

# SUSTAINABILITY REPORT 2023



# SUSTAINABILITY REPORT

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# INTRODUCTION



# “CREATING THE RIGHT RECIPE FOR SUSTAINABILITY”

As Chair of the Governance, Nomination & Sustainability Committee and Board sponsor for ESG, I am pleased to introduce our Sustainability Report which forms part of our Annual Report.

In this report, we set out our Sustainability Strategy for the next five years and publish our formal commitments to Science Based Targets initiative (SBTi), to reducing our Scope 1 and 2 greenhouse gas (GHG) emissions by 34% and operational food waste by 20% from a 2022 baseline as well as our water usage by 10% from a 2023 baseline (all by 2028). This report also highlights how sustainability is becoming part of everyday life at ARYZTA and is increasingly important in our capital investment plans as we build for the future and improve our efficiencies.

We have already made some positive steps against these targets in 2023, including a 3% reduction in Scope 1 and 2 GHG emissions, a 13% reduction in energy intensity and a 16% decrease in our operational food waste (comparing 2023 to 2022).

Over 80% of ARYZTA’s GHG footprint is in the form of the raw materials we purchase for our bakery products. We will establish a detailed roadmap for Scope 3 GHG emissions in 2024, but have already achieved some positive impacts, which we will build on (please see pages 116–118 of this report that shows the initial progress ARYZTA has made in 2023 with regards to Regenerative Agriculture).

Baking is an energy-intensive industry as our products are baked in large, high temperature ovens and then flash frozen at very low temperatures. Due to this process, our products do not require additional preservatives. Bakery is a grain-based industry which is beneficial in terms of producing sustainable and low-carbon food. We recognise that sustainable sourcing and energy efficiency are critical to delivering our Sustainability Strategy.

On the social side, successful bakeries rely on skilled and committed colleagues. As such our experienced and valued employees rely on us to make sure we have safe workplaces and produce high-quality products for our customers. This report shows that we are progressing well on the Social part of our ESG plan.

On the Governance side, ARYZTA has a robust governance model and this is also being extended to ESG. Our commitment to long-term sustainability is embedded in our governance structure, which has been designed to provide oversight, accountability and transparency from the highest levels. Our Sustainability report sets out our governance and accountability responsibilities at the executive and board level along with our strategy, and measurable targets at other levels of ARYZTA. These are discussed regularly at board level to ensure delivery and performance remain on track.



**Alejandro Legarda Zaragueta**  
Chair Governance, Nomination &  
Sustainability Committee



# ABOUT THIS REPORT

ARYZTA is committed to actively contributing to a more sustainable planet and society. We can already demonstrate a number of positive improvements, through our efforts to create a more sustainable supply chain, by collaborating with customers on sustainable product and packaging innovation and by continuously improving the environmental efficiency of our own operations. Our focus on the safety, health and well-being of our employees, and our community involvement, are also critical components. This report celebrates the many initiatives already in place but, importantly, now lays out our ambitious five-year goals. In so doing we are enhancing the transparency of our approach to sustainability and to communicating our sustainability performance to our stakeholders.

This report covers our operations from 1 January 2022, through to 31 December 2023. It sets out our newly developed Sustainability Strategy, finalised in 2023, with our 3 Pillars and 13 Goals, as further described on page 100. The baseline year for our Goals is 2022, unless otherwise stated. The Strategy is based on the in-depth materiality assessment conducted in 2022. The report brings to life the real-world implications of these goals through case studies and stories of the valued work our employees are doing. In addition, it outlines how we are collaborating along the value chain, with suppliers and customers alike, to support the broader sustainability journey.

This report addresses the requirements of Art. 964a et seqq. of the Swiss Code of Obligations (see Appendix 1 for details and content cross references). It was prepared with reference to the Global Reporting Initiative (GRI) Standards 2021 and Task Force on Climate-Related Financial Disclosures (TCFD), that are of interest to many of our stakeholders.

Since the company changed its fiscal year in 2023, the data included within this report is representative of the company's activities from January 2022 onwards. The data therefore reflects the company's new financial year, which is now aligned with the calendar year. This allows us to set a consistent baseline for our five-year sustainability targets. In 2022 and 2023 we reinforced our sustainability governance structures and reported our progress through platforms, such as CDP, which covers climate-related disclosure from over 23,000 companies.

On page 4–11 of this Annual Report, we describe our business model, business performance and results.

External assurance on key metrics has been carried out by Ernst & Young Ltd for the reporting year 2023 (see assurance letter page 143–145).

For any queries about this report please contact: Paul Meade, Head of Communication [Paul.Meade@aryzta.com](mailto:Paul.Meade@aryzta.com)

# SUSTAINABILITY HIGHLIGHTS 2023

<p><b>New Sustainability Strategy launched</b></p> <p>including 3 Pillars and 13 Goals to focus our actions</p>		<p><b>3% reduction in Scope 1 and 2 GHG emissions</b></p> <p>2023 compared to 2022</p>
<p><b>Science Based Target initiative</b></p> <p>formal commitment made</p>	<p><b>Focus on regenerative agriculture</b></p> <p>in 2023, collaboration with KLIM* resulted in over 7,000 tonnes of CO<sub>2</sub> emission reduction</p>	
<p><b>31% increase in Renewable Energy use</b></p> <p>in 2023 compared to 2022</p>		<p><b>Investment process</b></p> <p>Sustainability lens is a key driver in Western Australia investment leading to a substantial reduction of food miles, access to renewable energy and job creation</p>
	<p><b>16% reduction of Food Waste</b></p> <p>in 2023 compared to 2022, within our operations</p>	<p><b>Communities and charities</b></p> <p>Positive engagement by our businesses</p>

\*See Appendix 5





# STRATEGY

**Our new Sustainability Strategy has been developed by multiple workstreams and projects including a materiality assessment, risk assessment, regulatory reviews and other stakeholder engagement activities over 2022 and 2023. We believe that it fairly addresses our management of the impact on the environment and society, meets the needs of our stakeholders and prepares our organisation for long-term sustainable value creation.**

We are confident that our Sustainability Strategy and goals address many of the key issues that were identified during our engagement process and materiality assessment (see next section). Our ambitions are arranged under three overarching Pillars, supported by 13 Goals, set out below, that will help our teams drive tangible action across the organisation and within our value chain. In Appendix 3: Metrics and Targets, the details of progress made against these goals can be found, where applicable.

## GOVERNANCE

ENVIRONMENTAL EFFICIENCY	INSPIRING INNOVATION	OUR PEOPLE & COMMUNITIES
 <p><b>-34%</b> <b>Greenhouse Gases</b> – 34% reduction of scope 1&amp;2 emissions by 2028, from a 2022 baseline*</p> <p><b>-10%</b> <b>Water usage</b> – 10% reduction in non-product water use by 2028, from a 2023 baseline</p> <p><b>-20%</b> <b>Food Waste</b> – reduce operational food waste by 20% by 2028 from a 2022 baseline</p>	 <p><b>40%</b> <b>Clean/Health labelling</b> – 40% of New Product Development will fall into the «<b>ARYZTA – Better For You</b>» criteria by 2028*</p> <p><b>Sustainable sourcing</b> for ARYZTA products:</p> <p>Wheat supplies from <b>Sustainable/Regenerative Agriculture</b> – 25% share on a mass balance basis by 2028*</p> <p><b>Virgin Plastic usage</b> – from a 2023 baseline, 10% reduction by 2026 and 30% by 2028, through recycling, use of recycled material and non-plastic materials*</p> <p>Sell products with <b>100% Certified palm oil</b> – at least with mass balance supply chain certification by 2024 and with segregated supply chain certification by 2026*</p> <p><b>100%</b> Sell products with <b>100% Certified Cocoa Beans</b> by 2026*</p> <p><b>100%</b> Sell products with <b>100% Cage-free eggs</b> by 2026*</p>	 <p><b>100%</b> <b>Human Capital Development</b> – Each business unit will have in place training and development plans for 100% of employees, so that on average each employee receives a minimum of 3 days role-specific training annually, by 2028</p> <p><b>-50%</b> <b>Workplace Health &amp; Safety</b> – Reduce our Total Recordable Incident Rate by 50% by 2028 from a 2023 baseline*</p> <p><b>3.5</b> <b>Supply chain due diligence</b> – each of our sites / businesses reporting through SEDEX, to achieve an average score of at least 3.5 (out of 5) by 2028*</p> <p><b>500</b> We will assess <b>supply chain risks</b> of our top supplier manufacturing sites, according to our Risk Materiality Assessment Process, utilising <b>SMETA audits</b>:*</p> <ul style="list-style-type: none"> <li>– with 200 or more of our supplier sites, audited by end of 2025</li> <li>– and additional 300 supplier sites, audited by end of 2028</li> </ul>

\*See Appendix 6: Glossary

# STRATEGY

By aligning our Business and Sustainability Strategies (see page 11), we can ensure that the focus on sustainability delivers tangible value to ARYZTA and all our stakeholders. For example, our efforts to develop an “ARYZTA – Better For You” product framework, including health, nutrition and environmental considerations meets the growing awareness and demands from consumers. At the same time, our focus on regenerative agriculture brings more sustainable and potentially healthier ingredients into our products. By integrating more products grown regeneratively within our supply chain we also reduce GHG emissions.

Our supply chain due diligence and work in raising awareness of key issues is important in reducing risks related to human rights and the environment, whilst also securing long-term partnerships with suppliers who share our commitment to these topics.

In 2023 we revised our capital expenditure decision-making process to apply a ‘Sustainability Lens’ to all our investment projects, in addition to existing financial key performance indicators.

By creating a joined-up approach, we can strengthen customer relationships, enhance operational efficiency, lower costs, create less waste and better utilise the resources we need.

All ARYZTA businesses have adopted this Sustainability Strategy, and are progressively embedding its ethos and specific goals into their individual business strategies.

We acknowledge that ARYZTA is at an early stage in its Sustainability journey. This strategy will help us move forwards quickly and minimise risk. As such, ARYZTA is actively building out frameworks (built on a risk management strategy utilising a Plan Do Check Action cycle), under each of the 13 goals. ARYZTA will then share and show progress against these in our 2024 Sustainability Report.

We have aligned our 13 Goals to the United Nations Sustainability Development Goals (SDGs) and these are summarised in Appendix 7.

This strategy will support the execution of our long-term value creation framework.



# MATERIALITY

To help us develop the strategies and capabilities to achieve our goals, we have continued to build and nurture strong, reciprocal relationships with our stakeholders. In 2022, this included an extensive consultation, involving internal and external stakeholders, to identify key topics that will be critical to the sustainable performance of our business and which are seen as important by our partners and stakeholders. We spoke to over 40 stakeholders in our organisation, covering multiple functions and geographies, including our top management, commercial and operational teams. Outside ARYZTA, we spoke with major customers, suppliers and several of our major investors.

The outcome of this work has helped us shape a new set of strategic priorities that integrate positive sustainable impact with performance. In particular, our stakeholders appreciated the focus we have on compliance, especially with regard to Food Safety & Quality and Health & Safety standards.

Stakeholders also flagged the importance of good corporate governance to the overall success of our strategy, as well as driving effective environmental management, responsible sourcing and our ability to meet customers' varied dietary needs. These topics have been mapped to our strategic pillars and prioritised, as illustrated on our materiality matrix.

We understand that external and internal dynamics constantly change, therefore our Sustainability Working Group (comprising colleagues representing all of our businesses) and our Sustainability Steering Committee (made up of senior leaders) carried out a review of our material issues in the fourth quarter of 2023 and confirmed that they remain highly relevant to ARYZTA. The conclusion was that there were no significant additions or changes to the material issues previously identified.

## Materiality Matrix:

Key priorities were identified as having increasing importance for both our business and our stakeholders. These are categorised into 3 Key Pillars:

- 1. ENVIRONMENTAL EFFICIENCY**
  - To minimize our carbon footprint and effects of climate change
  - To reduce waste and water and improve circularity in our systems
- 2. INSPIRING INNOVATION**
  - Collaborate with our customers and suppliers for sustainable innovation
  - To serve our consumers more sustainable products with a better nutritional profile
- 3. OUR PEOPLE AND COMMUNITIES**
  - To improve the lives of our people and our communities



# STAKEHOLDER ENGAGEMENT

We actively engage with our stakeholders to understand their perspectives, gather feedback, and incorporate their input into our decision-making processes. We have established formal mechanisms for stakeholder engagement, such as regular dialogues with investors, customers, employees, suppliers, and local communities. We monitor market developments to ensure we stay abreast of key trends in sustainability.

