



From the bean to the cup
Corporate Responsibility Report 2009

Paulig

Attainment of targets for corporate social responsibility in 2009



The targets set for 2009 were attained well.

Targets for 2009		Attainment	
FINANCIAL RESPONSIBILITY			
Market position	The improvement of PRO operations in the out-of-home distribution channel as a seller of a coffee equipment range as well as coffee products and supplies.	Acquiring a majority shareholding in Vendor Group Oy. Planning the merger of the business of Paulig PRO and Vendor.	** s. 4 - 5, 29
	Building service business in accordance with ISO 9001 certification.	Not attained due to corporate re-organisation.	0
	Updating the risk management policy for green coffee.	Risk management policy updated.	** s. 10 - 11
Roastery projects	Completion of the new roastery and the relocation of roastery operations to Vuosaari business park.	Roastery completed on schedule in autumn 2009 and production was wound up at the old roastery in November 2009.	** s. 4 - 5, 12 - 13, 16
	Starting the construction work on a roastery in Russia.	Foundation stone laid at the Tver roastery in October 2009.	** s. 4 - 5, 30
SOCIAL RESPONSIBILITY			
Personnel	The improvement of personnel development and personnel management throughout the Coffee Division.	The Paulig Group's new leadership model was completed and the related Bridge training was started in December 2009. The Group's model is also applied in the Coffee Division. The new 3D model for target and development discussions was approved and supervisor training was begun in December 2009.	** s. 4 - 5, 25 - 26
	Completing the revamp of Paulig's values in Finland, the Baltic countries and Russia.	An intranet discussion channel was opened for the personnel to polish the values and for debate. The actual rollout was postponed till 2010.	* s. 25
Traceability	Upgrading the processing of data on the origin of green coffee purchases.	Date documentation improved. Traceability requirements communicated to all main suppliers. Cooperation started with a new coffee supplier who verifies the traceability of the raw material all the way to the plantations in Brazil. The range of UTZ CERTIFIED products expanded.	* s. 4 - 5, 8 - 9
Local community	Communicating timetables for winding up the old roastery and the future of the building to the neighbours and Vuosaari residents.	The wind-up was announced by letter and in the local newspaper.	** s. 33
Customers and consumers	Activating online customer service operations and improving methods for analysing e-feedback.	A study was started on improving the handling of feedback.	* s. 33
	Carrying out a customer satisfaction survey.	A graduation piece charting areas for improvement was produced.	** s. 33

Targets for 2009		Attainment	
ENVIRONMENTAL RESPONSIBILITY			
Logistical solutions and distribution	Implementing an ECR Sustainable Transport Road Map project for charting transport energy-efficiency and items for improvement with a partner.	A survey was carried out with Transpoint Oy.	** s. 13 - 15
The quantity of waste and packagings	Going over to using thinner packaging laminate in all vacuum packed coffee packages.	The changeover was successful in almost all products. Consumption of laminate declined by 5% (weight).	* s. 22
	Minimising the amount of mixed waste when the old plant is demolished.	Efforts were made to reuse materials, fittings and machines by sorting and recycling.	** s. 20 - 21
Energy consumption	Reducing energy consumption in coffee manufacturing by running in the new roastery and its equipment.	The heat generated in roasting coffee is recovered and used to preheat raw materials. Radiant heating in the manufacturing facilities only affects areas where heat is needed. The lighting is energy-efficiency and natural light is widely used.	** s. 4 - 5, 16, 20 - 21
Other	Arranging training in odours and introducing sensory assessment to evaluate the odours emitted by the new roastery.	Members were chosen and trained for the odour panel.	** s. 22
	Distribution to personnel of information on efficient and environmentally friendly working methods plus communications on themes related to recycling, particularly when the relocation to the new roastery takes place.	A recycling market was held at the time of the relocation and there were communications about recycling in the intranet. The Green Office arranged an event at the new roastery for energy conservation and the environmental impacts of food.	** s. 22
	Improving and introducing the vehicle policy in all countries.	Revamp postponed till 2010.	0 s. 22

