



FROM BEAN TO CUP

Corporate Responsibility Report 2010

ANNEXES

Paulig

Key targets of responsible corporate operations and their realisation in 2010

| Targets for 2010 | | Realisation by the end of 2010 | | |
|---------------------------------|--|--|----|------------|
| FINANCIAL RESPONSIBILITY | | | | |
| Market position | Development of business operations outside the home in Finland, the Baltics and Sweden. | Business operations outside the home developed as part of Vendor. | ** | p. 9, 29 |
| | Strengthening of the market position in Russia and the Baltics. | Market leadership in terms of sales volume achieved in the Baltics. Position strengthened in Russia according to plan. | ** | p. 29 |
| Investments | Construction of Russia's roastery and setting up of processes in readiness for production. | Factory building almost ready and finalisation of process equipment underway. | * | p. 16–17 |
| SOCIAL RESPONSIBILITY | | | | |
| Personnel | Implementation of Paulig Group's new leadership model and related training. | Significant proportion of supervisors participated in training. | ** | p. 25 |
| | Implementation of new model for discussing goals and development. | New 3D model launched and development discussions made accordingly. | ** | p. 26 |
| | Measurement of satisfaction, motivation and commitment among personnel as part of Paulig Group's survey. | TellUs survey completed and related development activities started. | ** | p. 26–27 |
| Traceability of coffee | Development of coffee traceability in countries of origin and increase in the use of responsibility-certified coffees. | Traceability study conducted on purchases of 2009. | * | p. 7 and 9 |
| | | Use of responsibility-certified coffees remained the same. | | p. 9 |
| Procurement of green coffee | Communication of ethical procurement principles (Paulig Code of Conduct) in countries of origin. | Operations model reviewed with partners in Kenya, Ethiopia and Colombia during 2010. | * | p. 8 |
| Local community | Communication of the schedule for terminating operations at the old roastery, and the building's future, to neighbours and Vuosaari residents. | Issue announced to local neighbourhood through local newspaper and handouts. | ** | – |
| Customers | Development of customer services through network-based system. | Online customer and consumer services website almost ready for use. | ** | p. 32–33 |

0 target not attained

* target partly attained

** target fully attained

| Targets for 2010 | | Realisation by the end of 2010 | | |
|---------------------------------------|--|---|----|----------|
| ENVIRONMENTAL RESPONSIBILITY | | | | |
| Logistical solutions and distribution | Evaluation of shipping company transportations. | Assessments of shipping companies commenced. | * | p. 15 |
| | Development of logistics in the Baltics | Direct transportation of end products from Finland to the Baltics commenced. | ** | p. 14 |
| Amount of waste from packaging | Thinning of vacuum packaging laminates by three percent in terms of overall weight. | Juhla Mokka packaging laminate thinned by five percent in terms of overall weight. | * | p. 22–23 |
| Energy consumption | Reduction of the specific consumption of natural gas by 20 percent, compared to the old production facility. | Compared to 2008, natural gas consumption decreased by 22.3 percent in total, and 24 percent in terms of production tonnes. | ** | p. 22–23 |
| Development of vehicle policy | Standardisation of guidelines throughout the whole group and calculation of emission limits. | Renewal postponed. | 0 | p. 22 |
| Other | Accomplishment of Green Office assessment in 2010. | Assessment accomplished and good feedback received by Paulig. | ** | p. 22 |
| | Communication to personnel of environmentally friendly working methods and recycling themes. | Theme day organised with L&T regarding recycling of packaging. Environmental themes presented on intranet. | ** | |

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

Key targets of responsible corporate operations for 2011

| FINANCIAL RESPONSIBILITY | |
|---|---|
| Market position | Continued strengthening of the market position in Russia and the Baltics, in the retail and OOH sectors. Introduction of new products and services to the market, and the widening of the range of responsibility-certified products. |
| Investments | Launch of Russia's roastery. |
| SOCIAL RESPONSIBILITY | |
| Personnel well-being | Continuation of leadership skills training. Development of preparations for conducting performance appraisals. Monitoring the progress of the TellUs developmental measures. Development of internal communications. |
| Traceability of coffee and the use of certified coffees | Further improvement of traceability, and the continuation of degree-of-traceability measurements. Increase of 30 percent in the amount of traceable green coffee. Increase in the use of responsibility-certified coffees and the widening of the range of certifications. |
| Procurement | Review of ethical procurement principles (Paulig Code of Conduct) with coffee suppliers operating in Nicaragua, Guatemala and Mexico. |
| Communities | Supporting the projects of the International Coffee Partners. Continuation of odour panel operations, and the reporting of results. |
| Customers and consumers | Implementation of online service for customers and consumers in Finland, and its expansion to Russia and the Baltics. |
| ENVIRONMENTAL RESPONSIBILITY | |
| Logistical solutions and distribution | Participation in Paulig Group's projects for more efficient logistics. |
| Amount of waste from packaging | Investigation into possibilities for thinner packaging laminates. Switch to the use of aluminium-free laminates in all major consumer products by the beginning of 2012. |
| Energy consumption | Clearer reporting of energy consumption and waste, in production and the office. Increase in the use of video conferencing to reduce business travel. |
| Countries of origin | Launch of Coffee and Climate project with ICP partners. |