WHO?	KEY TOPICS ADDRESSED	COMMUNICATION CHANNELS
<b>Employees</b>	Group strategic agenda/priorities Safety and support at work Career development Reward framework	HR email communication Townhall meetings
<b>Board</b>	Sustainability Strategy roll-out Performance against the goals Compliance with relevant ESG legislation Review of Risks and Opportunities Allocation Resource needs	Quarterly reporting to Governance, Nomination & Sustainability Committee / Audit Committee
<b>Customers</b>	Insights on consumer trends Stable supply of high-quality products and ingredients Food safety and quality Sustainable strategy alignment, engagement on projects across the supply chain	ARYZTA Customer Survey Account management and sales team engagement Key Customer meetings Customer reporting through platforms and ad-hoc questionnaires Sustainability reporting
<b>Suppliers and business partners focused on sustainability</b>	Responsible sourcing and use of raw materials Long-term, sustainable partnerships Positive environmental and social impact Ethical business conduct	Supplier Code of Conduct Supplier engagement regarding sustainability SEDEX and other specialised platforms Industry wide collaboration around sustainability
<b>Shareholder/Analysts</b>	Business performance and strategic topics including ESG	Investor meetings, investor conferences, regular results presentation updates and our Annual General Meeting (AGM) Investor and proxy questionnaires
<b>Financial institutions</b>	Business performance, Financing and Refinancing options	Bank and Bondholder Meetings
<b>Industry Organisations</b>	Sustainability initiatives Supply-chain issues Government initiatives and regulations	Regular working group meetings



# RISK MANAGEMENT

**Sustainability and risks associated therewith, are integrated into our Enterprise Risk Management Process (ERM) and assessed both at local and Group level. The Audit Committee oversees the overall progress on the ERM risk mitigation plans while the Governance, Nomination & Sustainability Committee monitors specifically the ESG risks on behalf of the Board of Directors. The Group Head of Sustainability and ESG reports regularly to the committee on the implementation of the Sustainability Strategy and related risk management.**

Risk mitigation plans are also developed by each business, with progress reviewed in the ERM Top Risk Assessment Cycle.

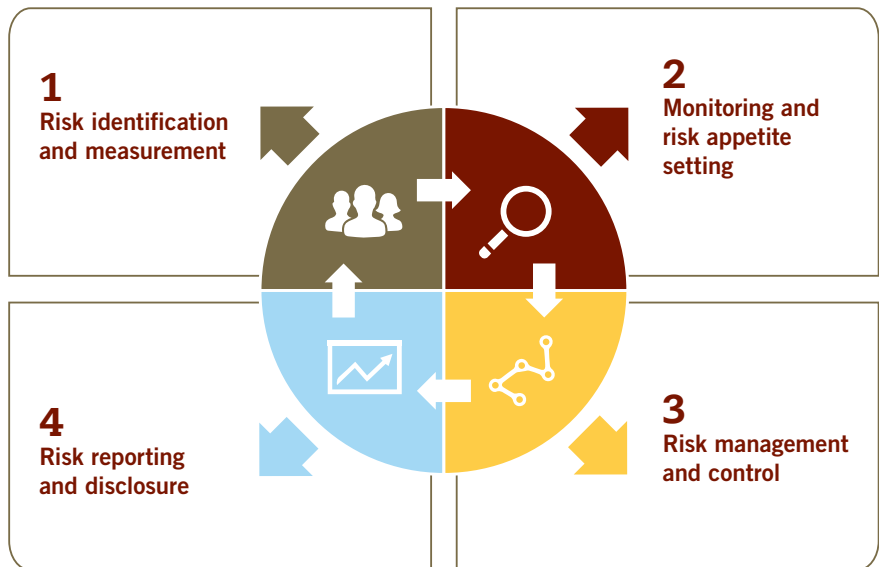
In 2023, we conducted a scenario-planning workshop, attended by operational leaders from across the Group, focused on the risks the company might face as we approach the 2030 horizon. Common themes that emerged were around climate risk’s impact on supply chains and technological developments (both disruptive and constructive).

In 2024, we plan to conduct a scenario analysis in line with recommendations from the Task Force on Climate-related Financial Disclosures, in order to assess the transition and physical climate-related risks and opportunities upon the company.

## Risks and opportunities are identified through:

- a) Our ISO14001, ISO50001 and ISO45001 management systems at businesses/sites with these in place, are evaluated annually.
- b) A standing agenda item at our Sustainability Steering Committee. New opportunities to adopt more sustainable practices are evaluated by the Committee on a quarterly basis.
- c) Materiality assessments: Each year our Sustainability Steering Committee will assess the materiality matrix to determine if it remains relevant or if a fuller reassessment is required for part or all of the matrix.
- d) Our Group Enterprise Risk Management (ERM) process, with a time horizon of up to 10 years on an annual basis.

**Group Enterprise Risk Management Process**



# RISK MANAGEMENT

## Key Risks

Climate change poses potential large-scale physical and transition risks to agriculture and our suppliers within the sector. These risks include the potentially increased frequency of extreme weather events, leading to food supply chain disruption. Having a wide base of suppliers can mitigate this risk to a large degree, but we are also working with all our suppliers to adopt more sustainable practices (e.g. regenerative agriculture), which can help increase resilience to climate change and extreme weather events.

It is widely understood that certain elements of the supply chain have the potential to pose particular environmental and human rights risks. For example, raw materials could come from areas where child labour remains a risk and the protection of the environment may be less well controlled. Such practices could expose ARYZTA to potential productivity issues and reputational risks. We work with our suppliers to identify and mitigate these risks, starting with the most at-risk commodities and geographies (See Supply Chain Due Diligence section for further details on pages 130–131). We have put in place strong governance and assurance processes to mitigate these risks.

In reviewing our water usage, we assessed our bakery sites against water-scarcity risks and projections for changes in water availability over the next five years. Although, no near-term material risks were ascertained, we believe that our goal to reduce water consumption is a sensible and pro-active response to the imperative of conserving our valuable natural resources.

We manage these risks primarily through:

1. Our Enterprise Risk Management process which allows for a regular evaluation of key risks by a wide range of business leaders within ARYZTA.
2. Our supply chain due diligence processes, including requirements for suppliers to adhere to our Supplier Code of Conduct, supported through a third party supply chain assessment platform.
3. Third-party Environmental, Social and Governance (ESG) audits on selected suppliers based on a risk-hierarchy approach.
4. Our Risk Committee which reviews inputs from businesses and functional areas in assessing material risks.
5. Our Group materiality assessment which identified areas of opportunity and risk from stakeholder perspectives.
6. Investment into projects and partnerships that enable the transition to sustainable sourcing of ingredients, and increasing the food supply chain's resilience to, amongst other, adverse impacts due to climate changes.

Our process for identifying and measuring sustainability-related risks allows us to prioritise which risks are most material to the company's business model (which the core report will focus on). By integrating our Sustainability Strategy into our business-strategic processes, we can address these risks more effectively.

# GOVERNANCE

## Creating a strong foundation for sustainability

We believe that effective governance is essential to ensure the long-term success of our business while also addressing the sustainability challenges we face. To embed our commitment to long-term sustainability, our governance structure has been designed to provide oversight, accountability and transparency to the highest level.

Our sustainability governance model ensures clear accountability for our Sustainability Strategy, targets, data and performance.

**Board Oversight:** The Board is responsible for setting and approving the Company's environmental, social and governance ESG/Sustainability Strategy proposed by management including the measures which ensure the Company's sustainability and how its long-term strategy relates to its ability to create shared value. The Board is responsible for approving the Company's report on non-financial matters.

**Governance, Nomination & Sustainability Committee:** To reflect the importance of sustainability to our business, the Governance and Nomination Committee has recently been renamed the Governance, Nomination & Sustainability Committee. The Committee, comprised of independent directors, provides focused oversight and guidance on sustainability matters. These responsibilities are enshrined in the amended Terms of Reference, and sustainability is a standing agenda item in every committee meeting.

The Committee's responsibilities include oversight over the structure and content of the Company's ESG/Sustainability Reporting and validating the Company's overall approach is in line with the Company's ESG/Sustainability Strategy and applicable reporting requirements and regulations. In order for the Governance, Nomination & Sustainability Committee to discharge its duties on ESG and sustainability matters, the Chair of the Governance, Nomination & Sustainability Committee can procure advice from any third party independent advisor.

## Sustainability governance model





# GOVERNANCE

**Audit Committee:** As set out in the Terms of Reference for the Audit Committee, it is tasked by the Board to have oversight on the accuracy of the Company's financial and ESG/sustainability reporting and validates that the data reported complies with applicable ESG/sustainability reporting requirements and regulations.

**Executive Management Committee:** Our executive leadership team is responsible for integrating sustainability within our day-to-day operations. The Group Interim CEO and other senior executives are accountable for driving sustainability performance across the organisation and cascading sustainability goals and targets to relevant departments and teams.

Our Chief Operations Officer (COO) is the senior management leader responsible for reporting on sustainability matters, with specific, clearly defined personal targets on sustainability to achieve as part of their compensation package. The COO works closely with the General Counsel on Governance issues and the Group Chief Human Resources Officer and Group Chief Procurement Officer on social topics, each having specific sustainability related annual targets to achieve.

**Sustainability Steering Committee:** The Sustainability Steering Committee is made up of senior executives and functional leaders chaired by the Group Head of Sustainability and ESG. This Committee plays an important role in the development, review and endorsement of our corporate sustainability goals and strategy. Periodically, the committee assesses the significant social, ethical, and environmental risks that might impact the long-term business or impair ARYZTA's objective to be recognized as a leading responsible company.

**Sustainability team:** During the course of 2023, the COO has refreshed and expanded the specialist team focused on driving forward our sustainability ambitions. A newly appointed Group Head of Sustainability and ESG brings a wealth of experience to the role and helps shape both the strategy development and its implementation. A key message is that every individual has a responsibility to promote sustainability within the business and that it is a shared responsibility for the benefit of all stakeholders.

## New Human Rights Office

We established a Human Rights Office in our German business in compliance with the local Lieferkettensorgfaltspflichtengesetz (LkSG legislation). We determined that a committee structure would be the best approach to promoting the supply chain due diligence agenda by involving senior leaders, at a local and central level, with clearly defined objectives. This sets precedent for implementing similar structures across the Group as similar laws and regulations may emerge in other local jurisdictions where we operate.

# GOVERNANCE

The Board and Executive Management Committee have put these structures in place in order to ensure that sustainability matters receive required attention and diligence. During the course of 2023, the global senior management leadership team (which includes the Managing Directors of each of our local businesses) was fully briefed about our sustainability agenda, implementation and the next steps in our sustainability journey at an in-person workshop led by our sustainability leaders. We will continue the journey of raising awareness and training our people on sustainability throughout 2024 and beyond.

Additionally, the Board attended an ESG training workshop led by external advisers, covering a range of topics including the evolution of the regulatory environment, value creation through sustainability, green financing and growing stakeholder expectations.

At ARYZTA, we believe that strong sustainability governance is absolutely essential to stay aligned with our key stakeholders, to create long-term value for and contribute to a more sustainable future. We are fully committed to upholding the highest standards of governance and transparency in conducting our business as we navigate the complex sustainability challenges of our time.

## Anti-bribery and Corruption

Giving or accepting bribes in any form is a serious misconduct because it poses risks to society, particularly by contributing to social and economic inequality and political instability, and risks to ARYZTA through fines and loss of business due to reputational damage. Accordingly, zero corruption is ARYZTA's goal. To prevent ARYZTA from engaging in or contributing to corruption, ARYZTA has established a clear policy that it will not pay bribes or kickbacks and will not accept corrupt behaviour in its value chain at any time or for any reason.

This prohibition is set out in the ARYZTA Global Employee Code of Conduct, which must be accepted by all employees and the ARYZTA Supplier Code of Conduct. As part of the induction program of each employee joining ARYZTA, employees are to be briefed on the content of the ARYZTA Global Employee Code of Conduct. In 2024, ARYZTA will conduct regular employee training that includes anti-corruption standards via e-learning platforms and/or in person training.

