

EU CODE OF CONDUCT ON RESPONSIBLE FOOD BUSINESS AND MARKETING PRACTICES

TEMPLATE FOR COMPANIES

PAULIG

27.4.2022

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).	In 2021, we have created a nutrition framework to define what we mean by “a product enabling health for people”. The framework was completed during 2021, and it has paved the way for evaluating current status, continuous monitoring	Our product portfolio is almost 100% plant-based today, and we will continue to develop our products in a healthier direction as well as innovate new	The European Commission aims to put forward a proposal of harmonised mandatory front-of-pack nutrition labelling, and develop

				<p>and development of our product portfolio. The framework helped us in identification of focus areas and the creation of an overarching roadmap to realize our health ambition by 2030.</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 through which we can evaluate our entire portfolio of food and mixed drinks.</p> <p>Paulig’s nutrition framework is based on the front-of-pack nutrition label Nutri-Score, which is developed by independent researchers. The label is today the most widely used nutrition label in the EU, and also endorsed by the</p>	<p>products which are good for both people and the planet.</p> <p>Next, to realize our ambition 2030, we will move on to developing a framework to evaluate and identify focus areas enabling health for the planet.</p> <p>Alongside aiming to systematically reduce the environmental footprint of our products and inspiring consumers to opt for sustainable choices, we take food safety and quality with the utmost seriousness.</p>	<p>nutrient profiles and prerequisites for using 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</p>
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				<p>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 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.</p> <p>Once EU the decision on harmonized FOPNL is finalized, we will review Paulig's</p>		<p>the Nutri-Score model:</p> <ol style="list-style-type: none"> 1) acknowledge all healthy foods as healthy, yeilding „healthy points“ in the healthy food parameter 2) further development of the drinks category, providing proper comparisons in relation to their nutritional quality.
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				<p>nutrition framework for alignment.</p> <p>With regard to the Code, our KPI has been defined as “Share of products enabling health”, and currently, 49% of Paulig’s net sales comes from products that enable health for people (calculated based on Paulig’s nutritional framework).</p>		
food & beverage	environmental	3	<p>By 2030, 80% less GHG emissions from own operations and 50% less GHG emissions in our value chain from 2018 baseline.</p>	<p>With regard to the Code, our KPI has been defined as “GHG emission reductions”. This far, we have reached 18% GHG emissions reduction in our own operations from the 2018 baseline.</p> <p>In own operations, our target is to have 100% of our production sites CarbonNeutral® certified by 2023. In April 2022, Paulig has in total eleven production sites in Finland, Sweden, Estonia, UK, Belgium and Spain. Thusfar, we have achieved CarbonNeutral® building certification for six of our 11</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.</p> <p>Paulig’s greenhouse gas emissions for 2021 (Scopes 1–3) have been verified by an independent third-party assurance provider. The assurance statement can be found in Paulig Annual report 2021.</p>	<p>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 solutions for logistics networks optimization, and look for new and more sustainable raw materials to reach our ambitious climate targets.</p>

				<p>production sites, and the work continues in 2022.</p> <p>To make 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.</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 3% 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</p>	<p>In early 2022, we published the Paulig Deforestation Policy where we commit to working collaboratively to eliminate commodity-related deforestation from our supply chains as part of our sustainability approach.</p> <p>Along with our climate ambition, we have committed to work towards circularity and have set a target that all our packaging will be recyclable and made from renewable or recycled materials by 2030.</p> <p>We are also committed to the global challenge of reducing food loss, and our target is to reduce food loss in</p>	
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				<p>chains. We work with our suppliers and partners to adopt climate-smarter farming practices. For example, in 2021, we initiated a sustainable farming partnership with Swedish agricultural cooperative Lantmännen. The wheat flour supplied by Lantmännen to Paulig will cover the annual baking of 400 million Santa Maria tortillas, and will hold up to 30% less GHG emissions per unit of volume. Furthermore, we currently evaluate emission reduction potentials in coffee origin countries, in collaboration with our green coffee suppliers.</p> <p>Furthermore, we are working in reducing logistics-related emissions by 25% by 2025, in collaboration with our different logistics suppliers.</p> <p>We have not yet achieved absolute reductions in our value chain GHG emissions compared to the baseline in 2018. Our absolute Scope 3 emissions increased by 6% in</p>	<p>our value chain by 50% by 2030. In cooperation with Helsinki Centre of Sustainability Science, Paulig conducted in 2021 a theoretical study on food loss potential on our value chain. The study helped us understand the main reasons behind the food loss in the production of many of our raw materials such as coffee, wheat and spices.</p>	
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<p>food & beverage</p>	<p>social</p>	<p>7</p>	<p>By 2030, 100% of raw materials from high-risk areas come from sustainable sources verified by external parties (baseline year 2019).</p>	<p>Approximately 40% of Paulig's raw materials come from countries that are classified as high-risk areas by amfori BSCI. In 2021, we have defined a basket of standards and verifications accepted by Paulig and a plan for the external verifications.</p> <p>100% of Paulig's green coffee is already sourced from externally verified sustainable sources since 2018, representing almost 80% of the total high-risk area share. Now, we aim to extend this work to cover also other raw</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 EU's efforts to introduce a new mandatory human rights due diligence, as part of the overall sustainability corporate governance proposal. Mandatory human rights due diligence would foster the necessary transformation towards respect for human rights across different sectors and ensure that efforts by</p>

				<p>materials. This will require more systematic due diligence process and a holistic way of working with our suppliers and other partners (e.g. civil societies) throughout our value chain.</p> <p>In 2021, we put focus on the external verification of sustainability in our spice value chains which is the second biggest sourcing category from high-risk areas. During 2021, we created detailed, spice-specific roadmaps for our top 3 spices – black pepper, onion and Indian chilies – to start with. The goal for these top three spices is to have 100% of the sourced volumes from externally verified sustainable sources by the end of 2023. In 2021, 32% was already 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</p>		<p>companies are not undercut by the lack of a uniform standard of conduct. We consider that the legislative proposal should apply to all businesses so that human rights would be respected in entire operations and supply chains as global value chains, and that focus of the regulation should be on companies to build strong due diligence processes. Our view is that the regulation should be based on the existing international standards, the principles defined by the UN, ILO and OECD, and companies should be given a certain flexibility in choosing the means and tools. Furthermore, the expectations must be clear and defined,</p>
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				<p>amfori BSCI community, promoting multi-tier audits and mutual learning. The roadmaps for our next raw materials are ready to be started in 2022.</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 Paulig’s top 3 spices, the figure is currently 32%.</p>		<p>supported with a proper monitoring and enforcement mechanism. In addition to legislative measures, also other forms of cooperation and engagement should be incentivised.</p>
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