals. In accordance with applicable regulations, employees are sent for appropriate medical examinations. During recruitment, training sessions in the field of occupational safety are carried out. Once a year, fire-fighting exercises and a simulation of the extraction of employees in the event of an accident are conducted at all locations. Workplaces with high risk and/or frequency of occupational injuries have been identified in Cromaris. All envisaged occupational health and safety measures refer to all persons who are at work premises, and

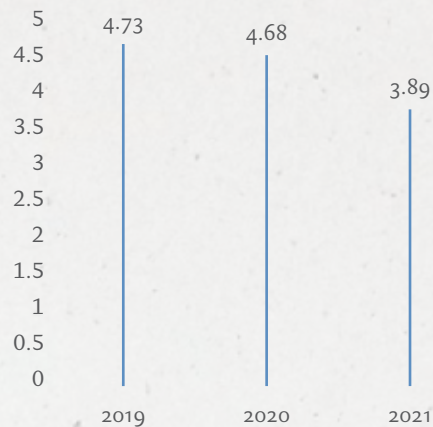
the Occupational Health and Safety Service is responsible for controlling their implementation. Thanks to the systematic implementation of these measures, the analysis of injuries in the last two years showed a downward trend in the number of injuries in Cromaris. The occupational injury rate was 4.68% in 2020, **while the injury rate dropped to 3.89% in 2021**. All occupational injuries in 2021 were minor and implied cuts, sprains, and strains of the extremities. The rate of working days lost due to occupational injuries decreased by 20% in 2021.

Job reorganisation was carried out in Cromaris during 2021, after the completion of which a new job analysis will be made in 2022, as well as an analysis of the basic and special rules of occupational safety. Based on the performed analyses, the plan of measures for the reduction of occupational injuries and diseases will be corrected if necessary.

Despite the increase in the number of employees, raising employees' awareness about the importance of adhering to the introduced procedures, preventive actions, and protective means, the risk of injury in Cromaris has been minimised.

For every 100 employees, there were 3.89 employees affected by an injury or illness recorded in 2021.

RATE OF OCCUPATIONAL INJURIES  
(2019 - 2021)



# Covid-19

The Covid-19 pandemic has brought rapid and unexpected changes to our lives. Two years have passed since the declaration of the pandemic in the world and the Republic of Croatia, and it continues to have a significant impact on the global economy, the domestic economy, and Cromaris' operations.

Already at the beginning of the pandemic, Cromaris established the Cromaris Crisis Headquarters, which continuously cares for the implementation of officially prescribed measures, monitors the number of sick workers, adopts and implements guidelines and measures for the protection of employee health, and the transport of fish and raw materials.

Two years have passed since the declaration of the pandemic in the world and the Republic of Croatia, and it continues to have a significant impact on the global economy, the domestic economy, and Cromaris' operations. Cromaris systematically implements

a number of measures to minimise the risk of illness and preserve the health of its employees.

During the pandemic, Cromaris identified and actively managed operational risks that may affect the sustainability of production processes and employee health protection. Due to the specificity of Cromaris' business, where it was not possible to organise work from home in the production part, i.e. to completely reduce contacts to a minimum, the emphasis in 2021 was on educating employees about infectious diseases, risk reduction, and personal responsibility. Thanks to the systematic implementation of measures, production was carried out without a day of downtime.

**Cromaris has a positive attitude towards vaccination and calls for responsible behaviour. A vaccination campaign was organised for all interested employees in 2021.**

Emphasis on  
sustainable business  
and human health



Reduced frequency  
of business trips



Working from home  
and virtual meetings

Hygiene measures  
implemented



Employee education on infectious  
diseases and disease prevention

Protective equipment  
provided



Contactless temperature measurement  
at the entrance to Cromaris

Working in separate shifts to  
reduce employee contact



Organised vaccination  
campaign

# Responsibility towards local communities





# Employment of locals

The economy of Zadar County is diverse and has great development potential. Around 63% of the total production in aquaculture in the Republic of Croatia is produced in Zadar County. This confirms that the inhabitants of the Zadar County live at sea and largely from the sea. Cromaris continues and supports the tradition of mariculture and puts an emphasis on employing locals, especially inhabitants of islands, which directly contributes to the development potential of Zadar County.

Cromaris fosters traditional activities on the islands, which are also an important factor in the economic development of the islands.

We are proud of the fact that **out of the total number of employees at Cromaris farms, as many as 56% are islanders, which confirms the important and responsible role of Cromaris in the development of local island communities.**

The share of revenues of the fisheries and mariculture sector in the GDP of Zadar County for 2018 is 9.62%.