In order to enable the confidential reporting of suspected corrupt behaviour by external parties as well as our employees, ARYZTA has extended the coverage of the whistle blowing hotline "Open Talk" to our supply chain and other stakeholders. During the reporting period, no corrupt practices in the form of improper payments, bribes or kickbacks were reported through the whistle blowing system. For 2024, the Compliance function will be instrumental in ensuring that ARYZTA's anti-corruption policies are fully understood and implemented throughout the ARYZTA Group, and in deploying systems to measure awareness across the Group.

# ENVIRONMENTAL EFFICIENCY





# “OUR NATURAL RESOURCES – AT THE CORE OF OUR OPERATIONS”

**Our Sustainability Policy recognises the need for us to continuously evaluate how we can improve our environmental efficiency. This policy sets out our commitment across a range of environmental and social areas including greenhouse gas (GHG) emission and water use reduction, along with food waste minimisation. A number of our sites have ISO14001 and ISO50001 certifications, and annually review impacts and opportunities.**

## Climate Change

It is estimated that the food sector contributes to about one quarter of human-caused greenhouse gas emissions.

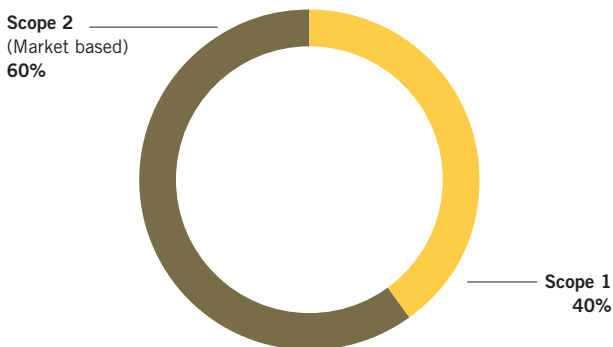
Our own impact in this respect is measured through our operational footprint (Scope 1 and 2 emissions) and our value chain (Scope 3 emissions). A GHG footprint screening revealed that most of our emissions can be attributed to the procurement of raw materials and other products and services. While projects to reduce these emissions are already underway (see ‘Transforming the food system one farm at a time’, pages 116–117), our methodology for measuring our Scope 3 footprint is under revision, due to recent changes in international standards.

In our operations, efforts to reduce emissions revolve around energy efficiency and a focus on refrigeration. For calendar year 2022, in accordance with the Greenhouse Gas Protocol, we established a baseline emission inventory, implemented a monitoring system and began to develop a climate-transition roadmap.

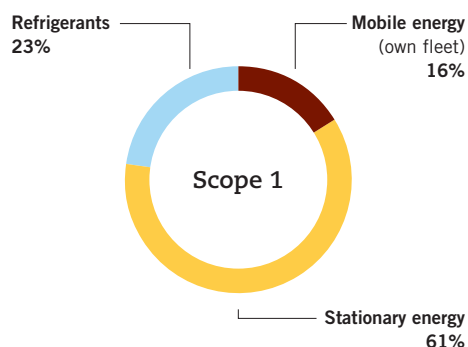
ARYZTA formally committed to the Science Based Targets Initiative (SBTi), in October 2023. Setting climate change-related targets in line with the SBTi ensures that our own targets are consistent with the level of decarbonization required to keep global temperature rise to no more than 1.5°C, compared to pre-industrial levels. We are currently undergoing the target setting and validation process.

Our operational footprint is dominated by our on-site fuel use and purchased energy impact (see figure 1). To address these, our energy reduction strategy is well-developed. It focuses on an approach called ‘Reduce, Produce and Procure’.

**GHG Emissions by scope, CY 2023 (228,651 tonnes CO<sub>2</sub>e)**  
%



**Scope 1 emissions by source, CY 2023**  
%



**Figure 1:** GHG Emissions

# ENVIRONMENTAL EFFICIENCY

**Reduce** focuses on optimising energy efficiency at our sites. Many of our sites have already implemented initiatives to map their energy usage and reduce the consumption of their most energy-intensive processes, such as baking and freezing (see case study ‘Mette Munk – Cool Heat’, page 112).

**Produce**, focuses on on-site renewable energy production. Overall our renewable energy use increased by 31% and now contributes to 13% of our total energy consumption.

**Procure** seeks out the most impactful and cost-effective renewable energy sourcing options available on the markets we operate in.

With on-site refrigeration and refrigerated transportation being a crucial part of serving our customers, many of our sites use, or are in the process of adopting, natural refrigerants such as ammonia. Addressing transportation emissions are a smaller, but nevertheless important part of our GHG emissions reduction approach ( see Figure 2)

In 2023, several of our businesses have started pilot projects to test the electrification of our delivery trucks. In addition to this, a number of our businesses are also in the process of transitioning to, or have already migrated to, hybrid or electric passenger vehicles, reducing petrol and diesel fuel consumption.

We are pleased to see that our total Scope 1 and 2 emissions decreased in 2023 by 3%, with Scope 1 decreasing 6% from a 2022 basis. Additionally our energy intensity per revenue decreased by 13% (see Appendix 3: Metrics and Targets).



Figure 2: Electric Truck used by Hiestand Switzerland

# ENVIRONMENTAL EFFICIENCY

## Cool Heat

### When heat is cool (Mette Munk, Denmark)

Our cooling compressors are designed to cool heated thermal oil using a heat exchanger. Typically, this results in large volumes of hot air being released into the atmosphere.

At Mette Munk, we realised there was an opportunity to reduce GHG emissions and save costs: Instead of blowing this excess heat into the atmosphere, we devised a means by which the energy could be used to heat water used in production and cleaning operations, as well as to heat the building (Figure 3). Sometimes, especially in the summer, the facility produces more hot energy than consumed on site, so we divert this into the district heating system.

Along with other energy-reduction projects, such as the upgrading of space heating systems, the site has reduced its purchased energy requirements by nearly 50%.



Figure 3: Capturing cool energy

## Powered by Solar

### Renewable energy powering baking, (ARYZTA Iberia, Spain)

At our bakery in Madrid, Spain, we have successfully installed a large rooftop photovoltaic system to capture solar energy and convert it into green electricity.



Figure 4: Solar Panels across our Madrid Bakery

Our investment in solar photovoltaic panels is producing almost 10% of our total site energy consumption requirements – more than 680MWh. This is a very visible statement of our commitment to meet our sustainability goals, and comes with significant cost savings.



Figure 5: The Solar Team – ARYZTA Madrid



# ENVIRONMENTAL EFFICIENCY

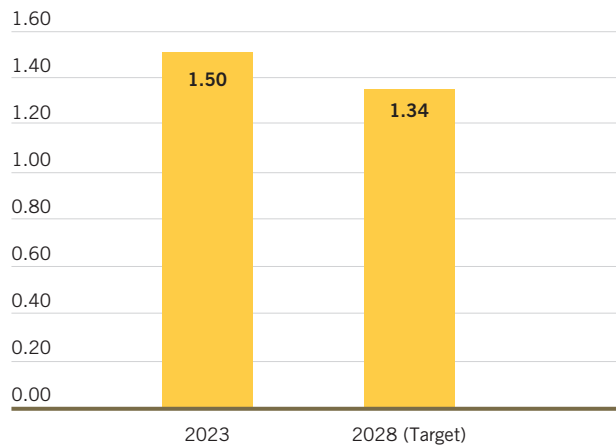
## Water Resources

Water is vital to the growing of our raw materials, our recipes, and for sanitation and food safety needs. By 2025, it is estimated that 50% of the world could be living in areas facing water scarcity and by 2030, 700 million people could be displaced by intense water scarcity. Water stress poses a risk on food production and supply chains. To minimise production risk and play our part in reducing global water stress, we are committed to optimising our water use in all our bakeries and in our supply chain.

Our Sustainability Policy calls out our commitment to protect natural resources including water.

Our goal is to reduce non-product related water use by 10% by 2028, from a 2023 baseline. We are developing several water use reduction programmes and training aimed at balancing water use in cleaning our plant and equipment with maintaining robust food safety and hygiene standards. We also manage wastewater quality at our sites, through routine sampling and, at some locations pre-treat wastewater before discharging to local municipalities.

**Non-product related water consumed /  
Tonne of product produced**  
m<sup>3</sup>/tonne



## Food waste

The global food production system consumes vast amounts of energy and water, and can deplete the natural fertility of soil through industrial farming techniques. It also releases GHG emissions into the atmosphere, often introduces pesticides into ecosystems and has been shown to contribute to a loss of biodiversity, in particular through deforestation. On top of that, around 17% of global food production is wasted – and with it all the resources invested in its production and cultivation and the associated damage caused to the environment<sup>1</sup>. In total, some 3.3bn tonnes of CO<sub>2</sub> emissions are released into the atmosphere every year because of food waste<sup>1</sup>. It is clear that minimising food waste in our operations must be a cornerstone of our Environmental Efficiency roadmap.

Food waste can be generated in our bakeries during the manufacturing of our products, in our logistics operations and at the point of sale. Our Key Performance Indicators Policy booklet describes how to measure and report these metrics. With our goal to reduce food waste in our operations by 20%<sup>2</sup> (by 2028, from a 2022 baseline), we employ a comprehensive strategy that emphasises the importance of staff training, optimising equipment, implementing intelligent changeover schedules, and driving continuous improvement initiatives. By understanding the root causes of waste, we can identify waste hotspots and major contributors.

1 UNEP Food Waste Index Report 2021 : <https://www.unep.org/resources/report/unep-food-waste-index-report-2021>

2 ARYZTA measures its progress on reducing food waste by calculating the share of food waste in proportion to the raw material input used in our production. Food waste includes, amongst others, scrap, nonconformity and handling damages. We aim to reduce our food waste by 20% by 2028 from the 2022 level.

# ENVIRONMENTAL EFFICIENCY

The commitment to minimising food waste extends to our value chain and is reflected in our Supplier Code of Conduct which sets forth that our suppliers have a responsibility for minimising negative environmental impacts, with a specific focus on waste reduction. For ARYZTA's operations, our commitment to the reduction of waste is set out in our Sustainability Policy.

Our approach follows the established Plan-Do-Check-Act (PDCA) sequence, a well recognised standard in our industry. Enhanced by cutting-edge measurement and analytical technologies, this approach provides a robust framework to identify waste causes and systematically implement measures that can help us meet ambitious reduction targets.

Overall, we have made good progress in 2023, reducing our food waste as a share of our raw material input by 16% from a 2022 baseline.



Figure 6: Food waste reduction 2023<sup>3</sup>

## Fighting food waste beyond our operations

Outside our own operations, we are working to reduce food waste in our supply chain. In several of the markets we operate in, we have built successful partnerships with non-profit and for-profit organisations that provide collaborative platforms to reduce food waste.

ARYZTA Ireland has signed the Environmental Protection Agency's Food Waste Charter as a Bakery Champion and, in 2022 and 2023, respectively, donated 4.6 tonnes and 3.8 tonnes of surplus food to the social enterprise FoodCloud.

In Hungary, towards the end of 2023, we developed a partnership between Munch and the Fornetti franchise system, to promote the sale of products approaching their expiry date. Within the first two months, 1,122 packages of food were saved through this programme.

A similar initiative is in place in Poland, where we have participated in the Too Good To Go system since 2021, preventing 12,200 packages from becoming waste.



<sup>3</sup> ARYZTA measures its progress on reducing food waste by calculating the share of food waste in proportion to the raw material input used in our production. Food waste includes, amongst others, scrap, nonconformity and handling damages. We aim to reduce our food waste by 20% by 2028 from the 2022 level.



# INSPIRING INNOVATION





# “SUSTAINABILITY – FROM FARM TO CONSUMER”

ARYZTA is proud of its long history in developing exciting and delicious new products. With our Sustainability Strategy now gaining traction, we are able to innovate at several stages of our product journey, from the raw material sourcing to the end-consumer. By encouraging sustainable innovation we can advance our Sustainability Strategy at a faster pace.

## Transforming the food system one farm at a time

Regenerative agriculture – referring to agricultural practices that have low, no, or net-zero impact on the environment – is one of the most productive ways in which we can help create more sustainable outcomes from our business activities.



We actively support regenerative agricultural practices that promote biodiversity, both above and beneath the soil, such as growing cover crops, multi-species intercropping and reducing the usage of chemical fertilisers. Improved soil health, enhanced water retention and better crop yields are co-benefits that we want to protect and enhance.



