

EU CODE OF CONDUCT ON RESPONSIBLE FOOD BUSINESS AND MARKETING PRACTICES

TEMPLATE FOR COMPANIES

PAULIG

30.6.2024

Type of business/sector <i>(E.g. retail, dairy)</i>	Sustainability dimension <i>(E.g. environmental, social)</i>	Code aspirational objective <i>(1-7)</i>	Individual commitments with baseline	Progress on KPIs and goals (qualitative and/or quantitative)	Additional information (optional) <i>(E.g. partnerships, geographical coverage, sharing best practices, links with other COM initiatives, with other reporting initiatives)</i>	Comments (optional) <i>(E.g. enablers, ideas on how to improve)</i>
food & beverage	economical and social	1	By 2030, 70% of our net sales come from products and services which enables health and wellbeing of people and planet (baseline year 2019).	With regard to the Code, our KPI has partly been defined as “Share of products enabling health for <u>people</u> ”, and by the end of 2023, 45% of Paulig’s net sales come from products that enable health for people, defined by Paulig’s nutritional framework. The framework is based on a further developed model of Nutri-Score, with the distribution of total sales of: A, 14%; B, 26%; C, 41%; D, 17%; E, 2%. Nutri-Score A and B defines “enabling health for people”, with the	We have taken measures regarding the responsible use of nutrition and health claims. The green colours of the Paulig Nutrition KPI Score in our nutrition framework not only define a product as “enabling health for people” but also as a product suitable for using claims regarding nutrition or health.	The European Commission aims to put forward a proposal of harmonised mandatory front-of-pack nutrition labelling, and develop nutrient profiles and prerequisites for using nutrition and health claims.