Most of the 33.7% of the export value in Zadar County referring to the field of agriculture, forestry and fisheries includes farmed tuna and white fish.



# Local community inputs

Climate change is becoming more pronounced and its consequences are already visible in the sea. At the beginning of last year, changes in the transparency and quality of the sea were observed in several locations on the Adriatic which are considered to be related to rising sea temperatures and increased flowering of the sea. We also observed the same phenomenon in the vicinity of our farm sites, which was reported to us by representatives of the local community. We immediately took concrete action and activities in collaboration with relevant institutions and the local community to investigate and resolve the issue.

Competent services went to the field and carried out a series of measurements and controls. The Environmental Protection Inspection visited the Velo žalo farm on several occasions and identified no irregularities in operations.

A series of monthly meetings were held with representatives of the local community during which we reported on the results of

the sea cleanliness measurements and the situation of the farm. In addition to regular sea inspections carried out according to the requirements of the environmental impact study once a year, the seawater column is also controlled based on the requirements of the ASC standard 4 times a year. In order to show the highest level of awareness and concern for the environment, it was agreed at meetings with representatives of the local community that seawater control will be carried out every month during the period of elevated sea temperatures.

It was also agreed that representatives of the local community will inform us directly and promptly about any changes they notice in the environment because we believe that through dialogue and cooperation we can solve and anticipate problems. Good partnership with the local community is very important to us because we think that the well-being is mutual. In addition to maintaining the highest ecological standards in fish production, which is possible only with the sea of the highest

purity, we also employ a large number of people from the islands.

Expectedly, with the arrival of winter weather, the occurrences of greasy spots and sea turbidity have been minimised, and analyses have not shown the exact causes of these changes. Regardless of the improvement of the situation and the results of the analyses, we continue with additional analyses of the sea in which we will include additional measurement parameters.

We will continue to meet with representatives of the local community to monitor the situation and find an adequate solution in the event that the turbidity or some other phenomenon reappears.

# Donations of Cromaris products

Cromaris donated its products for various events in the vicinity of Zadar. A total of 10,171 kg of fish products and delicacies were donated in 2021. In cooperation with Zadar County, a significant donation of fish (ten tonnes of products worth almost half a million kuna) went to Caritas of the Sisak Diocese for the victims of the earthquake that hit the area around Sisak and Petrinja at the end of 2020.



# Donations, sponsorships, and volunteering

With the steady growth of all business indicators, Cromaris is the industry leader in the preservation of the natural environment and in its partnership with the community in which it operates. In doing so, it pays special attention to fostering environmental awareness in children and supporting education and training in the field of mariculture and marine science.

Part of these efforts is the donation of valuable equipment to Petar Lorina Primary School in Sali at the end of November 2021. In addition to the donation of equipment that will be used in the teaching of biology and chemistry, an educational workshop entitled “Fish and Fish Products” was held. After the educational presentation held by the representatives of Cromaris, special guest Luka Bulić entertained the attendees with imitations and songs about fish and fishing. The workshop ended with the painting of fish in an art class on the school premises, and Cromaris made holiday cards for its business partners based on these motives.

With campaigns like these, Cromaris continues to strengthen its relationship with the local community by continuously supporting local projects and initiatives. Development and equipping of the children’s playground with a multifunctional children’s device in the town of Luka on Dugi otok, a donation to the Srdelica kindergarten and the library in Kali, and contribution to the NK Zadar school of football show that Cromaris puts an emphasis on the well-being of children and has a special sensibility towards island communities.

In addition to the said donations of Cromaris fish products, Cromaris allocated a total of HRK 290,000 for cash donations and sponsorships in 2021.

In 1929, the first public basketball game was played in Zadar, which is also the beginning of the basketball game in Croatia. Next year, the Zadar basketball club will celebrate its 77<sup>th</sup> anniversary. Cromaris supports the basketball tradition in the city of Zadar as one of the team’s proud

sponsors. The largest sponsorship amount in 2021 was allocated to KK Zadar.

In the coming year, Cromaris will focus on supporting the most vulnerable groups in society – children and the elderly. Following the model of donation and education in the Sali primary school, similar campaigns are planned in other primary schools near Cromaris' locations. Support for educational institutions in the Zadar region will continue.

Plans in the upcoming period also include more active involvement of Cromaris' employees and assistance to the local community through concrete campaigns,

such as clearing access roads, providing access to inaccessible areas of the islands, and developing infrastructure.