Figure 7: Regenerative farmed fields, KLIM\*

Our goal is to source 25% of our wheat from regenerative agriculture sources by 2028.

Our Hiestand business in Switzerland has been fully engaged with regenerative agriculture for some years. In Switzerland, under the IP-SUISSE scheme, the benefits of this sustainable form of agriculture are recognised and sought-after by consumers, who look for the Ladybird symbol – over 70% of our Swiss products are sold under the IP-SUISSE label. Switzerland is a mature market for regenerative agriculture. We are using key learnings from the country to develop similar regenerative agriculture supply chains with partners in other markets.

\*See Appendix 5

# INSPIRING INNOVATION

Our partnership and collaboration, for instance, with Berlin-based AgriTech start-up KLIM, is already resulting in significantly reduced GHG emissions in our flour supply chain. Through close collaboration with grain farmers, KLIM introduced regenerative practices, such as sowing peas and field beans, intercropping and reducing the usage of mineral fertilisers. This has resulted in a significant reduction of at least 7,000 tonnes of GHG emissions in 2023 for ARYZTA (exact quantity pending final certification). KLIM's digital platform and proprietary Measurement, Reporting, and Verification (MRV) technology is specifically designed for facilitating a farmer-friendly transition to regenerative agriculture.



**Figure 8:** Comparison of root growth, from KLIM

The transition to regenerative agricultural practices is a gradual process that often spans several years, and our financial support helps farmers with the conversion risks. Our commitment to supporting this transition has already allowed us to contribute to the growth of regenerative agriculture in 2023. We are now looking forward to expanding our long-term commitment to regenerative agricultural practices.

In Australia, we have been working with our wheat supplier Allied Pinnacle to fund regenerative agriculture projects – both for our own trials and by supporting the Allied Pinnacle partnership with the Cool Soil Initiative. This is a ‘paddock-to-product’ partnership that works with farmers through regional farming collectives. It works to test and validate management practices that can then mitigate farms’ GHG emissions and support the ongoing sustainability, productivity and profitability of farming enterprises.

With our focus on developing more sustainable partnerships, we have an ongoing western-European project, which is joining up with farmers, millers and customers to create a product made from certified regenerative, locally sourced flour. Once fully developed, we hope this will convince more farmers that regenerative agriculture represents a sound business model.

Our strategy for developing regenerative agriculture for flour on a wider scale is summarised in the chart below. We acknowledge it is not possible to rapidly develop fully segregated regenerative supply chains in all markets. Figure 9 shows the three strands of our strategy: leveraging existing markets, growing the number of farms utilising regenerative practices, and working on local field-to-consumer projects.

**“Combining nature, technology and science, KLIM scales Regenerative Agriculture. Our goal: strengthen and regenerate soil health, promote biodiversity and farmer satisfaction, ensure food security and reduce greenhouse gas emissions”, KLIM Director.**

# INSPIRING INNOVATION

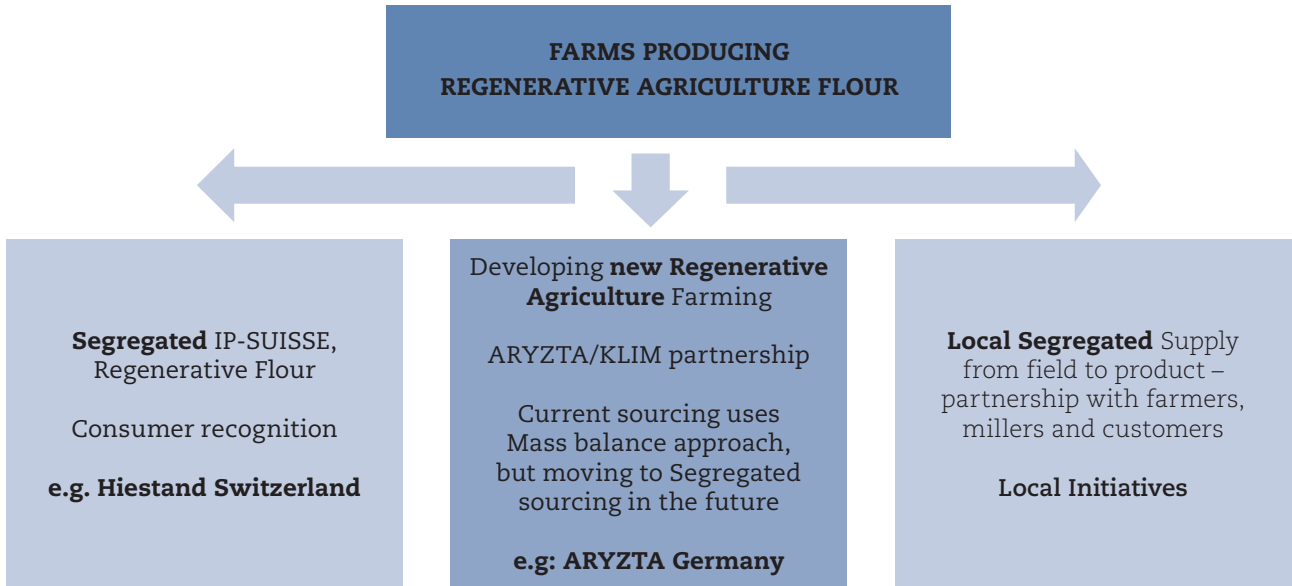


Figure 9: Regenerative Agriculture model

## Circularity and packaging

Packaging is a ubiquitous and necessary part of our food system, playing an instrumental role in preserving the quality and safety of food for our customers. However, its environmental impact is of growing concern, be it through deforestation caused by unsustainable paper production or pollution due to plastic packaging. Some 430 million tonnes<sup>4</sup> of plastic are produced every year across the world, but the vast majority is not recycled or reused. With plastic waste collecting in water ways, seas and causing harm to animals and birds caught up in plastic objects, we have decided to focus our efforts on plastic packaging and set a goal of reducing virgin plastic use in our operations 10% by 2026 and 30% by 2028 from a 2023 baseline of just over 5,000 Tonnes.

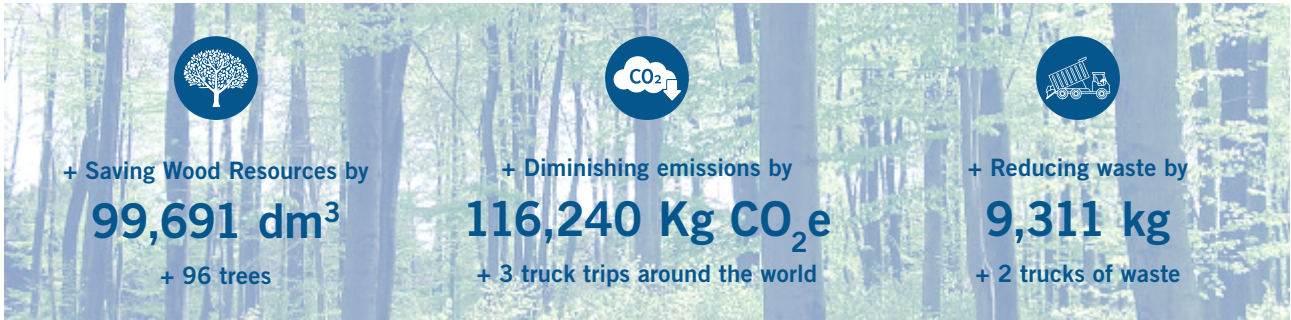
Our Sustainability Policy commits us to reducing waste and plastic use.

Our packaging technology experts have reduced the thickness of plastic packaging and initiated replacing plastic packaging with food-contact cardboard alternatives without compromising hygiene food safety factors. The new packaging protects the products and the environmental impact is much reduced. In 2023 we have established the baseline plastic consumption across our group and are looking forward to showing our progress against our targets in the coming years. Furthermore, at certain sites, we introduced a new labelling solution directly printed on the cardboard box, eliminating the need for added labels.

<sup>4</sup> <https://www.un.org/sustainabledevelopment/blog/2023/08/explainer-what-is-plastic-pollution/>

# INSPIRING INNOVATION

## Reusable pallets saves trees, ARYZTA Poland



### Saving trees, less GHG emissions, less waste!

We started cooperation with CHEP (a 3rd party pallet supplier) at our Polish bakeries to minimise the number of pallets sent to waste and help environmental protection through improved circularity by increasing the utilisation of existing pallets. We are constantly working on expanding this cooperation and last year we added a further 32,000 pallets to the system.

This initiative has saved nearly 100 trees' worth of wood and reduced Scope 3 GHG emissions by over 116,000 kg CO<sub>2</sub>e.

## Design for the future

With sustainability as a newly introduced focus area in our investment processes, we can ensure that at the design phase of projects, we evaluate sustainability opportunities and risks. Our project for a new bakery in Western Australia is a good example – by assessing a broad range of sustainability criteria, we are able to reduce the environmental footprint of our Australian operations and create positive social impact. For example, during the site selection process, we evaluated access to energy and chose a location that provides renewable electricity generated on-site. This, together with the generation of local employment opportunities, makes for a positive sustainability investment.

## Clean / Health Labelling

With the health and food nutritional value of growing concern to many consumers and regulators, we have set a goal that 40% or more of new products should align to the “ARYZTA – Better For You” framework by 2028. Following EU guidelines on communicating nutritional claims, our products will be categorised based on energy, fat, sugar, salt, fibre and protein content. Using an independently verifiable methodology, where appropriate, we will clearly communicate to our stakeholders all ARYZTA products that achieve a favourable score and therefore have a positive dietary benefit. We will use this same methodology to examine how we can also enhance the nutritional profile of existing products, where appropriate.



# INSPIRING INNOVATION

Our Global Food Safety Week program is to drive awareness & engagement of food safety across our bakery business by touching the hearts of all employees!

- **Standing Together for Food Safety**
- **Driving Vision Zero and**
- **Do Not Dismiss a Near Miss**

Demonstrating how everyone can make a food safety difference.



Figure 10: Food Safety

## Safety First, Quality Always

Our vision is to be trusted by our customers for consistently achieving the highest possible food safety and quality standards for our industry. We work to a motto of ‘Safety First, Quality Always’, with a goal of zero food safety incidents. Driving our food safety strategy, and engrained throughout our business, is a culture of compliance and continuous improvement.

Our food safety programs have been built around Hazard Analysis and Critical Control Point (HACCP) principles and are regularly reviewed and updated in light of evolving global information, risk assessments and mitigation, as well as external events and learnings. We actively review our approach of food safety and quality risks through thorough and proactive risk assessments and liaising with external research bodies.

We also utilise robust preventative controls including allergen management, hygienic design of plant and equipment and rigorous cleaning systems, focused foreign-body reduction initiatives, root cause analysis, microbiological and chemical monitoring and pest control. This approach is strengthened by our extensive internal audit processes, cross-auditing and unannounced programmes, designed to identify further areas of improvement, and which spread the message that ‘Food Safety & Quality is Everyone’s Responsibility’. Formal reviews of our business performance in this area are conducted with senior management.



# OUR PEOPLE AND COMMUNITIES





# “OUR DRIVING FORCE – OUR PEOPLE AND COMMUNITIES”

**At ARYZTA, we fully recognise and appreciate that our employees are pivotal to the successful delivery of our Sustainability Strategy as well as our overall business performance. It is of the utmost importance to us that we have a thriving and fully engaged workforce to support our long-term performance and deliver sustainable value creation.**

**We strive to play an important role in our local communities and are proud to be good corporate citizens. By supporting local charities, volunteering on local environmental and social projects, as well as engaging local workforce to join ARYZTA in good and enriching roles, we create a positive impact, making those communities stronger.**

## Employee Engagement

We are committed to promoting the well-being of all our employees (both physical and mental) and to ensuring that they work in a safe and harassment-free environment, with the ability to speak up freely and do the right thing at all times. By focusing on these areas, we are confident we can create high levels of positive engagement.

As part of our continued efforts to put employees first, we reviewed our Global Code of Conduct for Employees (available on our website) in 2023. Our recently revised Code clearly and unequivocally sets out the importance of our employees within our business as follows:

- Our people are valued, recognised and cared for
- We create a safe and accepting workplace
- We take time to listen
- We support their growth and development
- We work together to create an engaged, empowered, accountable and powerful team
- We cherish our cultural and regional differences
- Diversity, Equity and Inclusion are essential for our long-term success

Underpinning the above, are ARYZTA's core values of integrity, ownership, care, creativity and customer focus.

