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# Annual Report and Accounts 2015

## Our Responsibility

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### Our Approach

ARYZTA is committed to operating as a financially successful and socially responsible business for the long-term. This requires balancing the organisation's financial strategy and leveraging the Group's global resources to bring about continuous positive change. The Group has established the ARYZTA Cares initiative, aimed at promoting active employee, customer, and supplier engagement in pursuit of our corporate responsibility goals. The key elements of this programme include:

- Environmental Conservation
- Ethical Sourcing
- Supply Chain Excellence
- Employee Appreciation
- Community Engagement

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### Environmental Conservation

ARYZTA is aware the earth's ecosystems are fragile and that environmental conservation is critical to the continued well-being of the planet, its natural resources and its citizens.

In order to monitor the Group's impact on the environment, key bakery production metrics have been established for monitoring electricity consumption, gas consumption, waste water intensity and overall carbon emissions, which are reported to executive management and the Board of Directors on a regular basis.

One of the key performance indicators of the success of our ARYZTA Cares initiative is our CO<sub>2</sub> footprint. This CO<sub>2</sub> metric is calculated based on various bakery activity inputs and applying a relevant Green House Gas emission factor to assess the estimated global warming potential of activities directly related to ARYZTA's Food business. These CO<sub>2</sub> metrics and the related calculations are verified annually by an independent third party and are published separately on our website.

These metrics are used not only to assess the efficiency of our individual bakeries and to identify potential cost savings opportunities, but are also included as the primary inputs in determining the Group's CO<sub>2</sub> emissions per metric tonne of food sold, which is the key environmental performance indicator used for measuring the success of our ARYZTA Cares initiative. This CO<sub>2</sub> emissions factor, which is verified annually by an independent third party, estimates the global warming potential of ARYZTA's operations by applying a relevant Green House Gas emission factor to various bakery and distribution activities encountered as part of the Group's business.

ARYZTA is an Energy Star Partner and has accepted the Energy Star Challenge to achieve a 10% reduction in energy intensity in the Group's North American Bakeries within 5 years. The Group has also extended this goal to be a targeted 10% reduction in CO<sub>2</sub> intensity emissions across the Group's worldwide operations by 2019.

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## Our Responsibility (continued)

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The Group uses trans-modal shipping, where possible, in order to reduce fuel consumption and pollution associated with distribution of our products. We position distribution and inventory centres to minimise miles for logistics. When designing and building facilities, ARYZTA incorporates specific LEED principles under the U.S. Green Building Council guidelines, which aim to conserve natural resources, while also providing a healthier and safer environment for employees, lowering operating costs and increasing asset value.

ARYZTA works in partnership with its key customers in promoting responsible environmental management practices and complies with all applicable industry environmental standards and laws.

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### **Ethical Sourcing**

ARYZTA partners with our key suppliers to establish long-term sustainable sources of raw materials that address the social, ethical, economic, safety, quality, and environmental aspects of product sourcing.

The Group sources only UEP-certified eggs in North America. In Europe, our procurement team recently partnered with wheat farmers to encourage sustainable agricultural practices, including optimising the amount of fertiliser and pesticides used. We also strive to source Fairtrade ingredients and utilise diversity suppliers in sourcing our products.

In order to support the long-term development of sustainable palm oil solutions, ARYZTA is a global member of the Roundtable on Sustainable Palm Oil (RSPO) and participates in three of the available solutions: Book and Claim (GreenPalm certificates), Mass Balance, and Segregated Supply.

In addition to meeting the stringent sourcing requirements of our international food customers, ARYZTA has established a Global Supplier Code of Conduct and actively audits suppliers utilising internal and external resources to ensure suppliers are compliant with workplace standards, business practices and all local laws and regulations.

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## Our Responsibility (continued)

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### Supply Chain Excellence

ARYZTA's commitment to supply chain excellence includes strict supplier standards, comprehensive facility expectations and detailed adherence to customer specifications.

To ensure our food is produced with the highest level of food safety, the Group's raw material suppliers must:

- have a recognised Global Food Safety Initiative (GFSI) accreditation
- ensure raw materials are fully traceable back to suppliers
- subject their operations to a risk assessment process in accordance with the ARYZTA Supplier Code of Conduct and Manufacturing Code of Practice
- submit their operations to annual ethical data exchange audits

ARYZTA's food processing facilities operate under comprehensive Hazard Analysis and Critical Control Point (HACCP) systems based on Codex Alimentarius Principles, Good Manufacturing Practice (GMP) and in compliance with applicable food laws and regulations. All relevant internal food safety and quality systems are also certified by independent third-parties.

ARYZTA is committed to our Food Safety, Quality Assurance and Responsible Marketing programmes and has partnered with iCiX to establish effective and efficient ways to manage these programmes. ARYZTA contributes to various voluntary initiatives on food and product safety by actively engaging with industry associations including the British Retail Consortium, International Featured Standards (IFS-Food and IFS-Logistics), American Institute of Baking (AIB) and the US Food and Drug Administration.

Our products are produced to the exacting specifications of our major international food customers, as well as for the unique expectations of our independent local customers. Excellence within this wide array of supply chain expectations is achieved through partnering with our customers, suppliers and partners and through detailed internal training programmes, to ensure quality control standards are adhered to throughout the entire supply chain process.

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## Our Responsibility (continued)

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### Employee Appreciation

ARYZTA recognises that its continued success is dependent on the quality, commitment and responsible behaviour of its people. ARYZTA values diversity and treats all individuals with respect.

In order to attract and retain the most talented workforce possible, the Group provides equal opportunities in recruitment, selection, promotion, employee development, succession planning, training and compensation solely on the basis of merit and business needs and does not discriminate.

The Group has implemented a global Employee Code of Conduct, which establishes policies and expectations of employee behaviour, ethics, anti-bribery and corruption, political involvement and collective bargaining. ARYZTA fully complies with applicable national and local laws and industry standards on working hours and workplace environment.

The Group has established a 24/7 hotline with Expo-link (0800 563823) where employees, customers and suppliers can confidentially communicate any concerns through an independent service.

Safety is of paramount importance for ARYZTA, as reflected in our 'Vision Zero' programme, which establishes goals of zero injuries, zero safety incidents and zero tolerance for unsafe behaviour or conditions. These expectations are reinforced through regular internal and external (AIB, OSHA, etc.) audits. The Group pursues comprehensive safety management procedures, including policy manuals, verification of regulatory compliance, risk assessments, individual site action plans, safety audits, training programmes, formal accident investigations and the provision of occupational health services.

The Group has implemented 'My ARYZTA Connection', a human resources information system used for confidentially retaining and updating employee information, in order to streamline administration and enhance utilisation of employee data on a secure and confidential basis.

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### Community Engagement

The Group understands its responsibilities as an important member of the communities in which it operates and encourages its business units to play an active role within them. In addition to providing employment opportunities, the Group aims to make positive contributions to its community by building relationships and earning a positive reputation as a good employer, neighbour and corporate citizen.

The Group believes that donations are the business of the shareholder and has established protocols for philanthropic activities. Employees are also encouraged to contribute their time and talents to causes that are important to them individually. In addition, ARYZTA routinely supports philanthropic activities of our key customers.