

Respecting and Protecting Human Rights

October 2020

The purpose of this document is to provide complementary information on Paulig Group's commitments and management practices in relation to human rights in the context of the SIHTI assessment.

Ethical Principles are the cornerstone of our operations

Through our [Ethical Principles](#), we are committed to respect the United Nations' Universal Declaration of Human rights in all our operations. At Paulig, we always comply with the applicable laws, regulations and norms in the countries where we operate. We conduct our operations with integrity and ethics and are accountable for our actions. Our Ethical Principles also define our will to promote ethical behaviour beyond the laws and regulations.

We also respect other international agreements such as Convention on the Rights of the Child, ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. The four core conventions of ILO, effective abolition of child labor, elimination of discrimination in respect of employment and occupation, elimination of all form of forced or compulsory labor and freedom of association and the effective recognition of the right to collective bargaining, are considered in our operations and have guided the requirements set towards our suppliers in the Paulig Code of Conduct for Suppliers.

One of the three focus areas of our new Sustainability Approach 2030 is to be a fair and inclusive partner and employer. Through this ambition we have committed to continuously develop our practices, both in sourcing and own operations, and to further increase the transparency throughout the value chain. The Approach and its key initiatives have been approved by Paulig Board of Directors. Furthermore, Paulig joined in calling for an EU-wide regulation on human rights' and environmental due diligence. More information can be found [here](#).

The responsibility for our sustainable development work is with the Group Leadership Team where the sustainability work is led by the SVP, Communications & Sustainability. The Group CEO and Board review and approve the policies and key projects and objectives related to sustainable development.

Managing human rights at Paulig

A significant share of our raw materials comes from countries that are classified as risk countries by amfori BSCI (Business Social Compliance Initiative). In these countries, problems related to human and employee rights are prevalent. The common sustainability risks in the food sector are related to human rights such as forced or child labour, and labour rights such as fair remuneration and working hours. Our long-term relationships with suppliers help us to understand the human rights risks and other sustainability issues in our

supply chains better. In addition, climate change, loss of biodiversity and water stress as well as the usage of pesticides cause risks to the environment and people in these areas.

We apply a diligent process when assessing our suppliers. We evaluate the sustainability risks related to suppliers through country risk assessments, supplier self-assessments and audits. We always conduct a supplier risk assessment before starting collaboration with a new supplier and evaluate existing supplier on regular intervals.

[The Paulig Code of Conduct for Suppliers](#) forms part of commercial agreement between Paulig and any supplier and stipulates the minimum requirements suppliers must abide by, such as safe and decent working conditions as well as respecting of the human rights and environmental risks related to their own operations and supply chains. We also set a clear request for traceability regarding both manufacturing and origin of raw materials when using sub-suppliers in connection with a delivery to Paulig. We audit our direct high-risk suppliers regularly and we use a combination of audit performed by our own employees and third-party auditors.

In case any human rights violations are detected in our supply chain, we take immediate action. We examine any emerging problems thoroughly and if necessary, take corrective action in cooperation with our suppliers and other interest groups. If no solution can be found or the partner in question is unwilling to develop their operations, we will reassess the relationship and discontinue it altogether if necessary.

More information on how we manage sustainability can be found on our [Group website](#).

Improving human rights through partnerships and collaboration

All our coffee is from verified sustainable sources and we aim to extend this work to cover also other raw materials. Paulig has set a goal to have all raw materials from high-risk areas externally verified sustainable by 2030. To reach this ambition as well as our other sustainability targets, we seek for active collaboration with different partners and stakeholders.

In April 2020, we became [an amfori member](#), which enables us to influence global decision-making and effectively promote well-being throughout the supply chain, scale external verifications in our supply chain and collaborate with others.

We want to be an active player in our countries of origin to secure a fair and inclusive way of working. We investigate the root causes of potential human rights issues and support the local community in fixing them. Close collaboration with our partner organizations as well as our membership in multi-stakeholder organizations provide us valuable expertise and support in building our understanding and hence addressing the needs and concerns of local communities and the potentially affected stakeholders.

