

**Report**

# Sustainability Report 2021

**LEIPURIN**

|   |           |   |           |   |           |
|---|-----------|---|-----------|---|-----------|
| <b>1.0 The journey continues</b>              | <b>03</b> | <b>5.0 Emissions</b>                                      | <b>22</b> | <b>8.0 Taking care of our people</b>                | <b>44</b> |
|   |           | 5.1 Energy efficiency                                     | 26        | 8.1 Building a better workplace                     | 45        |
| <b>2.0 Taking responsibility</b>              | <b>05</b> | 5.2 Logistics and transportation                          | 26        | 8.2 Diversity and well-being                        | 47        |
| 2.1 Working with our stakeholders             | 08        |   |           | 8.3 Helping our people grow                         | 49        |
| 2.2 Stakeholder dialogue                      | 09        | <b>6.0 Material matters</b>                               | <b>29</b> | 8.4 Making sustainability a target,<br>for everyone | 50        |
| <b>3.0 Taking on targets</b>                  | <b>10</b> | 6.1 Packaging and recycling                               | 30        | 8.5 A workplace for young professionals             | 50        |
| 3.1 Materiality analysis                      | 11        | 6.2 Customer survey: Packages 2021                        | 33        |   |           |
| 3.2 Targets 2022                              | 14        | 6.3 Fighting food waste                                   | 34        | <b>9.0 Governance</b>                               | <b>52</b> |
| <b>4.0 The food chain</b>                     | <b>16</b> | <b>7.0 Responsible supply chain</b>                       | <b>36</b> | 9.1 Compliance etc                                  | 53        |
| 4.1 Farming: sustainability at the source     | 18        | 7.1 Understanding risk countries                          | 39        | 9.2 Sustainability governance                       | 53        |
| 4.2 Sustainability and suppliers              | 20        | 7.2 Sustainable raw materials<br>and responsible sourcing | 40        | <b>10.0 Data</b>                                    | <b>54</b> |
| 4.3 Food production and<br>product innovation | 21        | 7.3 Improving food safety                                 | 43        |   |           |

# Contents

01

# The journey continues



**Heli Arantola**  
CEO

## Hello

I'm very pleased to bring you this report. It marks an exciting milestone for us. In our over 100-year history, this is our first report on sustainability. It's not, however, the beginning of our sustainability journey and, as such, it contains an outline of the work that Leipurin has carried out since our founding in 1917. We've highlighted some past and present successes but, more importantly, laid out the road ahead and the work still to be done.

And the time for that work really is now. As we all become much more aware of the role the food we eat plays in our lifestyle and well-being, as well as the impacts it can have on our planet, consumer interest in the provenance of food has never been greater. This shift in consumer behaviour has also seen investors and stakeholders become more interested in sustainability. It's a shift we very much welcome.

Our position means that we are uniquely positioned to support regional food chains. We're the bridge between global sources of raw materials and local entrepreneurs in eight countries, and we also work in close cooperation with local producers to support the production of local foods.