Paulig's Corporate Social Responsibility Report 2010

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 | 5, 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, 16–17, 29 |
| EC9 | Understanding and describing significant indirect economic impacts including the extent of impacts. | Yes | 6–9, 29, 33–34 |
| ENVIRONMENTAL PERFORMANCE INDICATORS | | | |
| Materials | | | |
| EN1 | Materials used by weight or volume. | Yes | 21–23 |
| Energy | | | |
| EN3 | Direct energy consumption by primary energy source. | Yes | 16, 21–23 |
| EN5 | Energy saved due to conservation and efficiency improvements. | Yes | 16, 21–23 |
| 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 | 21–22 |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | Partly | 21–22 |
| Water | | | |
| EN8 | Total water withdrawal by source. | Yes | 21–23 |
| Biodiversity | | | |
| EN14 | Strategies, current actions and future plans for managing impacts on biodiversity. | Partly | 9, 11 |

| Code | Content | Included | In report on page |
|--|---|----------|-------------------|
| Emissions, effluents and waste | | | |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | Yes | 21–23 |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | Partly | 14, 21–23 |
| EN20 | NO, SO ₂ , and other significant air emissions by type and weight. | Yes | 21–23 |
| EN22 | Total weight of waste by type and disposal method. | Yes | 21–23 |
| Products and services | | | |
| EN26 | Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation. | Yes | 9, 14–15, 21–22 |
| 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 | 13–15 |
| 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 | 25 |
| LA2 | Total number and rate of employee turnover by age group, gender and region. | No | 26–27 |
| LA3 | Benefits provided to full-time employees that are not provided to temporary or part time employees by major operations. | Yes | |
| Occupational health and safety | | | |
| LA7 | Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities by region. | Yes | 26–27 |
| LA8 | Education, training, counseling, prevention and risk control programs in place to assist workforce members, their families or community members regarding serious diseases. | Yes | 26–27 |
| 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 | 25–27 |
| LA12 | Percentage of employees receiving regular performance and career development reviews. | Yes | |
| 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 | 25 |

| 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 | 7, 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 | 32–34 |

Involvement in business and sector development

FINNISH 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 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: www.ecf-coffe.org
- Self-assessment plan: The City of Helsinki Environment Centre issued a decision on self-assessment at Gustav Paulig Ltd in November 1996. The self-assessment is based on HACCP (Hazard Analysis of Critical Control Points).
Further information: 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: 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. Paulig has the GOST conformity certificate for exports to Ukraine.
Further information: www.fi.sgs.com/fi
- Gustav Paulig has an ISO 14001 standard-compliant environment system which was granted certification 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 has an OHSAS 18001 standard-compliant occupational health and safety system which was granted certification in January 2011. Standard-compliant operations are verified annually with external audits.
- McDonald's verifies issues related to food safety and quality through its annual SQMS (Supplier Quality Management System) audit of its suppliers. In the November 2010 evaluation, Paulig achieved the best possible result (A). McDonald's also regularly audits matters concerning responsibility, by way of supplier self-assessments and external audits.

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.

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

Passion through quality
Results through teamwork
Taking responsibility
Consumer-focused innovation

This is how we operate Paulig Coffee Division's management policy

GENERAL

- We continuously develop our products and concepts, listening to the expectations and needs of our consumers and customers
- In everything we do, we follow by the laws and regulations.
- We direct our operations and organisation through our management systems. All employees are responsible for their implementation in practice. Both our own organization and neutral external professionals evaluate regularly functionality of these management systems.
- We take care of our personnel's well-being and know-how.
- We commit to continuous improvement.
- Our management policy is open for everyone to see. We communicate openly our staff and stakeholders about the quality, environment and security/safety topics.
- We develop all topics included in management policy according to local legislations, ISO 22 000, ISO 14001 and OHSAS 18 001 standards, customer needs and best practices.

QUALITY

- We offer consumers and customers safe and high quality products and services.

ENVIRONMENT

- We actively support actions which promote environmentally sustainable solutions and overall well-being. Our goal is to minimise the environmental impacts of our operations by using the best available technology in investments and by planning and directing our operations efficiently.

OCCUPATIONAL HEALTH AND SAFETY

- We recognize the responsibility for the work safety and well-being of those people who are effected by our operations.
- We sustain and develop the safety of our work environment, equipment and methods in the best available way. We continuously update our know-how, competences, training and techniques relating to afore mentioned topics.

CORPORATE RESPONSIBILITY

- We are committed to corporate responsibility.
- We consider and take into account the principles of sustainable development in our operations and in seeking for new solutions.

This management policy replaces any earlier Quality and food safety policy (28.1.2008), environmental policy (7.11.2003) and OHSAS policy (14.5.2010). Paulig Coffee Division Management Team has accepted this management policy on 21.12.2010 to be used in all the market areas of the Paulig Coffee.