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# Annual Report and Accounts 2020

## Our Responsibility

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### Our Commitment

ARYZTA is committed to operating as a financially successful and socially responsible business for the long-term. Our strategies are developed with careful attention of Environmental, Social and Governance (ESG) considerations. The Group has established the ARYZTA Cares initiative, aimed at promoting active employee, customer and supplier engagement in pursuit of our corporate responsibility goals. Our approach is based on our Corporate Values of Integrity, Ownership, Customer Focus, Creativity, and Care.

The key elements of this programme, as summarised below, include:

- People and Workplace
- Food and Marketplace
- Sustainable Sourcing
- Environmental Practices
- Community Engagement

Additional information on each of these areas is also available on our website at: <http://www.aryzta.com/our-responsibilities>

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### People and Workplace

We believe that each employee contributes directly to our growth and success. We are committed to creating a workplace and a value structure to attract and to retain a talented diverse workforce to support not only our business success, but also the health and well-being of our employees and their families.

We recognise that our continued success is dependent on the quality, commitment and responsible behaviour of our people. ARYZTA values diversity and treats all individuals with respect without regard to race, colour, gender, religion, age, natural origin, family status, military veteran status, sexual orientation, disability, or any other criterion prohibited by applicable federal, state, local, or international laws.

The health and safety of our people is of paramount importance to ARYZTA. We pursue comprehensive safety management procedures, including policy manuals, verification of regulatory compliance, risk assessments, individual site action plans, safety audits, training programmes, formal accident investigations and the provision of occupational health services. The recent COVID-19 pandemic has provided an opportunity for us to live our values, going to great lengths to protect our employees and maintain supply to our customers.

ARYZTA Food Europe created a Health, Safety and Environmental framework to facilitate a standardised approach to HSE management across the region. This incorporated the creation of a new role, a Head of Health, Safety and Environment (HSE), a European HSE working group, a safety vision, and a 3-year HSE Strategy and Roadmap to deliver on a newly created ARYZTA Europe Zero Harm Safety program. As part of this program improvements were made in incident reporting along with the launch of new Safety KPI's in the form of Lost Time Incident Rate (LTIR) and Recordable Incident Rate (RIR). As part of the ARYZTA Europe Zero Harm Program, 2020 will see the launch of the ARYZTA Europe 10 Life Saving Rules which are aimed at protecting not only our employees but anyone present and working on our sites.

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## Our Responsibility (continued)

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

ARYZTA has implemented a Global Employee Code of Conduct, which establishes policies and expectations regarding employee behaviour, ethics, anti-bribery and corruption, political involvement and freedom of association. ARYZTA fully complies with applicable national and local laws and industry standards on working hours and the workplace environment.

In relation to matters of concern, we have established a 24 / 7 hotline with Exo-link (0800 563823) where employees, customers and suppliers can confidentially communicate any concerns through an independent service.

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

Our objective is to operate to best practice standards in terms of confidentiality of information (for example GDPR compliance or cyber security considerations).

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### Food and Marketplace

Today's consumers are increasingly focused on the ingredients and sourcing of the food they eat. At ARYZTA, our commitment is to provide choices to our customers, based on expanding our food platforms to meet current and emerging trends. Our approach to supply chain excellence includes strict vendor standards, comprehensive facility expectations and detailed adherence to customer specifications. Customer requirements are a central component of all of our baking operations. Each customer's specifications, expectations and requirements are documented to ensure compliance.

All of our bakeries will be Global Food Safety Initiative (GSFI) certified by the end of calendar year 2020 and ARYZTA's internal policies require compliance with all food safety laws and regulations, including clean labelling requirements.

ARYZTA's food processing facilities operate under comprehensive Hazard Analysis and Critical Control Point (HACCP) systems based on Codex Alimentarius Principles, Good Manufacturing Practice (GMP) and in compliance with applicable food laws and regulations.

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

Our products are produced to the exacting specifications of our major international food customers, as well as for the unique expectations of our independent local customers. Excellence within this wide array of supply chain expectations is achieved through

## Our Responsibility (continued)

partnering with our customers, suppliers and partners and through detailed internal training programmes, to ensure quality control standards are adhered to throughout the entire supply chain process.