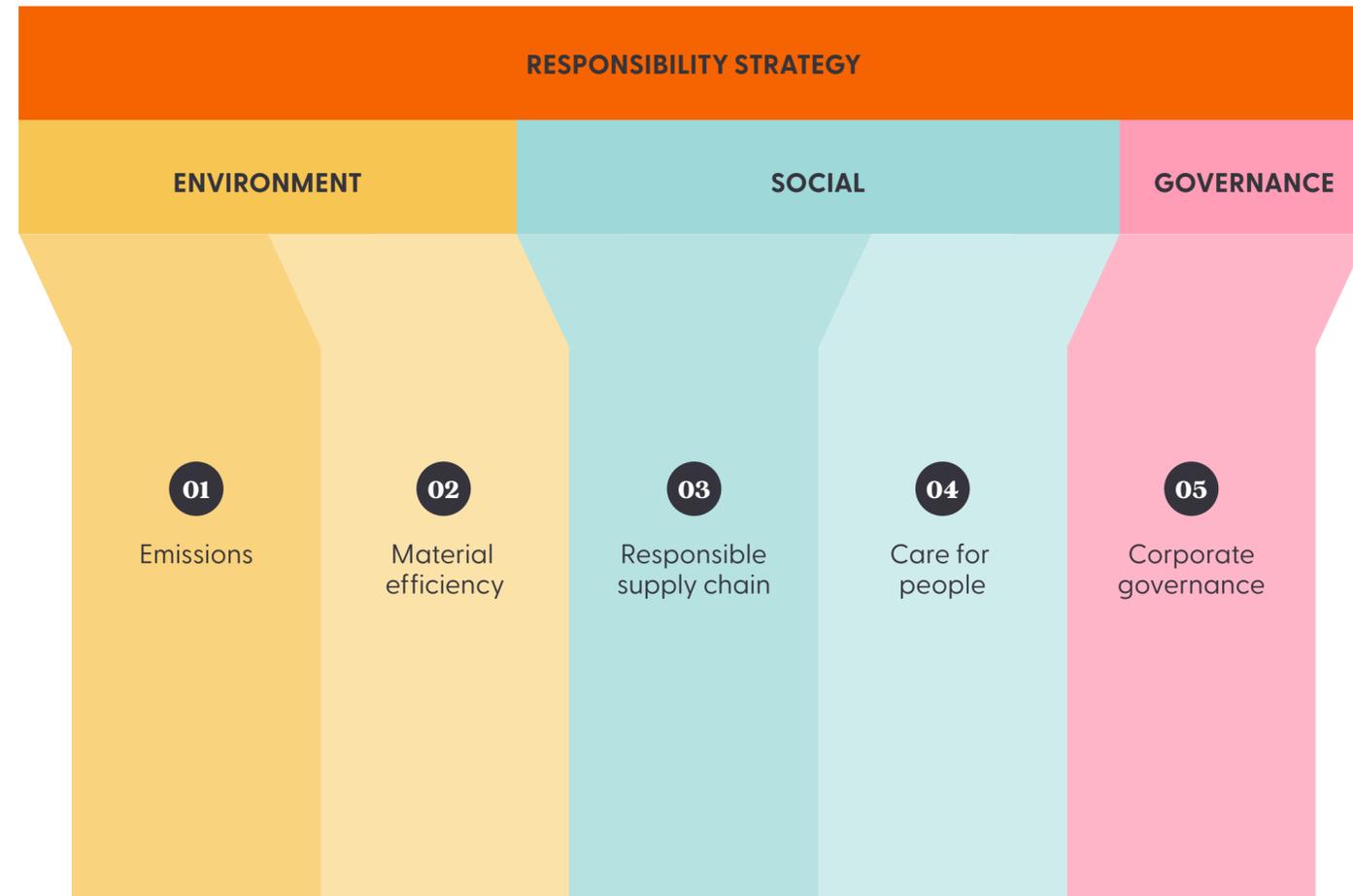
At Leipurin, we know that our position comes with a responsibility; we have the power to impact the sustainability of consumer products in our local markets, ensuring the communities we serve have access to healthy, safe food that doesn't harm the planet. And, as this report clearly outlines, it's a responsibility we take seriously.

**Heli Arantola**

02

# Taking responsibility

## Our responsibility strategy



At Leipurin, we understand the food chain starts with nature and ends in our homes. In 2021, we worked in eight countries\*: Finland, Estonia, Latvia, Lithuania, Belarus, Kazakhstan, Ukraine, and Russia. This gives us a unique ability to be hands-on at a local level and be a major player on the global raw materials markets.

Our mission is to work for the vitality and resilience of regional food chains. Bringing this mission to life means participating in the conversation around - and the development of - sustainable food chains and acting in a way that aligns with our five pillars of responsible business.

Previously, responsible business practices have been adopted as part of risk management, but more recently we've seen that they can create new capability, giving us a competitive edge.

