

EU CODE OF CONDUCT ON RESPONSIBLE FOOD BUSINESS AND MARKETING PRACTICES

TEMPLATE FOR COMPANIES

PAULIG

26.4.2023

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	With regard to the Code, our KPI has been defined as “Share of products enabling health”, and in the end of 2022, 46% of Paulig’s net sales come from products that enable health for people (calculated based on Paulig’s nutritional framework). 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	Our product portfolio is almost 100% plant-based today. To realize our ambition 2030, we will develop a framework to define a product enabling health for the planet, through which focus areas and	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

			<p>(baseline year 2019).</p>	<p>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>For us it is important that our definition for “a product enabling health for people” is based on and aligned with scientific evidence and authority recommendations, and that we have a means for proper or reliable guidance in our work towards our ambition. For that, we created a nutrition framework based on a front-of-pack nutrition label (FOPNL), through which we can evaluate our entire portfolio of food and mixed drinks.</p> <p>Paulig’s nutrition framework is based on the FOPNL Nutri-Score, which is developed by independent researchers. The label 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 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</p>	<p>roadmaps for product development will be identified and created.</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.</p> <p>Paulig uses its nutrition framework to guide in the responsible use of nutrition and health claims, allowing only products with the scores evaluated by the nutrition framework corresponding to green Nutri-Scores to bear a claim. Exceptions are claims, such as “X% reduced saturated fat”, in accordance with the EU-regulation. Also, all health claims are passing a legal advisory board before use, to</p>	<p>nutrition and health claims.</p> <p>Paulig has an ambitious sustainability agenda, one ambition being that 70% of the sales shall come from products enabling health for people and the planet by 2030. Thereby 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 and transparent and intuitive approach, while also acknowledging following areas of development within the Nutri-Score model:</p>
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food & beverage	environmental	3	By 2030, 80% less GHG emissions from own operations and 50% less GHG emissions in our value	With regard to the Code, our KPI has been defined as “GHG emission reductions”. This far, we have reached 18.5% GHG emissions reduction in our own operations from the 2018 baseline. Our absolute Scope 3 emissions were 3% lower in 2022 compared to the 2018 baseline. This reduction is mainly due to changes in the business structure, decline in total coffee sales volumes and adjustments to raw material emission factors. The overall development of our value chain	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.	We acknowledge that we are on a journey that we cannot tackle alone. Therefore, we will continue to work with our suppliers and partners to adopt climate-smarter farming practices, find

			<p>chain from 2018 baseline.</p>	<p>emissions is driven especially by the growth of our Tex Mex category which has been steadily growing.</p> <p>In own operations, our target is to have 100% of our production sites CarbonNeutral® building certified by the end of 2023. In April 2023, Paulig has in total eleven production sites in Finland, Sweden, Estonia, UK, Belgium and Spain. Thusfar, we have achieved CarbonNeutral® building certifications for seven of our 11 production sites, and the work continues in 2023.</p> <p>To certify the factories carbon neutral, Paulig has for example invested in energy efficiency, heat recovery and switched to buying biogas, renewable electricity and district heating. With these initiatives, emissions from factories have been cut by 98% since 2014. The remaining emissions have been offset by forest projects. More information on the compensation projects and the certification criteria: https://www.pauligroup.com/sustainability/climate-action-and-circularity</p> <p>Based on a screening of the climate impacts of Paulig’s entire value chain, we know that our own operations constitute only about 4% of Paulig’s total GHG emissions, while most emissions derive from our value chain, most notably linked to the agricultural production of raw materials that we use in our products.</p> <p>For now, our value chain emission reduction focuses on wheat and coffee supply chains. We work with our</p>	<p>Paulig’s greenhouse gas emissions for 2022 (Scopes 1–3) have been verified by an independent third-party assurance provider. The assurance statement can be found in Paulig Annual report 2022.</p> <p>In 2022, following organisation changes, we revised our baseline according to the GHG Protocol Mergers & Acquisitions guidelines.</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</p>	<p>solutions for logistics networks optimization, and look for new and more sustainable raw materials to reach our ambitious climate targets.</p>
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food & beverage	social	7	<p>By 2030, 100% of raw materials from high-risk areas come from sustainable sources verified by external parties (baseline year 2019).</p>	<p>With regard to the Code, our KPI has been defined as "Share of sustainably sourced raw materials from risk countries verified by external parties". In relation to Paulig coffees the level is 100%, and with regard to top 6 spices, the figure is currently at 51%.</p> <p>Approximately 40% of Paulig's purchasing spend is associated with raw materials that come from countries that are classified as risk areas by amfori BSCI. Green coffee represents almost 80% of Paulig's risk areas sourcing spend and we have sourced all our coffee from sustainable verified sources since 2018. Now we are focusing on spices and herbs, which are mainly sourced from risk areas as defined by amfori BSCI (approximately 70% of this raw material category volume in 2022).</p>	<p>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.</p>	<p>Paulig welcomes the proposal on EU-level harmonised, mandatory human rights and environmental due diligence, as part of the overall corporate sustainability governance legislation. Mandatory human rights due diligence would foster the necessary transformation towards respect for</p>

				<p>To reach our target, we will need to utilise the best practices, tools and collaborative projects. As a first tool, we have defined Paulig’s accepted standards and verifications for contract manufacturing products and raw materials coming from risk areas. The accepted standards and verifications comprise both social and environmental aspects, and we have started trainings for relevant internal and external stakeholders on these methods. Certifications are also one important way for us to verify sustainable sourcing, and the majority of our coffee, for example, is certified. In contract manufacturing we are aiming for all the factories located in risk areas to be externally verified, and currently the audit coverage for those factories stands at 90%.</p> <p>During 2022, we extended the scope of our strategic sustainability initiative to cover 6 spices – black pepper, onion, Indian chilies, cumin, turmeric and oregano – to start with. The goal for these six spices is to have 70% and 100% of the sourced volumes from externally verified sustainable sources by the end of 2025. In 2022, 51% was achieved.</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>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 deforestation legislation, should be secured.</p>
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