				<p>exceptions for products such as spiche mixes where the threshold is C.</p> <p>The distribution of sales according to the original Nutri-Score is close to similar: A, 12%; B, 26%; C, 41%; D, 18%; E, 3%.</p> <p>In 2021, we created a nutrition framework to define what we mean by “a product enabling health for people”. Based on the framework, we evaluate status each year and it has helped us identify focus areas and create an overarching roadmap, including initiation of several reformulation projects, to realize our health ambition by 2030. In 2022, the framework was integrated into the company’s innovation process.</p> <p>Paulig’s nutrition framework is based on the front-of-pack nutrition label Nutri-Score, which is developed by independent researchers. It is today the most widely used FOPNL in the EU, and also endorsed by e.g., the World Health Organisation’s International Agency for Research on Cancer (IACR) and the European Consumer Organisation (BEUC). Nutri-Score includes well-established nutrients and food groups known to affect health to be utilised in evaluating products. In Paulig’s nutrition framework, the criteria are further developed to align even better with dietary recommendations and account for all type of foods that may contribute to the</p>	<p>Paulig has shared our Way of Working around the health KPIs and the IT capabilities and digital solution to monitor status with peers, facilitating their progress in the area. Also, all health claims are passing a legal advisory board before use, to ensure legal compliance.</p> <p>Paulig has signed a Letter of Intent to support and join a Swedish partnership aiming to increase the consumption of whole grain.</p> <p>Paulig’s product portfolio is almost 100% plant-based today.</p> <p>Paulig’s venture arm, Paulig Incubator (PINC), invests in early-stage European startups with a high degree of innovation that aligns with our vision to contribute to a sustainable food culture.</p>	<p>In the light of our ambition of 70% of net sales coming from products enabling health for people and the planet by 2030, we welcome and support the Commission’s ambition of harmonized front-of-pack nutrition labelling to help and enable consumers to make healthy food choices. Paulig endorses Nutri-Score thanks to its dynamic model, transparent and intuitive approach, and strong research support; while also acknowledging following areas of development within the Nutri-Score model:</p> <ol style="list-style-type: none"> 1) acknowledge all healthy foods as healthy,
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				<p>development of food products that enable health for people. In addition to the original Nutri-Score parameter for healthy foods (yielding healthy points to the summary scoring) i.e., fruit, vegetables, herbs, legumes, nuts, and olive, rapeseed and walnut oils, we also include seeds, pure spices, whole grains and grind or flours of foods defined as healthy, in Paulig’s nutrition framework. The Nutrition framework is transparently disclosed in our annual report (page 39).</p> <p>The Nutri-Score algorithm were revised in 2023 and underwent substantial changes to more rigorously categorise products based on their nutritional quality. Throughout the year, we worked diligently to integrate these changes into our systems, conducting a pre-assessment of our product status. A revision of Paulig’s nutrition framework will be done in 2024.</p> <p>With regard to the Code, our KPI has partly been defined as “Share of products enabling health for <u>the planet</u>”. In 2023, we conducted a targeted pilot project on ten key products to further refine the planet health assessment criteria on a product level. We also initiated an extension to the pilot encompassing our 100 most significant products in terms of sales. This second phase, expected to be completed in the first half of</p>		<p>yeilding „healthy points“ in the healthy food parameter, e.g. nuts and seeds in the general category, wholegrain, and grinds/flours of healthy foods.</p> <p>The share of healthy sales for 2023 mounted to 45%. The share of healthy sales is similar to last year’s share of 46%, and the slight decrease is explained by the growth in the snacking category and that the strategic reformulation actions to reach 70% healthy sales by 2030 require time before hitting the market.</p>
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				2024, aims to finalise the definition of a product that is healthy for the planet.		
food & beverage	environmental	3	By 2030, 80% less GHG emissions from own operations and 50% less GHG emissions in our value chain from 2018 baseline.	<p>With regard to the Code, our KPI has been defined as “GHG emission reductions”. This far, we have reached 22% GHG emissions reduction in our own operations from the 2018 baseline. Our absolute Scope 3 emissions were 1% lower in 2023 compared to the 2018 baseline. The overall development of our value chain emissions is driven especially by the growth of our Tex Mex category which has been steadily growing in recent years.</p> <p>In 2023, we were able to reduce our own emissions across our sites despite growing production volumes. As a result, the absolute emissions were 22% lower compared to the baseline year 2018.</p> <p>Most of our sites continued to take several smaller energy efficiency efforts. A major stride was made through the partial switch to biogas at our Belgian, Spanish and Estonian sites through Renewable Gas Guarantees of Origin.</p> <p>In 2023 we put efforts on developing detailed decarbonisation plans, focusing on energy efficiency improvements and feasibility studies for the latest available technologies,</p>	<p>Paulig’s climate targets are aligned with the Paris agreement of 1.5 degrees scenario, and they have been approved by the Science Based Targets Initiative. The targets will be updated in line with the new land-intensive sectors (forest, land and agriculture, FLAG) guidance from the initiative in 2024–2025.</p> <p>Paulig’s greenhouse gas emissions for 2023 (Scopes 1–3) have been verified by an independent third-party assurance provider. The assurance statement can be found in https://www.pauliggroup.com/news/pauligs-annual-report-2023-published-strong-financial-performance-and-major-achievements-in-sustainability</p> <p>In April 2023, Paulig announced the Climate Fund to accelerate climate emission reductions in the value chain. The fund, which is valued at EUR 2.7 million in</p>	<p>We acknowledge that we are on a journey with obstacles that we cannot tackle alone. Therefore, we will continue to work with our suppliers and partners to adopt climate-smarter farming practices, find solutions for logistics networks optimization, and look for new and more sustainable raw materials to reach our ambitious climate targets.</p> <p>We are working hard to decouple emissions from business growth, requiring the identification of the fastest and most effective emissions reduction activities in key value chains with</p>