0 target not attained
* target partly attained
** target fully attained

The targets for corporate social responsibility for 2010



Targets for 2010	
FINANCIAL RESPONSIBILITY	
Market position	Developing out-of-home coffee business and coffee service business in Finland, the Baltic countries and Sweden. Boosting the market position in Russia and the Baltics.
Roastery projects	Standardising guidelines throughout the Group and lowering emission limits.
SOCIAL RESPONSIBILITY	
Personnel	Rollout and training for new leadership model. Rollout of new model for target and development discussions. Completion of personnel survey as part of a study of the Paulig Group.
Traceability	Increasing the use of traceable and certified-responsibility coffees.
Paulig Code of Conduct	Communicating the procedures to all countries of origin.
Local community	Contact with local parties and notifications to local residents concerning activities.
Customers	Enhancement of customer service with a net-based system.
ENVIRONMENTAL RESPONSIBILITY	
Logistical solutions and distribution	Auditing of shipowners overseas transport. Direct transport of finished products from Finland to the Baltic countries and the end of interim storage.
The quantity of waste and packagings	Vacuum pack laminate thinner by 3 per cent.
Energy consumption	Specific consumption of natural gas reduced by 20 per cent compared with the old production plant.
Development of vehicle policy	Harmonising guidelines throughout the Group and lowering emission limits.
Other	Communication to the personnel about environmentally friendly working methods and recycling subjects.

Paulig's Corporate Social Responsibility Report 2009

Comparison with the guidelines of the Global Reporting Initiative (GRI)



Code	Content	Included	In report on page
PERFORMANCE INDICATORS			
Economic Performance Indicators			
EC1	Direct economic value generated and distributed including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	Yes	4 - 5, 29
EC2	Financial implications and other risks and opportunities for the organizations activities due to climate change.	Yes	11
EC3	Coverage of the organizations defined benefit plan obligations.	No	
EC4	Significant assistance received from government.	No	
Market presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	No	
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation.	Yes	8 - 9, 11
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Partly	25 - 26
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	Partly	12 - 15, 29
EC9	Understanding and describing significant indirect economic impacts including the extent of impacts.	Yes	6 - 9, 29, 34
ENVIRONMENTAL PERFORMANCE INDICATORS			
Materials			
EN1	Materials used by weight or volume.	Yes	20 - 22
Energy			
EN3	Direct energy consumption by primary energy source.	Yes	16, 20 - 21
EN5	Energy saved due to conservation and efficiency improvements.	Yes	16, 20 - 21
EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives.	Yes	16, 20
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partly	16, 20
Water			
EN8	Total water withdrawal by source.	Yes	20 - 21
Biodiversity			
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	Partly	9, 11
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Yes	20 - 21
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partly	16, 20 - 21
EN20	NO, SO ₂ , and other significant air emissions by type and weight.	Yes	20 - 21
EN22	Total weight of waste by type and disposal method.	Yes	20 - 21

Code	Content	Included	In report on page
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation.	Yes	9, 15, 22
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organizations operations and transporting members of the workforce.	Yes	12 - 15
Overall			
EN30	Total environmental protection expenditures and investments by type.	No	
LABOR PRACTISES AND DECENT WORK			
Employment			
LA1	Total workforce by employment type, employment contract and region.	Yes	26
LA2	Total number and rate of employee turnover by age group, gender and region.	Yes	26
LA3	Benefits provided to full-time employees that are not provided to temporary or part time employees by major operations.	Yes	25 - 26
Occupational health and safety			
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities by region.	Yes	25 - 26
LA8	Education, training, counseling, prevention and risk control programs in place to assist workforce members, their families or community members regarding serious diseases.	Yes	25 - 26
Training and Education			
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assists them in managing career endings.	Partly	25 - 26
LA12	Percentage of employees receiving regular performance and career development reviews.	No	
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	Partly	26

Code	Content	Included	In report on page
PERFORMANCE INDICATORS: Human rights			
Investment and Procurement Practises			
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	No	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations including the percentage of employees trained.	No	
Child Labor			
HR6	Operations identified as having significant risk for incidents of child labor and measures to contribute to the elimination of child labor.	No	
PERFORMANCE INDICATORS: Society			
Community			
SO1	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities including entering, operating and exiting.	Yes	9, 8 - 9, 11, 22
PERFORMANCE INDICATORS: Product Responsibility			
Customer Health and Safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures.	Yes	18 - 19
Product and Service Labeling			
PR5	Practices related to customer satisfaction including results of surveys measuring customer satisfaction.	Yes	30 - 31, 33