To ensure our food is produced with the highest level of food safety, ARYZTA's raw material vendors generally must:

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

### Sustainable Sourcing

Our procurement teams partner with our key vendors to establish long-term goals for sustainable sources of raw materials that address the social, ethical, economic, safety, quality, and environmental aspects of product sourcing. As a key target area of our global strategy, ARYZTA is also addressing important human rights issues with our vendors around the world. Our updated Global Vendor Code of Conduct will be signed by our major suppliers as well as on-site staffing agencies or other on-site service providers. Our goal is to have all vendors globally sign the Code of Conduct by the end of FY 2021. ARYZTA will then begin a process of third-party auditing of our vendor network to assess the important areas of Supplier Workplace Accountability and to ensure vendor partners are compliant with workplace standards, business practices and all local laws and regulations.

Animal Welfare is another key component of our sustainability effort. ARYZTA has completed a Global Animal Welfare Policy that addresses any uses of proteins in our supply chain. Our initial targets address the important issue of cage-free eggs: we have established a goal of 100% cage-free for all customers by 2025.

In Europe, our procurement team partners with wheat farmers to encourage sustainable agricultural practices, including minimizing the amount of fertiliser and pesticides. We also strive to source Fairtrade ingredients and increase diversity-owned vendors in sourcing our products and services.

Conserving forests is a key focus of our 2025 goals. This target addresses two areas: palm oil sustainability and increasing the use of recycled content in our packaging. In order to support the long-term development of sustainable palm oil solutions, ARYZTA is a global member of the Roundtable on Sustainable Palm Oil (RSPO) and participates in three of the available certifications: Book and Claim, Mass Balance, and Segregated Supply. A number of ARYZTA's customers have asked us to help them meet commitments on certified sustainable palm oil. Our goal is to ensure that all customer and internal requirements for sustainability of palm oil are continuously met.

Relative to recycled content in packaging, our goal for one key customer is to achieve 70% or higher post-industrial and post-consumer content by 2025, working with our key packaging vendors.

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## Our Responsibility (continued)

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### Environmental Practices

At ARYZTA, we are committed to protecting our environment. In addition to ensuring compliance with all regulatory and industry environmental standards, we are constantly working towards reducing our energy and water use, minimizing our carbon footprint, and diverting as much waste as possible from landfill. ARYZTA is aware that the earth's ecosystems are fragile and that environmental conservation is critical to the continued well-being of the planet, its natural resources and its citizens.

In FY20 we conducted a full assessment of our Scope 1, 2 and 3 carbon emissions. In FY21 we will establish a 2030 science-based target for carbon footprint reduction along with a set of actions and investments needed to achieve the targets over time.

Our goals will include individual metrics to measure our progress related to electricity and gas consumption and intensity, incoming and waste water intensities, waste, and Scope 3 inputs and outputs to the business. These metrics will be used to assess the efficiency of our individual bakeries and to identify potential cost savings opportunities, as well as working with our supplier partners to reduce Scope 3-related emissions. We measure the Group's CO2 emissions per metric tonne of food sold.

ARYZTA follows the Greenhouse Gas Protocol. For the past three years, ARYZTA has submitted its Scope 1 and 2 global GHG emissions to the Carbon Disclosure Project, as a means of public reporting and continuous improvement. This year's submission includes Scope 3 emissions for the first time and sets the baseline for our future reduction efforts.

Protecting water resources is a key target area. Our goal with one customer is to reduce our non-recipe water usage in bakeries relevant to them by 10% by 2025, from 2018 usage of 1.32 cubic meters of water per metric tonne of production. Since most of the water usage in our bakeries is for sanitation and food safety purposes we will be mindful of maintaining our strict standards as we explore ways to reduce water usage.

ARYZTA is also keenly focused on our waste stream and recycling as a method to reduce waste sent to landfills. For one customer, we are targeting achieving a 97% waste diversion from landfill by 2025, in conjunction with increasing our recycling rate to 64% for non-organics. Additionally, ARYZTA has recently partnered with another major European customer to develop methods to reduce waste all along the food lifecycle, in support of UN Sustainable Development Goal 12.3 which calls on all nations to halve food waste and reduce food loss by 2030.

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### Community Engagement

We are committed to being a responsible member of the communities in which we operate and encourage our business units to play an active role within them. In addition to providing employment opportunities, ARYZTA aims to make positive contributions to its community by building relationships and earning a positive reputation as a good employer, neighbour and corporate citizen. For example, in North America ARYZTA regularly donates food to several non-profit organizations representing diverse interests throughout the U.S. and Canada. We encourage our bakery teams to engage with their local communities through volunteer activities and food donations. In addition, ARYZTA routinely supports philanthropic activities of our key customers.