## Human Capital

Helping our employees develop to their full potential is important for their future success within and outside of ARYZTA. Our Human Capital goal will support this. Led by senior leadership, each Business Unit will implement training and development plans for 100% of employees so that by 2028, on average, each employee will receive a minimum of three days role-specific training annually. Training and development areas include (but are not limited to):

- Sustainability Training
- Health and Mental Wellbeing
- Occupational and personal safety
- Code of Conduct training
- GDPR Training
- Compliance training
- Management and Leadership Skills
- Diversity, Equity and Inclusion Training

## Sustainability Training and Capability Building

We recognize the importance of building sustainability knowledge and skills across our organisation. We provide training programs and resources to our employees to enhance their understanding of sustainability issues and equip them with the necessary tools to integrate sustainability into their work. We also encourage professional development opportunities for our employees in the field of sustainability.

## Workplace Safety

Our employees are critical to our joint success. Providing a workplace free of preventable hazards and complying with all applicable local laws and regulations governing workplace health and safety, are our highest priority. We expect and encourage employees to report any safety concerns and issues to their line manager and/or appropriate Company Representative. ARYZTA openly encourages employees to offer suggestions regarding improving safety controls and reducing risk in the workplace, and to actively participate in safety committees and programmes on a continuing basis.

We have created a Life Saving Rules Policy, covering the top 10 Risks in our operations – these include Lock Out/Tag Out, electrical risks, confined spaces, working at height and road safety. The effective implementation of these rules is monitored on a monthly basis.

# OUR PEOPLE AND COMMUNITIES

To ensure that we continue to have the right level of focus on safety at work, an experienced and senior health and safety officer has recently been recruited. The core of this programme will focus on ensuring leadership accountability, risk management, compliance and a culture of safety first. Our aim is to achieve a 50% reduction in the total reportable incident rate (TRIR) by 2028, against a 2023 baseline. In 2023 the TRIR rate was 12.17.

Ergonomic issues, as in most business settings, account for a large percentage of overall injuries and ill-health. This is an area where we focus on training and reducing risks at source. In addition, adopting technological solutions that target specific risk areas within our businesses, can also help reduce these risks.

## Reducing Ergonomic risks

In our Swiss operations, we have worked to reduce ergonomic injuries of workers whose jobs require lifting by utilising exoskeletons. These support the back by spreading the load and ensure that movements that could result in muscle/back strain are controlled. A colleague who uses this system routinely, says: “The exo-system is really light and comfortable to wear, supports the back muscles and spine and makes work much easier and safer.”



Figure 11: Ergonomic exoskeleton

## One step closer to climate action, Coup de Pates

In 2023, our French business, Coup de Pates, convened a ‘Climate Fresco’ workshop, to help managers and employees better appreciate the causes and consequences of climate change as well as the challenges of protecting our planet.



Figure 12: Addressing the Sustainability challenges of digital technology

The workshop was an important step towards building a more sustainable and collaborative business in which all employees feel they are part of a wider movement. We are committed to integrating the lessons learned from this experience into our strategies with our employees, partners and customers.

One focus of the workshop was on understanding the environmental challenges of digital technology. The objective was to appreciate the main actions needed to move towards a more sustainable digital world. We are ready to integrate these lessons into our daily lives and raise awareness among our employees, partners and customers, here at Coup de Pates.

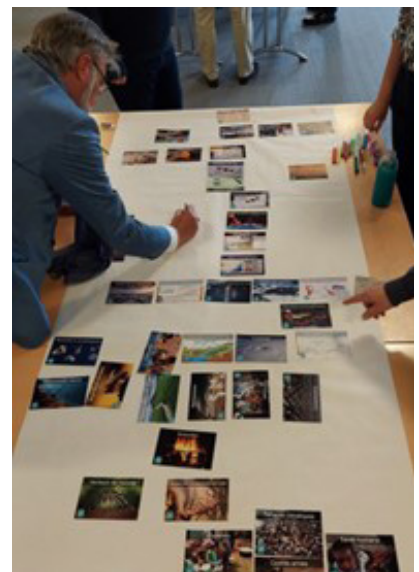


Figure 13: Mapping out the puzzle



# OUR PEOPLE AND COMMUNITIES

## Being prepared – exercise volunteer fire department, ARYZTA Germany

We hope to never experience any high risk events such as fire at our sites. However, being prepared and trained to handle them is critical.

The extensive training conducted at our Eisleben bakery in Germany, in conjunction with the local fire brigade, shows how such cooperation benefits not just the workers who make up the on-site fire team but also experienced fire professionals, who get a chance to enhance their skills and knowledge in safe but realistic scenarios and become familiar with the site and any risks.

A training day in November 2023 involved the Helfta volunteer fire department and a delegation from the THW (Halle local fire group). It focused on respiratory protection training and involved rescuing one or more people (adults and children) from a long, narrow, smoke-filled room with severely restricted visibility and filled with obstacles, such as overturned tables and chairs, cardboard boxes and flashing warning lights.



Figure 14: Fire training

The mayor of Lutherstadt Eisleben participated in the exercise in order to understand more about the training of the rescue and emergency services.

## Assessing our operational sites

As one of our goals, we have set a target to move our operational sites to the upper quartile of scores under the SEDEX<sup>5</sup> assessment programme. The assessment provides an in-depth analysis covering environmental, health and safety, wellbeing, social conditions and human rights. It also evaluates our supply chain management. As this is a third party assessment, we gain an independent view of our site performance in these important areas. Our objective is to drive site performance levels as measured by SEDEX to an average of at least 3.5 out of 5.

<sup>5</sup> See Appendix 5

## Employee Well-Being

**A safe & harassment-free zone** – It is crucial that we provide a safe and harassment-free environment in the workplace for all employees. Our Global Code of Conduct states that no employee shall engage in any form of harassment – sexual, racial or otherwise – nor engage in any interpersonal conduct that disrupts the performance of others or creates an intimidating, hostile or offensive work environment. We do not tolerate any kind of violent, threatening or hostile behaviour, offensive comments, bullying or intimidation.

# OUR PEOPLE AND COMMUNITIES

**Whistle blower system** – We have a comprehensive and readily accessible whistle blower hotline in place. Open Talk is managed by a recognised external and independent third party, and is available 24 hours a day, seven days a week, in local languages, with employees able to voice concerns on an anonymous basis. We strictly prohibit retaliation against any employee for making a report. In 2023, four cases were reported through the whistle blowing system and following a review, three of them have been closed by the end of the year.

## Mental & Physical Health

Helping our employees achieve and maintain good mental health and overall well-being, will be achieved by keeping our employees informed about the benefits associated with looking after their physical and mental health, and offering well-being activities or mental health workshops on-site or nearby.

In November 2023, our senior leadership team participated in a workshop on Mental Health Resilience Building, designed to help leaders recognise negative levels of stress in themselves and their teams. We believe that leaders who understand the symptoms of stress can both practice simple stress-relieving techniques for themselves as well as helping their teams manage stress more effectively.

There have been numerous other positive mental health-focused activities held across our different businesses:

- ARYZTA Ireland implemented a ‘Well-being Spring Reboot’. This was delivered with online and in-person workshops led by external experts on topics such as ‘Compassion, Fatigue and Burnout’, ‘Stress Management’, ‘Anxiety to Action’ and ‘Move, Train, Nourish’;
- ARYZTA UK engaged the services of Mental Health First Aid England to train 11 colleagues from all areas of the business to become fully certified Mental Health First Aiders, who can assist colleagues in need to find the right support and to assist in alleviating and managing symptoms of stress.



Figure 15: ARYZTA Senior Leadership Team

# OUR PEOPLE AND COMMUNITIES

A number of our colleagues regularly engage in a variety of solo or team physical health activities which often have a community and/or charity connection.



Figure 16: Fitness winners, ARYZTA Poland

## Collective bargaining

Given the nature of our employment environment, the inflationary landscape and the presence of labour unions across a number of our business units we have been carefully managing collective arrangements where it comes to employee terms and conditions. In this regard, and in line with many industrial peers, we have managed some short work stoppages as part of the wider framework of negotiations with employee representatives.

## Diversity, equity, and inclusion (cultural diversity, age, gender, religions)

As a global business, with operations across 27 countries, we proudly embrace and celebrate the cultural and gender diversity of our workforce. Fairness and equity within our workforce are critical to our success and we also value the benefits that come with having employees across the age spectrum.

## Fitness and Help, ARYZTA Germany

At our bakery in Duisburg, Germany, employees supported a local charity and helped their own well-being by participating in a joint cycle ride.

The 20 ARYZTA participants who registered for the 13km ride, were invited to make a donation to the ‘McDonald’s Kinderhilfe’ organisation, which has been committed to the health and well-being of children and families in Germany since 1987. The foundation operates Ronald McDonald Houses, near paediatric clinics, throughout Germany, as temporary homes for the families of seriously ill and injured children.



Figure 17: Charity Riders



# OUR PEOPLE AND COMMUNITIES

## Setting fitness challenges with Activity, ARYZTA Poland

Keeping fit is a key element of mental and physical health. Every year, ARYZTA Poland organises a sports challenge using the Activity fitness app, with employees able to collect points for kilometres covered on foot (walking, running, Nordic walking) and on wheels (bicycle, rollerblades, etc.). The aim is to encourage physical activity, promote healthy habits and create strong teamwork experiences. In 2023, 80 employees took part, collectively covering almost 30,000km and burning over 1.2 million calories.



Figure 18: Making light work of long rides and runs

## Our Employee Code of Conduct

Our Employee Code of Conduct sets out our comprehensive policy on diversity and non-discrimination in the workplace:

- Each of our employees throughout the world deserves to be treated with fairness, respect and dignity.
- We are an equal opportunity employer and are committed to hiring, training, compensating, and promoting people based on their individual talents and abilities.
- We embrace diversity and opportunities are extended to employees and prospective employees without regard to race, colour, gender identity, religion, age, natural origin, family status, sexual orientation, disability, or any other criterion prohibited by applicable local or international laws.
- We respect the rights of workers to associate, or not, with any group, as permitted by, and in accordance with, laws and regulations on Freedom of Association.
- We adopt an open attitude to the activities of worker representation groups, who must not be discriminated against and have access to carry out their representative functions in the workplace.



# OUR PEOPLE AND COMMUNITIES

## Community

Many of our sites hold open days, volunteering days and other community activities. Such endeavours allow us to engage with worthy causes and support charitable efforts by donating our time, expertise and leadership.

In 2023, our employees in Ireland raised money and donated their time to their charity partner, Ronald McDonald House. Many of our other locations also support this good cause.

## In Our Communities

**We believe that engaging with our communities is of great importance. Our key principles are as follows:**

- **We connect with a network of communities throughout our value chain.**
- **We are committed to growing our positive impact on these communities.**
- **Our multi-local business model prioritises local sourcing, local insight and local relationships. We endeavour to be an employer of choice within these communities and to give back to our network of partners.**

## Engaging with local students, ARYZTA Poland

At our Grodzisk Mazowiecki site in Poland, we cooperate with the Warsaw University of Life Sciences, and students of technology and food safety regularly visit us on field trips. Our employees speak to students about the baking industry and working life at ARYZTA Poland.

This engagement creates a positive link with potential future generations of employees. We are pleased to offer students the opportunity to pursue apprenticeships and internships in our facilities.



Figure 19: Engaging students



Figure 20: Engaging students in the business of baking

# OUR PEOPLE AND COMMUNITIES

## Volunteering in our extended communities

ARYZTA has recently partnered with the charity “Brot gegen Not” (‘Bread Against Misery’), a non-profit foundation established to help some of Africa’s neediest communities. The charity and its partners provide vocational training to equip people with the skills to set up their own micro-bakery.

### Brot gegen Not

The foundation helps people, mainly adolescents and young adults, who live in poverty, and are often victims of disabilities, war and natural disasters by focusing on practical vocational training in the bakery trade.

By helping people to help themselves, “Brot gegen Not” wants to give these people a positive future. Founded by Heiner Kamps, a non-executive director of ARYZTA, the foundation sets up modern, well-equipped training bakeries, where young people are trained by experienced bakers. They also receive lessons in the basics of business management, giving them the tools to kickstart a successful career in baking.