Involvement in business and sector development

innish cooperation

- ECR Finland: The purpose of ECR Finland is to promote cooperation between trade and industry, especially in category management and logistics. Further information available at: **www.ecr-finland.com**
- The Finnish Food and Drink Industries' Federation (FFDIF): The federation promotes the interests of Finland's food and drink companies in business and labour market policy. It also functions as a forum for cooperation between companies in their relations with the authorities, retailers, producers and other stakeholders. Further information available at: **www.etl.fi**
- Finnish Business & Society: The network seeks to reinforce cooperation between the private and public sectors in order to promote sustainable social and economic development. Further information available at: **www.fibsry.fi**
- The Finnish Association of Marketing Communication Agencies MTL is the central organisation of companies providing expert services for marketing and communications. Its members provide companies and organisations with assistance in the form of expertise to achieve their goals in marketing and communications. Further information available at: **www.mtl.fi/en**
- The Finnish Coffee Roasters' Association: The roasters' association is a sectoral association of the FFDIF and a member of ECF (European Coffee Federation), an umbrella organisation for the coffee industry in the European Union. In addition to looking after its members' interests the association develops links with the Finnish research community in order to monitor research into coffee and closely monitors research into the sector conducted outside Finland, issues of coffee and health and environmental matters. The roasters' association sets out to provide Finns with topical information about coffee, coffee culture, and the manufacture and processing of coffee. Further information available at: **www.etl.fi and www.kahvi.net**
- The Environmental Register of Packaging PYR Ltd: Finnish legislation requires that companies take responsibility for the reuse of packaging they bring onto the market. By entering into a contract with PYR, companies transfer their recovery obligation to the PYR producer organisations. Having concluded such a contract, Paulig is entitled to use the PYR trademark. Further information available at: **www.pyr.fi**

- The Finnish Packaging Association: The association coordinates communications, public relations, publishing and training for the packaging sector. Further information available at: **www.pakkaus.com**
- Finnish Plastics Recycling Ltd: This is an organisation for plastics producers. Further information available at: **www.suomenuusiomuovi.fi**

International cooperation

- International Coffee Partners GmbH (ICP): A joint nonprofit enterprise established in 2001 by five family-owned European companies operating in the coffee sector. ICP's mission is to promote sustainable development in coffee-producing countries by implementing projects which benefit the environment and families of coffee growers. Further information available at: **www.coffee-partners.org**
- European Coffee Federation (ECF): The umbrella organisation for the European coffee industry, whose interests it defends at EU level. Further information available at: **www.ecf-coffee.org**
- The Institute for Scientific Information on Coffee (ISIC): Established by Europe's largest coffee companies. ISIC is an umbrella organisation for Scientific Committee and Communication Committee. Further information available at: **www.cosic.org**
- The Coffee Science Information Centre (CoSIC): Based in the UK, CoSIC is a coffee industry information centre that monitors global scientific research into the health effects of coffee, which it then uses to produce reports for use by experts and consumers. Further information available at: **www.cosic.org**
- ISIC Scientific Committee: A sub-organisation of ISIC which monitors and finances scientific research into the health effects of coffee.
- The Specialty Coffee Association of America (SCAA): An association focusing on speciality coffees, whose members include organisations such as coffee houses, roasting plants, growers, coffee exporters and importers. Further information available at: **www.scaa.org**
- Paulig is a member of the Speciality Coffee Association of Europe (SCAE). Further information available at: **www.scae.com**

Coffee production permits and commitments

- Gustav Paulig has an ISO 22000 standard-compliant food safety management system which was granted certification (Det Norske Veritas) in December 2008. Standard-compliant operations are verified annually with external audits.
- European Contract for Coffee (ECC): All Paulig's green coffee purchase agreements conform to ECC regulations.
Further information available at: www.ecf-coffee.org
- Self-assessment plan: The City of Helsinki Environment Centre issued a decision on self-assessment at Gustav Paulig Ltd in November 1996. The selfassessment is based on HACCP (Hazard Analysis of Critical Control Points).
Further information available at: www.hel.fi/ymk
- Surveillance of organic products: The entire supply chain for organic products is covered by an official surveillance system. The surveillance is the responsibility of the Finnish Food Safety Authority (Evira).
Further information available at: www.evira.fi
- Certificate of Conformity: Paulig products comply with the requirements of the GOST R standard (Gosstandard of Russia), which is imposed on imports to Russia. Company has the GOST conformity certificate for imports to Ukraine.
Further information available at: www.fi.sgs.com/fi
- Gustav Paulig has an environment system which is compliant with the ISO 14001 standard and was certified by Det Norske Veritas in June 2004. The compliance of environmental activities with the standard is ensured by external audits conducted annually.
- Environmental permit: the City of Helsinki's Environment Committee granted Paulig an environmental permit for the new roastery in 2008.
- Rescue plan: the annually updated rescue plan was updated during the report period 2008. The rescue plan familiarises a production plant's personnel with fire-fighting and accident prevention.
- UTZ CERTIFIED is a global responsibility certification programme for coffee. The compliance of Paulig's UTZ CERTIFIED products is verified annually with external audits.
Further information: www.utzcertified.org.