			<p>including options to electrify some production processes. We are exploring possibilities for investment in green gas production, either independently or through partnerships.</p> <p>In 2023, our absolute energy consumption saw a 5% decrease compared to the previous year, and our energy intensity declined by 8% (-0.7 MWh/ton produced). This decrease in energy consumption is attributed to energy saving activities at our sites and, for example, having access to better quality biomass. Furthermore, the share of renewable energy now stands at 53%, up from 49% 2022.</p> <p>Approximately 60% of Paulig’s value chain climate impacts are tied to the production of the raw materials such as coffee, wheat and corn sourced from nearly 600 direct suppliers in over 70 countries. As part of our commitment to the science-based climate targets, we have an ambition to reduce emissions from our value chain by 50% from the 2018 baseline by 2030.</p> <p>Within our coffee value chain, we have three climate projects in collaboration with partners in key sourcing origins – Brazil, Colombia, and Nicaragua. These projects focus on improving on-farm nutrient management, trialling regenerative</p>	<p>2023, will be allocated to projects targeting emission reductions in wheat and coffee value chains, logistics and Paulig’s own operations. Projects are chosen annually and are implemented together with Paulig’s partners and suppliers.</p> <p>Along with our climate ambition, we have set a target that all our packaging will be recyclable and made from renewable or recycled materials by 2030. First, we are focusing on recyclability, with the aim of having all our packages recyclable by 2025.</p> <p>We are also committed to the global challenge of reducing food loss, and our target is to reduce food loss in our value chain by 50% by 2030.</p>	<p>a goal of rapid scale-up.</p>
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food & beverage	social	7	By 2030, 100% of raw materials from high-risk areas come from sustainable	With regard to the Code, our KPI has been defined as “Share of sustainably sourced raw materials from risk countries verified by external parties”.	To reach our goal, we need to make sure we have suppliers that share our values and have the capability to support our ambitions – and focus on building external verifications.	Paulig welcomes the proposal on EU-level harmonised, mandatory human rights and environmental due

			<p>sources verified by external parties (baseline year 2019).</p>	<p>Approximately 35% of our raw materials by volume originate from risk countries, excluding Paulig Spain. Of that volume, green coffee, which has been 100% externally verified since 2018, constitutes around 45%. Spices and herbs, which form another important raw material category for achieving our ambition, are mainly sourced from risk areas as defined by amfori BSCI.</p> <p>Currently, we have set sustainable sourcing targets for six spices (black pepper, onion, oregano, Indian chillies, cumin, and turmeric), accounting for approximately 45% of the entire spices and herbs category. Our goal is to achieve 100% sustainable sourcing for these six spices by 2025. In 2023, our target was to have 70% of the sourced volumes from externally verified sustainable sources, and we achieved 71% by the end of 2023.</p> <p>At the same time, we continue to develop mid-term roadmaps for our whole spice category. We collaborate with other industry representatives in the Sustainable Spices Initiative and among the amfori BSCI community, promoting multi-tier audits and mutual learning.</p> <p>Our ambition is for all our raw materials from high-risk areas to be sourced from externally verified sustainable sources by 2030.</p>	<p>Paulig works closely with the global green coffee companies, building their partnership programmes to promote sustainable and profitable coffee growing and coffee farmers' capabilities for taking proactive action regarding their livelihoods and the environment.</p> <p>In 2023, Paulig supported coffee partnership programmes in 11 countries, collaborating with International Coffee Partners (ICP), the coffee&climate initiative, and global green coffee companies.</p> <p>Our community work in the coffee and spices value chains has been geared towards mitigating the impacts of climate change and securing livelihoods for farmers. Moving forward, we aim to incorporate more nature elements, such as water and biodiversity, into our projects.</p> <p>In recent years, we have developed our reporting tools and put effort into improving data quality, introducing reports</p>	<p>diligence, as part of the overall corporate sustainability governance legislation. Mandatory human rights due diligence would foster the necessary transformation towards respect for human rights across different sectors and ensure that efforts by companies are not undercut by the lack of a uniform standard of conduct and to guarantee a level playing field. Our view is that the focus of the regulation should be on companies building strong due diligence processes while having the freedom to select adequate tools. Furthermore, policy coherence and alignment with other EU legislative initiatives, such as forced labour and</p>
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