**WE HIGHLIGHT THE FOLLOWING AS THE LARGEST DONATIONS IN 2021:**

- Caritas of the Sisak Diocese
- Equipping the children's playground (Luka, Sali municipality)
- Donation of laboratory equipment for the Petar Lorina primary school (Sali)
- Maintenance of the access road and parking (Vitane bay, Pašman)



**"If wishes were fishes, we'd all cast nets."**

Frank Herbert

Let it be so this holiday season – may your nets be full of fulfilled wishes.  
Happy holidays and a prosperous New Year from all of us at Cromaris!

The original picture was painted by the children from the Petar Lorini – Sali Primary School as a thank you for the donation of school supplies.

# Back to school recipes

Cromaris confirmed that it was thinking of its youngest fish lovers by publishing the “Back to School” cookbook. With the arrival of autumn and the return to school, the eternal concern has returned – how to prepare a quick, tasty and, above all, healthy meal with numerous daily obligations and lack of time.

We are happy that ideas from the cookbook can make the preparation of healthy fish meals for the whole family easier and they take less than half an hour! Cromaris was also helped by the popular food blogger Nasja Duplančič, who knows how to prepare fish that is so delicious that children love it. In this way, we encourage children to consume fish more often.

# Back to school

## RECIPES

**30**  
**min**



**C** cromaris

# Cromaris' memberships and roles in associations

**LAG MARETA** Cromaris is a member of a local action group that represents the interests of the population of a given area, improving the quality of life of local residents through cultural, social, economic, infrastructure, and educational projects.

**FLAG SEAFOOD** Cromaris is a member of the action group in the field of local fisheries, through which specific education of employees on the topic of navigation safety and employee protection was held.

**MARICULTURE CLUSTER** Association that represents the common interests of all farmers and especially farmers of tuna, white sea fish, and shellfish. It actively participates in the preparation of legal regulations regarding farming, projects of common interest as a partner, as well as projects co-financed by EU funds. Cromaris actively participates in the work of the Association, recognises the interests of industry, makes proposals to state authorities, and participates in the preparation of legal regulations, harmonising the needs and

interests of the industry, scientific community, and state authorities.

**CROATIAN CHAMBER OF ECONOMY (HGK), AQUACULTURE GROUP** HGK is an independent professional and business organisation that promotes, represents, and harmonises the common interests of its members before state and other authorities in Croatia and abroad. Cromaris is a member of the HGK, within the AQUACULTURE GROUP, which deals with key issues and issues of farming and farmers at the national level, coordinating the activities between scientific authorities, state administration, and the economy.

**FEAP** (Association of European Aquaculture Producers) – Representatives of Cromaris actively participate in the group of aquaculture producers at the Croatian Chamber of Economy, which operates as part of FEAP. The FEAP supports and promotes responsible development of aquaculture and enables the coordination of necessary activities for the development and improvement of aquaculture.



# Projects bringing together academia and industry

**AqADAPT** Cromaris has established cooperation with the Ruđer Bošković Institute and the Department of Ecology, Agronomy and Aquaculture of the University of Zadar on the project of the Croatian Science Foundation “AqADAPT – Adaptation of White Fish Farming to Climate Change”, 2018-2022, which will investigate the distribution of energy during spawning and the manner of distribution of basic organic substances in somatic tissues and gonads. This project and the networking of economic operators and scientific institutions are a good example of involvement, and the achieved goals and new knowledge will directly contribute to the development of a specific economic branch – mariculture.