Gustav Paulig Ltd's human resources policy

The human resources policy of Gustav Paulig is based on the values set by Paulig Group which are quality, trust and respect for the individual, multi-cultural respect, innovativeness and openness. Our goal is a business culture that is empowering, receptive and frank.

Our corporation offers interesting and target-orientated challenges that motivate our human resources to participate by

- ensuring that our staff is competent and motivated.
- seeking approaches that observe social responsibilities.

Competence development schemes are based on the company's own core fields of know-how. We stress every individual's responsibility for his/her own progress and we consider it vital that the competence of our entire staff is in a state of constant advancement. In addition to learning as you work, development encompasses issues, such as discussions on objectives and development, evaluation of competence levels, job rotation, projects, searches for best practices as well as external and internal training.

It is the goal of the company to provide a safe and healthy work environment. The company invests in the well-being of its human capital in various ways, such as occupational healthcare, different improvement schemes and support of leisure time activities. It also has its own labour protection organisation. Harmony between time spent with family and at work is facilitated through arrangements like flexi work time and working from home.

Gustav Paulig complies with international, national and local laws and regulations as well as international agreements. The company does not accept the use of either enforced labour or child labour. Written information about the practices of the company's human resources administration is freely available to everybody.

The company promotes equality and impartiality in accordance with its equality programme and honours the protection of employee privacy.

Gustav Paulig Ltd's quality and food safety policy

Our targets

- We provide consumers and customers with high-quality and safe products and services.
- We are the most sought-after partner.
- We provide our personnel with an encouraging work environment with interesting and targeted challenges.
- For our owners, we are a profitable long-term investment.

To us, this means that

- we develop our products, our service concepts and our operations on a consumer- and customer-driven basis.
- we combine our long experience with the latest know-how.
- we take care of our employees' welfare and skills.
- we communicate openly on matters of quality and food safety .

We are committed to

- responsible business.
- compliance with the law and official requirements.
- figuring in the customers' demands.
- working together with suppliers of goods and services to develop matters of quality and food safety.
- constant improvement.

Management of quality and food safety questions is developed at Gustav Paulig Ltd in accordance with standard number ISO 22 000.

From bean to cup

Our mission

Paulig creates enjoyable moments

Our vision

Market leadership in selected markets through strong brands

Our strategies

Growth through geographical expansion and innovations

Efficiency through excellent operational model and processes

Sustainability as a competitive tool

Best working place

Our values

Results through collaboration

Consumer-focused innovation

Passion for quality

Taking responsibility

Environment policy at Gustav Paulig Ltd

”High quality in everything we do”

Paulig is a player in a global chain which stretches from the countries where green coffee is produced to the market area for its finished products. The company strives to take environmental issues into account in a responsible manner throughout the chain, as well as actively supporting both measures that promote general well-being and environmentally sustainable solutions.

In **purchasing**, coffee production methods in the countries of origin are included in the definition of quality. The basic requirements include ensuring that the methods used place the least possible strain on the environment and that the working conditions are safe and responsibly maintained. In transporting green coffee, we aim to use the most efficient and environmentally friendly processes and tools.

In **production**, we strive to minimise environmental impact as far as possible. We do this by using the Best Available Techniques (BAT) when it comes to new and repair investments and by planning and steering our operations efficiently.

Technical efficiency requires a skilled and professional workforce. Ongoing training ensures that a sufficient level of expertise is maintained and that employees are aware of the environmental dimension of their own work.

In packaging our **products**, we look for solutions that are as practical as possible for the consumer and take environmental considerations into account.

We have made a commitment to **ongoing improvement** by systematically setting objectives and implementing programmes of measures that will allow us to reduce environmental impact and to incorporate the principles of sustainable development into the production chain.

We are **committed** in all our operations to complying with legislation and requirements imposed by the authorities. Our environment policy guides our operations at all levels of the organisation, and each and every member of the Paulig team is responsible for addressing the environmental aspects of their work.

We **report** openly on environmental issues and our environment policy and is freely available for consultation.

Environmental management at Gustav Paulig Ltd is developed in line with the ISO 14001 standard.

Approved by the board of directors of Gustav Paulig Ltd on 7 November 2003.