We are a member of **Sustainable Spices Initiative**, which aims to sustainably transform the mainstream spices sector, thereby securing future sourcing and stimulating economic growth in producing countries. In India, we have had collaboration with the Save the Children organization since 2004 to support children's rights. During these years, we have, for instance, initiated a study on children's rights in the supply chain of our major

spices in India. As a result, a project was kicked off to enable schooling for hundreds of children.

One of our most important partnerships is **International coffee partners** GMBH (ICP), which is a non-profit collaborative company, founded by five European, family-owned coffee industry companies. ICP furthers sustainable development in coffee-producing countries by realising projects, which benefit coffee farmer families and the environment.

Training and communicating

All of our employees complete an online training on our ethical principles as part of their onboarding program. The training is available in six languages (English, Russian, Dutch, Estonian, Finnish and Swedish) to serve our employees in all the countries of operations. The purpose of the training is to ensure the execution of our principles and related practices in our methods and daily work. Managers are responsible for monitoring completion of the training and this is supported by a checklist in our human resources information system.

We pay special attention to the continuous development of the competence of those working with sustainability, quality and sourcing. Paulig Code of Conduct for Suppliers includes human rights requirements and these topics have been trained for Sourcing Managers. When Paulig's own employees are conducting supplier sustainability audits, they receive two days internal training about the topics covered in the Code of Conduct, audit process and the tools to be used before, during and after the audit. Auditors will also go through SA8000 auditor course once they have gained enough experience as an observer of audits.

Work safety

Employees' health and safety is of high importance to us. In improving safety and averting risks, a proactive and preventative approach is the most relevant tool. This includes, for example, continually increasing our employees' safety awareness, assessing and observing risks systematically, and inspecting and auditing our safety practices. We are happy about the positive trend in health and safety of our employees, but also acknowledge that this area must be a high priority focus for us also in the future. The safety performance is monitored monthly at Paulig Group management team meetings.

In 2019, a group wide One Paulig Safety Culture -project was launched. Previously, health and safety initiatives were driven on a divisional level. Now, the focus is on implementing the common safety culture and continuing the every-day safety work at all our production sites as well as at other locations.

All Paulig sites have a systematic approach to safety management and the safety work at our production sites is in alignment with the requirements of ISO45001. Paulig safety policy and objectives are implemented in the whole organization. Health and safety risk management (hazard identification & risk assessment and mitigation, conducted locally) makes a key element of our health and safety management systems.

We value every person as they are

In Paulig, we value every person as an individual and a professional and expect the same from our suppliers and partners. The driving principles of our management and remuneration are equity and justice and we do not accept discrimination of any kind.

We promote equality through development and career planning so that women and men, and different ages are on an equal footing in different groups of staff. We treat people who have reduced capacity to work equally with other candidates and employees. The implementation of these commitments is ensured by our local and group level human resources teams through annual monitoring, discussions in work councils and, importantly, inclusive recruitment policy. Furthermore, requirements set by local policies are followed by our human resources teams together with relevant stakeholders. For example, in Sweden an equality plan as well as a salary comparison on gender are reviewed annually together with the unions and Paulig's safety representatives and followed up by local committees on production sites.

Intervening in issues

We also want our employees to feel comfortable with voicing dissenting opinions and concerns at the workplace. Paulig's personnel has the opportunity to raise possible issues anonymously through a Whistleblowing tool maintained by a third party. A person expressing genuine suspicion or misgiving will not be at risk of losing their job or suffering any form sanctions or personal disadvantages as a result.

Any possible breaches and non-conformities are evaluated and investigated by a team appointed from members of the Paulig Management Team with the authority to handle whistleblowing cases. Their actions are logged and handling is confidential. The cases are annually reported to Paulig Group Board of Directors.