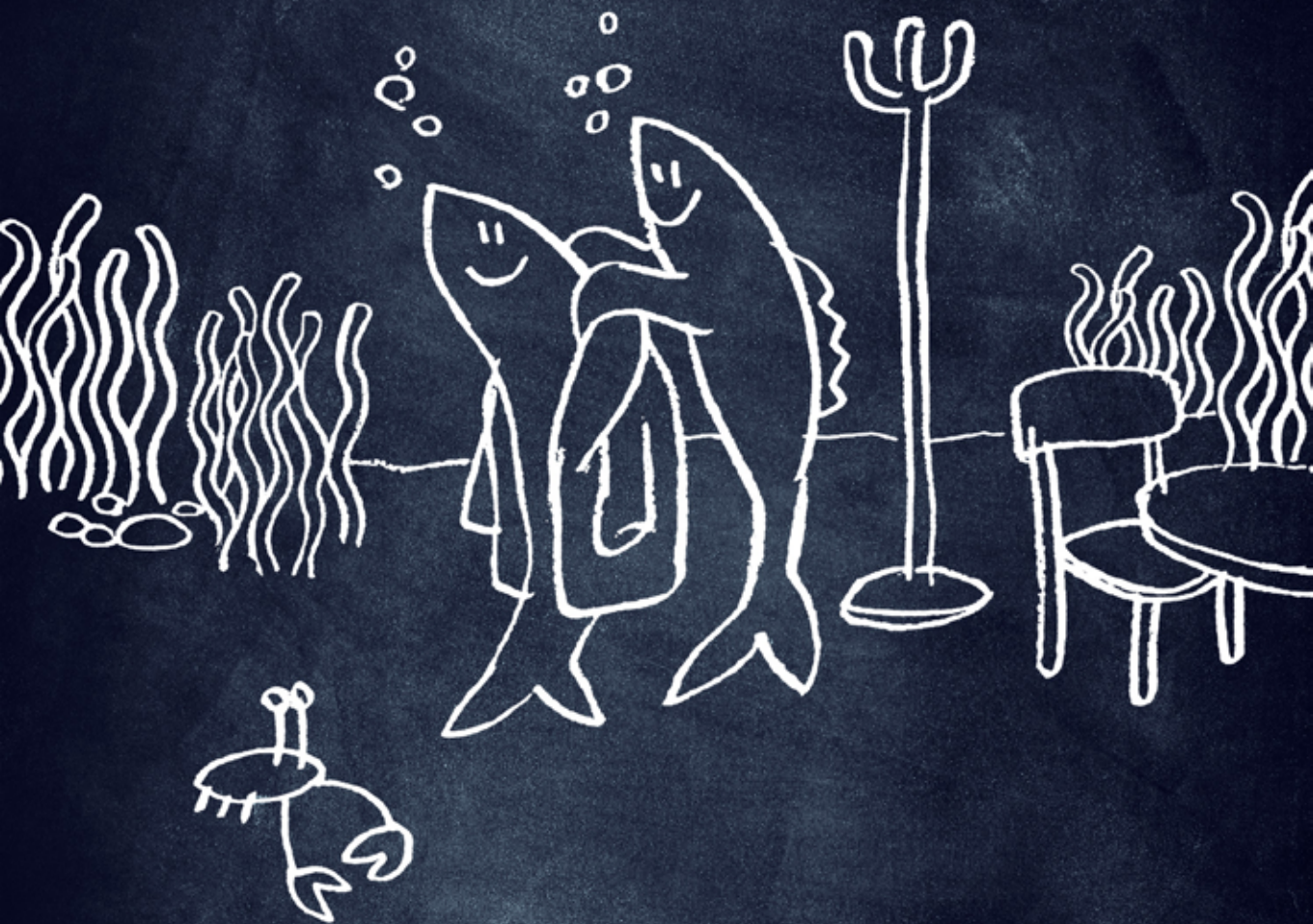
**Perform FISH** in 2021, cooperation continued on the Perform Fish project, which is in its final phase. Cromaris is one of 28 partners from 10 countries participating in this important project. Cromaris participated in the research of functional feeds for sparcity control in sea bream (*Sparus aurata*) and in defining certain parameters crucial for the cultivation of sea bass and sea bream. The aim of the project is to improve the technical properties in Mediterranean aquaculture, as well as to integrate innovative approaches to competitive sustainability and sustainable production through the value chain of Mediterranean aquaculture.



**NewTechAqua** NewTechAqua is an international project that brings together 23 participants from the scientific community and the manufacturing sector. Cromaris has become involved in developing new health solutions to combat parasite infections by developing functional feeds. It also participates in the development of a comprehensive strategy for monitoring and predicting the outbreak of the *Sparicotyle chrysophrii* ectoparasite infection in sea bream farms in the Mediterranean. The second part of the project was related to the development of “Zero Waste Feed”, i.e. fish feed that will meet the nutritional needs of the fish and minimise environmental impacts.



**NewTechAqua**



*Well  
-raised  
fish*

*From  
the purest  
part  
of Adriatic*



**cromaris**

Sustainable aquaculture  
is the future. Cromaris is one  
of the industry leaders  
on that journey.



Europska unija



Operativni program  
**ZA POMORSTVO  
I RIBARSTVO**

Projekt grafičkog dizajna je  
sufinanciran sredstvima  
Europske unije iz Europskog  
fonda za pomorstvo i ribarstvo