Figure 21: Brot Gegen Not kickstarts careers in baking

# OUR PEOPLE AND COMMUNITIES

## Supply chain due diligence

In 2023 we conducted a review of the ARYZTA Group Code of Conduct for Suppliers, by senior internal managers together with external third-party experts. Amendments were made to ensure that supply chain related issues were clearly addressed in order to comply with current and emerging laws and regulations in relation to supply chain due diligence.

In relation specifically to Human Rights including child labour and modern slavery, we have introduced the following due diligence tools:

1. The introduction of a newly revised Supplier Code of Conduct provides the first line of assurance. This contains ARYZTA's policy with respect to child labour;
2. The implementation of a supply chain management system, including risk management, helps our team identify and assess risk and to eliminate, prevent or minimise identified risks;
3. The expansion of our whistle blowing hotline service, allows any party to raise concerns insofar as they affect our business, on an anonymous basis
4. For those ingredients that have the highest inherent risk of human rights concerns, we have developed sustainable sourcing policies with ambitious targets, including:
  - a) 100% Certified Palm Oil, by mass balance supply chain certification, by 2024, and segregated supply chain certification by 2026<sup>6</sup>
  - b) 100% Certified Cocoa Beans by 2026<sup>6</sup>

As a food manufacturer specialised in producing bakery products, the vast majority of our ingredient sourcing is conducted within Europe where high social and environmental regulatory standards are in place. However, in terms of sourcing certain ingredients for our products, we recognise that there are potential child labour risks inherent to specific ingredient categories, such as cocoa and palm oil.

Therefore, it is our policy that we will only purchase finished chocolate or palm oil products where the sourcing and treatment of the original commodity palm and cocoa has been assured by our suppliers. Furthermore, we are committed to using third-party certified sources of cocoa and palm oil for which independent third-party audits and robust scrutiny of local commodity production practices has taken place.

ARYZTA's Supplier Code of Conduct was also updated to ensure compliance with International Labor Organisation (ILO) Conventions Nos 138 and 182, the ILO-IOE Child Labour Guidance Tool for Business of 15 December 2015, and the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business of 30 May 2018<sup>7</sup>, based on the UN Guiding Principles on Business and Human Rights.

In 2024, ARYZTA will start with the establishment of a supply chain traceability system which collects and documents a description of each product or service for which there are reasonable grounds to suspect child labour. If a trade name exists, such name will also be collected and documented for each such product or service. ARYZTA has recently updated its supply chain policy contained in the Supplier Code of Conduct to put in place the relevant systems for supply chain traceability in relation to child labour and risk management and reporting procedures.

Our Supplier Code of Conduct is integrated into the framework agreement signed by our suppliers at the signature or renewal of their business contract with ARYZTA and its subsidiaries. We are focusing on the top 1,500 plus ingredient and packaging suppliers to ensure they meet our code of conduct standards, during the course of 2024.

Every year, ARYZTA spends over €1,000m, with more than 8,500 direct suppliers, to secure the materials, products, services, equipment, fluids and energy to manufacture our products and support our entire business operation.

<sup>6</sup> See Appendix 6: Glossary

<sup>7</sup> See Appendix 5

# OUR PEOPLE AND COMMUNITIES

We address potential supply chain risks through risk materiality assessments. Regarding Conflict Minerals and the requirements of Art. 964a et seqq. of the Swiss Code of Obligations, we do not:

- Directly purchase (in the form of ore or metal), tin, tantalum, tungsten or gold (3TG) from mines, smelters or refiners
- Directly purchase Cobalt
- Exceed the limits defined in Annex 1 of the Ordinance

Our assessment is therefore that the risks are not material.

Equally, ARYZTA will complete a materiality and risk assessment across its whole supply chain by the end of 2024.

The ARYZTA supply chain materiality and risk assessment establishes, evaluates and maps:

- ARYZTA's spend with suppliers,
- Suppliers' inherent sector-based environmental and social risk
- Suppliers' geographical location based environmental and social risk.

During the course of 2023, we introduced SEDEX<sup>8</sup>, a globally recognised and well-established supply chain management membership organisation. This is one of the world's largest collaborative platforms for businesses to share responsible sourcing data on supply chains from across the world. SEDEX allows us to:

- Gain visibility in ARYZTA's full supply chain
- Manage and assess ARYZTA supply chain risk for social and environmental matters
- Report on ARYZTA supply chain and comply with sustainability legislation

In the first round of implementation, the tool supports our materiality and risk mapping of our suppliers. Furthermore, a supplier engagement project has been initiated to bring suppliers not yet participating onto the platform. We may also use other supplier recognized platforms such as EcoVadis.

Our senior managers and procurement team have been fully trained on the SEDEX system and we will continue to raise awareness within our company about supply chain due diligence throughout 2024. As a consequence of this tool, we will now be able to review and perform due diligence on the self-assessment form completed by each of our suppliers, and, where appropriate, we may request third-party ESG audits to be performed in order to ensure compliance with our standards. In cases of non-compliance, we can request a supplier to take necessary corrective actions and, if the issue persists, we retain the right to terminate the business relationship.

## Our Supplier Code of Conduct explicitly prohibits:

- **Child Labour – the company complies with all applicable child labour laws and prohibits using workers under the legal age of employment in each relevant country or where work interferes with schooling requirements under local laws and regulations.**
- **Forced labour – the company prohibits the use of prison labour; forced labour; labour under any form of indentured servitude; physical punishment; confinement; threats of violence; or any other forms of abuse.**
- **Slavery & human trafficking – the company forbids the use of slavery or human trafficking (including debt bondage) and abides strictly by local laws. Employees must comply with such laws in all countries in which the company operates facilities or does business.**
- **The Code also makes clear that we will not tolerate any psychological, verbal, sexual or physical harassment or any other form of abuse, and will comply with all applicable laws on harassment and abuse of employees.**

<sup>8</sup> See Appendix 5



# APPENDIX

## Appendix 1: Summary reference for Swiss Civil Code, Part Five: The Code of Obligations Art. 964a et seqq.

AREAS COVERED	DETAILS	LOCATION
Business model		Markets and Business Model section, pg. 9–11
Environmental matters (including CO <sub>2</sub> goals)	Policies	Environmental Efficiency section, pg. 109–114
	Implemented measures and an assessment of their effectiveness	Environmental Efficiency section, pg. 109–114
	Main risks within operations and supply chain	Risk management section, pg. 104–105
	Key Performance Indicators	Environmental Efficiency section, pg. 109–114, Appendix 3: Metrics and Targets, pg. 134–136
Social issues	Policies	Appendix 2: Policies and Frameworks, pg. 133
	Implemented measures and an assessment of their effectiveness	Our People and Communities section, pg. 121–131
	Main risks within operations and supply chain	Risk management section, pg. 104–105
	Key Performance Indicators	Metrics and Targets to be developed
Employee related issues	Policies	Appendix 2: Policies and Frameworks, pg. 133, Our People and Communities section, pg. 122
	Implement measures and an assessment of their effectiveness	Our People and Communities section, pg. 121–131
	Main risks within operations and supply chain	Our People and Communities section, pg. 121–131
	Key Performance Indicators	Appendix 3: Metrics and Targets, pg. 134–136
Respect for human rights including modern slavery and child labour	Policies	Our People and Communities section, pg. 130–131
	Implement measures and an assessment of their effectiveness	Our People and Communities section, pg. 130–131
	Main risks within operations and supply chain	Risk Management section, pg. 104–105, Our People and Communities section, pg. 130–131
	Key Performance Indicators	Appendix 3: Metrics and Targets, pg. 134–136
Combatting corruption	Policies	Governance section, pg. 106–108
	Implement measures and an assessment of their effectiveness	Governance section, pg. 106–108
	Main risks within operations and supply chain	Governance section, pg. 106–108
	Key Performance Indicators	Governance section, pg. 106–108

# APPENDIX

## Appendix 2: Policies and Frameworks

We have developed a comprehensive policies and frameworks that support and guide our decision-making and operations at Group and local level.

These include our

1. Sustainability Policy,
2. Code of Conduct for Employees,
3. Code of Conduct for Suppliers,
4. Sustainable Sourcing Policy for Palm Oil
5. Sustainable Sourcing Policy for Cocoa Beans
6. Sustainable Sourcing Policy for Eggs

<https://www.aryzta.com/aryzta-policies/#code-of-conduct>

<https://www.aryzta.com/>

[aryzta-policies/#sustainability-sourcing](https://www.aryzta.com/aryzta-policies/#sustainability-sourcing)

These policies outline our commitment to sustainable practices, govern our approach to managing environmental and social risks, and provide guidance on ethical conduct and responsible business practices.

In terms of the diligence adopted with respect to our existing policies, our existing governance policies were the subject of a full review in 2023 to ensure that they remain in line with current ESG related laws and regulations. This project was initiated and overseen by the Board and led by Governance, Nomination & Sustainability Committee. This involved a rigorous review of our existing policies including a gap analysis and was performed at an internal level and with external independent advisors.

At ARYZTA, we believe that strong sustainability governance is absolutely essential to stay aligned with our key stakeholders to create long-term value for our stakeholders and contribute to a more sustainable future. We are fully committed to upholding the highest standards of governance and transparency in conducting our business as we navigate the complex sustainability challenges of our time.

### Performance Monitoring and Reporting:

We have established robust systems for monitoring and reporting our sustainability performance. Key performance indicators (KPIs) are tracked regularly to assess progress towards our sustainability goals. We conduct regular internal audits and external assessments to ensure the accuracy and reliability of our sustainability data. Our annual Sustainability Report provides a comprehensive overview of our sustainability performance, goals, and initiatives.

### Continuous Improvement:

We are committed to continuously improving our sustainability performance and governance practices. We regularly review and update our Sustainability Strategy and targets to align with evolving best practices and stakeholder expectations. We seek feedback from external experts and benchmark our performance against industry peers to identify areas for improvement. We also encourage innovation and collaboration to drive sustainable solutions and practices.

# APPENDIX

## Appendix 3: Metrics and Targets

### Environmental Efficiency

TOPIC	KPI	UNIT	2022	2023	% Change	TARGET
Climate Change & GHG Emissions	<b>Total Scope 1 and Scope 2 Market-based GHG Emissions</b>	Tonnes CO <sub>2</sub> e	<b>235,655</b>	<b>228,651*</b>	<b>(3%)</b>	34% of absolute reduction of Scope 1 and 2 Market-based emissions by 2028 from a 2022 baseline
	Scope 1	Tonnes CO <sub>2</sub> e	98,144	91,840*	(6%)	
	Scope 2 Market-based	Tonnes CO <sub>2</sub> e	137,511	136,811*	(1%)	
	Scope 2 Location-based	Tonnes CO <sub>2</sub> e	101,931	103,853*	2%	
	GHG Emissions Intensity – Scope 1 and 2 emissions per revenue <sup>3</sup>	Tonnes CO <sub>2</sub> e/€m	123	104*	(15%)	N/A
	Biogenic Scope 1 GHG emissions <sup>1</sup>	Tonnes CO <sub>2</sub> e	977	812*	(17%)	N/A
	Non-Kyoto GHG emissions related to refrigerants <sup>2</sup>	Tonnes CO <sub>2</sub> e	129	23*	(82%)	N/A
Energy	<b>Total Energy Consumption</b>	<b>MWh</b>	<b>656,881</b>	<b>652,605*</b>	<b>(1%)</b>	<b>N/A</b>
	<b>Renewable Energy Consumption</b>	<b>MWh</b>	<b>62,782</b>	<b>82,193*</b>	<b>31%</b>	<b>N/A</b>
	Of which self-generated	MWh	24	720*	2,900%	N/A
	<b>Non-Renewable Energy Consumption</b>	<b>MWh</b>	<b>594,099</b>	<b>570,412*</b>	<b>(4%)</b>	<b>N/A</b>
	<b>Direct Energy Consumption</b>	<b>MWh</b>	<b>340,653</b>	<b>335,644*</b>	<b>(1%)</b>	<b>N/A</b>
	Fuel consumption from natural gas	MWh	261,766	260,548*	(0%)	N/A
	Other fuel energy sources	MWh	78,887	75,096*	(5%)	N/A
	<b>Indirect Energy Consumption</b>	<b>MWh</b>	<b>316,228</b>	<b>316,961*</b>	<b>0%</b>	<b>N/A</b>
	Electricity consumption	MWh	315,686	314,540*	(0%)	N/A
	Heating consumption	MWh	542	605*	12%	N/A
	Cooling consumption	MWh	0	1,816*	N/A	N/A
	Steam consumption	MWh	0	0*	N/A	N/A
Energy Intensity - energy consumption per revenue <sup>3</sup>	MWh/€m	343	298*	(13%)	N/A	
<b>Water</b>	Water efficiency	m <sup>3</sup> /tonne	Measurement starting in 2023	1.50	N/A	10% reduction by 2028 from a 2023 baseline
<b>Food waste</b>	Reduction of food wasted as a percentage of raw material consumption	%	Baseline	(16%) reduction*	(16%)	20% reduction by 2028 from a 2022 baseline

1 Biogenic emissions include GHG Emissions from Biofuels (including fuel blends), and wood pallets and are not included in Scope 1 GHG emissions

2 Emissions from GHGs not covered by the Kyoto Protocol (e.g.: HCFC22)

3 Revenue is determined to be the pro forma revenue for CY22 and CY23 as disclosed on page 243

\*Key Performance Indicators marked with an asterisk have been assured by Ernst & Young LTD

# APPENDIX

## Appendix 3: Metrics and Targets (continued)

### Inspiring Innovation

TOPIC	KPI	UNIT	2023	TARGET
Sustainable Sourcing	Share of sustainable/regenerative flour sourcing	%	Information unavailable, measurement system under development.	25% share on a mass-balance basis by 2028
	Share of palm oil sourced from RSPO-certified sources in products sold	%	76% <sup>6</sup>	100% on a mass-balance <sup>5</sup> basis by 2024 100% on a segregated basis by 2026
	Share of cocoa beans from certified sources in products sold	%	65% <sup>7</sup>	100% certified by 2026
	Share of eggs from cage-free sources in products sold	%	74% <sup>3</sup>	100% cage-free by 2026
	Volume of virgin plastic purchased <sup>4</sup>	Tonnes	5,088	30% reduction from a 2023 basis by 2028
Sustainable Diets and Nutrition	Share of New Product Development meeting the “ARYZTA – Better For You” criteria	%	Information unavailable, measurement system under development.	40% of NPD will fall into the “ARYZTA – Better For You” criteria by 2028

3 The 2023 figure for cage-free eggs relates to products produced by ARYZTA

4 The volume of virgin plastic purchased for 2023 has been extrapolated from a thorough assessment of ARYZTA's virgin plastic purchasing over the 2023 August-December period

5 See Appendix 6

6 The 2023 figure for palm oil relates to products produced by ARYZTA

7 The 2023 figure for cocoa relates to products produced by ARYZTA, excluding APAC



# APPENDIX

## Appendix 3: Metrics and Targets (continued)

### Our People and Communities

TOPIC	KPI	UNIT	2023	TARGET
Health and Safety	Total Recordable Incident Rate	Rate per 1 m hrs worked	12.17	50% reduction by 2028 from 2023 baseline
	Fatalities as a result of work-related injury	No.	0	N/A
Human Capital Development	Share of employees with a training and development plan	%	Information unavailable, measurement system under development	Each business unit will have in place training and development plans for 100% of employees, so that on average each employee receives a minimum of 3 days role-specific training annually, by 2028
Human Capital Development	Average number of days of role-specific training received by employees	No.	Information unavailable, measurement system under development	Each business unit will have in place training and development plans for 100% of employees, so that on average each employee receives a minimum of 3 days role-specific training annually, by 2028
People and Talent	Headcount <sup>8</sup> of Employees – Total	No.	7,771*	N/A
	Headcount of Employees – Female	No.	2,956*	N/A
	Headcount of Employees – Male	No.	4,815*	N/A
	Headcount of Employees – Europe	No.	6,796*	N/A
	Headcount of Employees – APAC	No.	975*	N/A
	Headcount of Employees – <30 years old	No.	1,125*	N/A
	Headcount of Employees – 30–50 years old	No.	4,170*	N/A
	Headcount of Employees – >50 years old	No.	2,476*	N/A

<sup>8</sup> Represents the total number of employees in ARYZTA at the period ended 31 December 2023. Individuals who are contracted to the Group through a third party agency are excluded from this metric

\*Key Performance Indicators marked with an asterisk have been assured by Ernst & Young LTD

**Technical note on GHG Calculations:** Scope 1 and 2 emissions were calculated in line with the GHG Protocol Corporate Standards and Scope 2 guidance. The inventory is based on operational control consolidation methods and covers all applicable greenhouse gases emitted (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs). Emission factors were sourced from recognized sources such as Department for Environment, Food & Rural Affairs and the International Energy Agency. Global Warming Potentials according to IPCC's 4th Assessment Report or later were used.

# APPENDIX

## Appendix 4: GRI Content Index

ARYZTA has reported the information cited in this GRI content index for the period 1 January 2022 through 31 December 2023 with reference to the GRI Standards.

STANDARD	DISCLOSURE	LOCATION
<b>GRI 1</b>	GRI 1: Foundation 2021	Applied throughout the report
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	Group structure and shareholders, pg. 38–39 Financial highlights 2023, pg. 4–5
	2-2 Entities included in the organisation's sustainability reporting	Significant subsidiaries are listed on pg. 217
	2-3 Reporting period, frequency and contact point	About this report, pg. 98
	2-4 Restatements of information	Not Applicable
	2-5 External assurance	Ernst & Young Ltd assurance letter, pg. 143–145
	2-6 Activities, value chain and other business relationships	Markets and Business Model, pg. 10–11
	2-7 Employees	Appendix 3: Metrics and Targets, pg. 134–136
	2-9 Governance structure and composition	Corporate Governance Report pg. 27–62 Governance section pg. 106–108
	2-10 Nomination and selection of the highest governance body	Corporate Governance Report pg. 27–62 Governance pg. 106–108
	2-11 Chair of the highest governance body	Corporate Governance Report pg. 27–62
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance section pg. 106–108
	2-13 Delegation of responsibility for managing impacts	Governance section, pg. 106–108
	2-14 Role of the highest governance body in sustainability reporting	Governance section, pg. 106–108
	2-15 Conflicts of interest	Corporate Governance Report pg. 27–62
	2-16 Communication of critical concerns	Governance section, pg. 106–108
	2-17 Collective knowledge of the highest governance body	Governance section, pg. 106–108
	2-19 Remuneration policies	Compensation report, pg. 64–88
	2-20 Process to determine remuneration	Compensation report, pg. 64–88
	2-22 Statement on sustainable development strategy	Strategy section, pg. 100–101
	2-23 Policy commitments	Appendix 2: Policies and Frameworks, pg. 133
2-24 Embedding policy commitments	Appendix 2: Policies and Frameworks, pg. 133	
2-25 Processes to remediate negative impacts	Governance section, pg. 106–108 Our People and Communities section, pg. 125, pg.130	
2-26 Mechanisms for seeking advice and raising concerns	Governance section, pg. 106–108 Our People and Communities section, pg. 125, pg.130	
2-29 Approach to stakeholder engagement	Stakeholder Engagement, pg. 103	
2-30 Collective bargaining agreements	Collective Bargaining, pg. 126	

# APPENDIX

## Appendix 4: GRI Content Index (continued)

STANDARD	DISCLOSURE	LOCATION
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Materiality section pg. 102
	3-2 List of material topics	Materiality section pg. 102
	3-3 Management of material topics	Materiality section pg. 102
<b>GRI 205: Anti-corruption 2016</b>	3-3 Management of material topics	Governance section, pg. 106–108
	205-3 Confirmed incidents of corruption and actions taken	Governance section, pg. 106–108
<b>GRI 301: Materials 2016</b>	3-3 Management of material topics	Inspiring Innovation section – Circularity and packaging, pg. 118
	301-1 Materials used by weight or volume	Partial disclosure, focused on virgin plastic, Appendix 3: Metrics and Targets, pg. 134–136
<b>GRI 303: Water and Effluents 2018</b>	3-3 Management of material topics	Environmental Efficiency section – Water Resources, pg. 113 and Appendix 3: Metrics and Targets, pg. 134–136
<b>GRI 305: Emissions 2016</b>	3-3 Management of material topics	Environmental Efficiency – Climate change section, Pg. 110
	305-1 Direct (Scope 1) GHG emissions	Appendix 3: Metrics and Targets, pg. 134–136, including technical note
	305-2 Energy indirect (Scope 2) GHG emissions	Appendix 3: Metrics and Targets, pg. 134–136, including technical note
	305-4 GHG emissions intensity	Appendix 3: Metrics and Targets, pg. 134–136, including technical note
<b>GRI 306: Waste 2020</b>	3-3 Management of material topics	Environmental Efficiency – Food waste section, Pg. 113, 114 and Appendix 3: Metrics and Targets, pg. 134–136
<b>GRI 403: Occupational Health and Safety 2018</b>	3-3 Management of material topics	Our people and communities section, pg. 122–123
	403-9 Work-related injuries	Appendix 3: Metrics and Targets, pg. 134–136 (Partial disclosure focused on fatalities and work related injuries)
<b>GRI 408: Child Labor 2016</b>	3-3 Management of material topics	Our people and communities – Supply Chain due diligence section, pg. 130–131
<b>GRI 413: Local Communities 2016</b>	3-3 Management of material topics	Our people and communities – Community section, pg. 128–129
<b>GRI 414: Supplier Social Assessment 2016</b>	3-3 Management of material topics	Our people and communities – Supply Chain due diligence section, pg. 130–131
<b>GRI 416: Customer Health and Safety 2016</b>	3-3 Management of material topics	Inspiring Innovation – Clean Labelling for Health section, pg. 119 Inspiring Innovation – Safety First, Quality Always section, pg. 120



# APPENDIX

## Appendix 5: Organisations referenced in the report

ORGANISATION	LINK TO WEBSITE	PAGE NUMBER
Activy	<a href="https://activy.app/en-us">https://activy.app/en-us</a>	pg. 127
Allied Pinnacle	<a href="https://alliedpinnacle.com/">https://alliedpinnacle.com/</a>	Pg. 117
Brot Gegen Not	<a href="https://brotgegennot.de/en/">https://brotgegennot.de/en/</a>	Pg. 129
CHEP	<a href="https://www.chep.com/uk/en/why-chep">https://www.chep.com/uk/en/why-chep</a>	Pg. 119
EcoVadis	<a href="https://ecovadis.com/">https://ecovadis.com/</a>	Pg. 131
FoodCloud	<a href="https://food.cloud/">https://food.cloud/</a>	Pg. 114
Food Waste Charter	<a href="https://foodwastecharter.ie/">https://foodwastecharter.ie/</a>	Pg. 114
Global Reporting Initiative (GRI)	<a href="https://www.globalreporting.org/">https://www.globalreporting.org/</a>	Pg. 98, 137, 138, 143
Greenhouse Gas Protocol (GHG Protocol)	<a href="https://ghgprotocol.org/">https://ghgprotocol.org/</a>	Pg. 110, 136
International Labor Organisation (ILO)	<a href="https://www.ilo.org/global/lang--en/index.htm">https://www.ilo.org/global/lang--en/index.htm</a>	pg. 130
International Organisation for Standardization (ISO)	<a href="https://www.iso.org/home.html">https://www.iso.org/home.html</a>	Pg. 104, 110
IP-SUISSE	<a href="https://www.ipsuisse.ch/">https://www.ipsuisse.ch/</a>	Pg. 116, 118
KLIM	<a href="https://www.klim.eco/en/">https://www.klim.eco/en/</a>	Pg. 99, 116-118
Munch	<a href="https://munch.eco/">https://munch.eco/</a>	Pg. 114
Organisation for Economic Co-operation and Development (OECD)	<a href="https://www.oecd.org/">https://www.oecd.org/</a>	Pg. 130
Ronald McDonald House Charity	<a href="https://www.rmhc.ie/">https://www.rmhc.ie/</a> <a href="https://www.mcdonalds-kinderhilfe.org/">https://www.mcdonalds-kinderhilfe.org/</a>	Pg. 126, 128
Roundtable on Sustainable Palm Oil (RSPO)	<a href="https://rspo.org/as-an-organisation/">https://rspo.org/as-an-organisation/</a>	Pg. 100, 130, 135
Science Based Targets Initiative (SBTi)	<a href="https://sciencebasedtargets.org/">https://sciencebasedtargets.org/</a>	Pg. 8, 93, 97, 110
SEDEX	<a href="https://www.sedex.com/">https://www.sedex.com/</a>	Pg. 93, 100, 103, 124, 131, 141
Task Force on Climate-Related Financial Disclosures (TCFD)	<a href="https://www.fsb-tcfd.org/">https://www.fsb-tcfd.org/</a>	Pg. 98
THW in Halle, Germany	<a href="https://www.thw-halle.de/">https://www.thw-halle.de/</a>	Pg. 124
Too good to go	<a href="https://www.toogoodtogo.com/en-ie">https://www.toogoodtogo.com/en-ie</a>	Pg. 114
United Nations	<a href="https://www.un.org/sustainabledevelopment/blog/2023/08/explainer-what-is-plastic-pollution/">https://www.un.org/sustainabledevelopment/blog/2023/08/explainer-what-is-plastic-pollution/</a>	Pg. 101, 142

# APPENDIX

## Appendix 6 – Glossary

GLOSSARY TERM	DEFINITION	SOURCE
Greenhouse Gas (GHG) emissions	Greenhouse gases are those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of thermal infrared radiation emitted by the Earth's surface, the atmosphere itself, and by clouds. This property causes the greenhouse effect.	Intergovernmental Panel on Climate Change (IPCC) <a href="https://www.ipcc.ch/site/assets/uploads/2018/03/wg2TARannexB.pdf">https://www.ipcc.ch/site/assets/uploads/2018/03/wg2TARannexB.pdf</a>
Scope 1 emissions	Emissions from operations that are owned or controlled by the reporting company.	GHG Protocol, Corporate Standard <a href="https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf">https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf</a>
Scope 2 emissions	Emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.	GHG Protocol, Corporate Standard) <a href="https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf">https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf</a>
Location-based emissions	A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).	GHG Protocol, Scope 2 Guidance <a href="https://ghgprotocol.org/sites/default/files/2023-03/Scope%20%20Guidance.pdf">https://ghgprotocol.org/sites/default/files/2023-03/Scope%20%20Guidance.pdf</a>
Market-based emissions	A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).	GHG Protocol, Scope 2 Guidance <a href="https://ghgprotocol.org/sites/default/files/2023-03/Scope%20%20Guidance.pdf">https://ghgprotocol.org/sites/default/files/2023-03/Scope%20%20Guidance.pdf</a>
Scope 3 emissions	All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.	GHG Protocol, Corporate Standard <a href="https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf">https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf</a>
Indirect energy consumption	Purchased or acquired electricity, heat, steam and cooling supplied from outside, to the site.	Adapted from GRI Standards Glossary <a href="https://www.globalreporting.org/publications/documents/english/gri-standards-glossary-2022/">https://www.globalreporting.org/publications/documents/english/gri-standards-glossary-2022/</a>
Direct energy consumption	Total fuel consumption within the organisation.	Adapted from GRI Standards Glossary <a href="https://www.globalreporting.org/publications/documents/english/gri-standards-glossary-2022/">https://www.globalreporting.org/publications/documents/english/gri-standards-glossary-2022/</a>
Mass balance sourcing	Mass balance is a sourcing method that allows for certified and non-certified ingredients to become mixed during the shipping and manufacturing processes. All major international sustainability initiatives use mass balance in one form or another.	Rainforest Alliance What is Mass Balance Sourcing?   Rainforest Alliance ( <a href="http://rainforest-alliance.org">rainforest-alliance.org</a> )
Segregated sourcing	Segregated sourcing is a sourcing method that requires companies to keep the ingredients purchased from a certified farm physically separated from non-certified ingredients throughout the whole supply chain. There is direct traceability.	Adapted from Rainforest Alliance What is Mass Balance Sourcing?   Rainforest Alliance ( <a href="http://rainforest-alliance.org">rainforest-alliance.org</a> )
Certified Cocoa	Evaluated using accepted industry standards and certification schemes, such as: <ul style="list-style-type: none"> <li>• Cocoa Horizons</li> <li>• Rainforest Alliance</li> <li>• Fairtrade</li> <li>• CEN/ISO</li> </ul> <p>Other schemes may be in use across our supply base and these will also be considered.</p>	ARYZTA Sustainable Sourcing Policy for Cocoa Beans

# APPENDIX




















## Appendix 6 – Glossary (continued)

GLOSSARY TERM	DEFINITION	SOURCE
“ARYZTA – Better For You”	“ARYZTA – Better For You” product framework, including health, nutrition and environmental considerations meets the growing awareness and demands from consumers. At the same time, our focus on regenerative agriculture brings more sustainable and potentially healthier ingredients into our products. Our products will be categorised based on energy, fat, sugar, salt, fibre and protein content, using an independently verifiable methodology.	
Regenerative/Sustainable Agriculture	Regenerative agriculture refers to agricultural practices that contribute to humus enrichment in the soil. This stores carbon, improves soil structure and increases biodiversity in fields. In this way, the soil is regenerated and its fertility and climate resilience are improved. In addition, farmers reduce their emissions at farm level through improved management. Regenerative agriculture utilises more sustainable farming methods that protect the soil, water and emit less GHGs, whilst allowing the farmers to benefit from a fair price for their products.	Adapted from KLIM Regenerative agriculture (klim.eco)
Total Recordable Incident Rate (TRIR)	Total recordable incident rate (TRIR) is a measure of occupational health and safety based on the number of safety incidents reported against the number of workers present and the number of hours worked.	<a href="https://www.bls.gov/help/def/iirc.htm">https://www.bls.gov/help/def/iirc.htm</a>
Virgin Plastic	Virgin plastic refers to new and pristine materials that are often used to manufacture plastic products such as films and packages. The majority of these come from Hydrocarbon sources.	<a href="https://apps1.unep.org/resolutions/uploads/eia_-_essential_elements_-_production_consumption.pdf">https://apps1.unep.org/resolutions/uploads/eia_-_essential_elements_-_production_consumption.pdf</a>
Cage-free egg	Cage-free eggs are evaluated using accepted industry standards and certification schemes, such as: <ul style="list-style-type: none"> <li>• Free Range</li> <li>• RSPCA Assured</li> <li>• Free-Range Organic</li> <li>• Cage-free Certified</li> </ul> Other schemes may be in use across our supply base and these will also be considered.	ARYZTA Sustainable Sourcing Policy for Eggs
SEDEX Members Ethical Trade Audit (SMETA)	SMETA is one of the most widely used ethical audit formats in the world. It combines the best practices in the field of corporate social responsibility. The concept describes a methodology based on the Ethical Trading Initiative (ETI) Base Code. Audits in the SMETA format focus as much on labour conditions and occupational safety as on environmental standards and ethical business practices.	TUV Rheinland <a href="https://www.tuv.com/content-media-files/master-content/services/systems/1444-tuv-rheinland-sedex-audit-according-to-smeta/tuv-rheinland-sedex-audit-smeta-faq-en.pdf">https://www.tuv.com/content-media-files/master-content/services/systems/1444-tuv-rheinland-sedex-audit-according-to-smeta/tuv-rheinland-sedex-audit-smeta-faq-en.pdf</a>



# APPENDIX

## Appendix 7: United Nations Sustainable Development Goals

ARYZTA SUSTAINABILITY STRATEGY PILLARS	ARYZTA SUSTAINABILITY GOALS	SUSTAINABLE DEVELOPMENT GOALS (SDGS)
<b>ENVIRONMENTAL EFFICIENCY</b>	Greenhouse Gases – 34% reduction of scope 1&2 emissions by 2028, from a 2022 baseline	 
<b>ENVIRONMENTAL EFFICIENCY</b>	Water usage – 10% reduction in non-product water use by 2028, from a 2023 baseline	
<b>ENVIRONMENTAL EFFICIENCY</b>	Food Waste – reduce operational food waste by 20% by 2028 from a 2022 baseline	
<b>INSPIRING INNOVATION</b>	Clean/Health labelling – 40% of New Product Development will fall into the “ARYZTA – Better For You” criteria by 2028	  
<b>INSPIRING INNOVATION</b>	Wheat supplies from Sustainable/ Regenerative Agriculture – 25% share on a mass balance basis by 2028	 
<b>INSPIRING INNOVATION</b>	Virgin Plastic usage – from a 2023 baseline, 10% reduction by 2026 and 30% by 2028, through recycling, use of recycled material and non-plastic materials	 
<b>INSPIRING INNOVATION</b>	Sell products with 100% RSPO certified palm oil – at least with mass balance supply chain certification by 2024 and with segregated supply chain certification by 2026	  
<b>INSPIRING INNOVATION</b>	Sell products with 100% Certified Cocoa by 2026	  
<b>INSPIRING INNOVATION</b>	Sell products with 100% Cage-free eggs by 2026	 
<b>OUR PEOPLE &amp; COMMUNITIES</b>	Human Capital – training and development plans for 100% of employees, each employee receives a minimum of 3 days role-specific training annually, by 2028	
<b>OUR PEOPLE &amp; COMMUNITIES</b>	Reduce our Total Recordable Incident Rate by 50% by 2028 from a 2023 baseline	 
<b>OUR PEOPLE &amp; COMMUNITIES</b>	Supply chain due diligence – each of our sites / businesses reporting through SEDEX, to achieve an average score of at least 3.5 (out of 5) by 2028	
<b>OUR PEOPLE &amp; COMMUNITIES</b>	We will assess supply chain risks of our top supplier manufacturing sites, according to our Risk Materiality Assessment Process, utilising SMETA audits: – with 200 or more of our supplier sites, audited by end of 2025 – and additional 300 supplier sites, audited by end of 2028	

# INDEPENDENT ASSURANCE REPORT ON SELECTED SUSTAINABILITY METRICS

To the Management of  
ARYZTA AG, Schlieren

Zurich, 1 March 2024

We have been engaged to perform a limited assurance engagement (the engagement) on the key performance indicators marked with a “\*” (the KPIs) disclosed in ARYZTA AG’s (the Company’s) Sustainability Report 2023 (the report) for the reporting period from 1 January 2023 to 31 December 2023, namely:

- ▶ GRI 305-1: Scope 1 GHG emissions; page 134
- ▶ GRI 305-2: Scope 2 GHG emissions; page 134
- ▶ GRI 305-1: Biogenic Scope 1 GHG emissions and non-Kyoto GHG emissions; page 134
- ▶ GRI 305-4: GHG emissions intensity; page 134
- ▶ GRI 302-1: Total energy consumption (breakdown by renewable/non-renewable and direct/indirect); page 134
- ▶ GRI 302-3: Energy intensity; page 134
- ▶ Custom criteria: Reduction of food wasted as a percentage of raw material consumption; page 134
- ▶ Custom criteria: Total number of employees (headcount, breakdown by gender, region and age group); page 136

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the report, and accordingly, we do not express a conclusion on this information.

## Applicable criteria

The Company defined as applicable criteria (applicable criteria):

- ▶ Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).
- ▶ ARYZTA’s Custom Criteria

A summary of the GRI standards is presented on the GRI homepage and the Custom Criteria are described within the Company’s Sustainability Report 2023. We believe that these criteria are a suitable basis for our limited assurance engagement.

## INDEPENDENT ASSURANCE REPORT ON SELECTED SUSTAINABILITY METRICS

(continued)

### Responsibility of the Management

The Management is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

### Independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our responsibility

Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Revised). This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the report are free from material misstatement, whether due to fraud or error.

### Summary of work performed

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal control when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal control. Our procedures did not include testing control or performing procedures relating to checking aggregation or calculation of data within IT systems.



## INDEPENDENT ASSURANCE REPORT ON SELECTED SUSTAINABILITY METRICS (continued)

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:

- ▶ Assessment of the suitability of the underlying criteria and their consistent application
- ▶ Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- ▶ Interviews with the Company's key personnel to understand the sustainability reporting system during the reporting period, including the process for collecting, collating and reporting the KPIs
- ▶ Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria
- ▶ Analytical review procedures to support the reasonableness of the data
- ▶ Identifying and testing assumptions supporting calculations
- ▶ Testing, on a sample basis, underlying source information to check the accuracy of the data

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

### Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs for the reporting period from 1 January 2023 to 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.



Ernst & Young Ltd

A handwritten signature in black ink, appearing to read 'O. Mange'.

**Olivier Mange**  
Executive in charge

A handwritten signature in black ink, appearing to read 'Grace Gilewicz'.

**Grace Gilewicz**  
Manager