Our parent company Aspo Plc. has three main sustainability goals for which we are also striving:

- Growing our business while lowering pressure to the environment
- Improving Aspo experience for people in our value chain
- Driving sound governance practices at all levels

\* Leipurin has announced in May 2022 that they intend to withdraw from the markets Russia, Belarus and Kazakhstan

**How our targets are linked to the UN goals**

- 2030 Agenda for sustainable Development, a blueprint for sustainable future for both planet and the people
- 17 Sustainable Development goals (SDGs)



**The UN's Sustainable Development Goals**



**Responsible consumption & production**



**Industry innovation & infrastructure**



**Decent work & economic growth**



**Good health & wellbeing**

## 2.1 Working with our stakeholders

The bar for responsible performance is set by forerunners, market events, governments, and non-profit actors and it's constantly changing – we are aiming at a moving target as the development is fast and sharply focused for all parts of the food chain.

Our sustainability stakeholders are the parties that set expectations for or measure the ways in which we conduct responsible business – helping us to keep up with the markets shifting demands. We work closely with our stakeholders through various channels, monitoring their expectations on a yearly basis and ensuring we're using the right, local, stakeholders across the different geographies we operate in. The expectations they set for responsible performance are built into our ecosystem and we frequently feedback our targets and progress.

It is important to understand the certification organisations and rating firms that also work in this stakeholder ecosystem. We follow-up regularly and make sure we cover the material areas and metrics of food business. There is also a direct link to food business regulation and quality systems: the way of working with systematic action planning, KPIs and follow-up, as well as the regulation being geared towards the same general ambitions.

Our stakeholders have been mapped and are illustrated here.



## 2.2 Stakeholder dialogue

We include the five pillars of our sustainability strategy in the dialogue with all stakeholder groups via tools such as surveys and reports, and, of course, in our everyday encounters - especially with customers and suppliers. The main groups, channels and topics are summarised in the table.

Key topics for 2022 stakeholder dialogue are connected with our targets for 2022 (see page 14).

| Stakeholder Group                     | Channels   | Important topics  |
|---------------------------------------|--|---|
| <b>Customers</b>                      | Customer satisfaction survey, ESG survey, dialogue with sales  | Support developing responsible products, provide relevant and enriched product information, secure responsible suppliers, product safety, preventing food waste |
| <b>Suppliers</b>                      | Supplier code of conduct –dialogue, On-site audits, Supplier self-assessment, local and regional supply organisations, joint business planning | Commitment to Leipurin standards, product safety, innovation  |
| <b>Personnel</b>                      | Manager network for team leaders, newsroom events, electronic information channels, personnel surveys and polls                                | Occupational health and safety, engagement and job satisfaction, hybrid work. Crisis support in political conflicts.  |
| <b>Local Communities</b>              | Cooperation with first-step processing   | Increasing share of local supply  |
| <b>Authorities</b>                    | We comply with all local and international requirements  | Participate in future development of food safety regulation and standards   |
| <b>Research Communities, Advocacy</b> | Research projects, studies, and information sharing  | Innovation in the food chain, environmental protection, human rights  |
| <b>Investors and Money Markets</b>    | Aspo Investor Relations: releases, reports and CMD   | Future-proofing the business, ESG-ratings   |

03

# Taking on targets

### 3.1 Materiality analysis

We carried out a study of suppliers and stakeholders in different Leipurin countries to find out what issues they considered the most important in terms of our economic, environmental, and social impact.

The study was conducted by Deloitte in May-June 2021 and consisted of interviews and a survey. 64 responses were analysed and the results used by Deloitte to create sustainability matrices, finalized in discussions with us that June.

We've used this information to set the priorities and targets for our sustainability strategy and short-term action plan.



- 1 Waste and hazardous material management
- 2 Materials sourcing and efficiency
- 3 Ecological impacts
- 4 Landfill waste
- 5 Energy management
- 6 Other emissions to air, land and water
- 7 Water and wastewater management
- 8 GHG emissions
- 9 Biodiversity
- 10 Water eutrophication

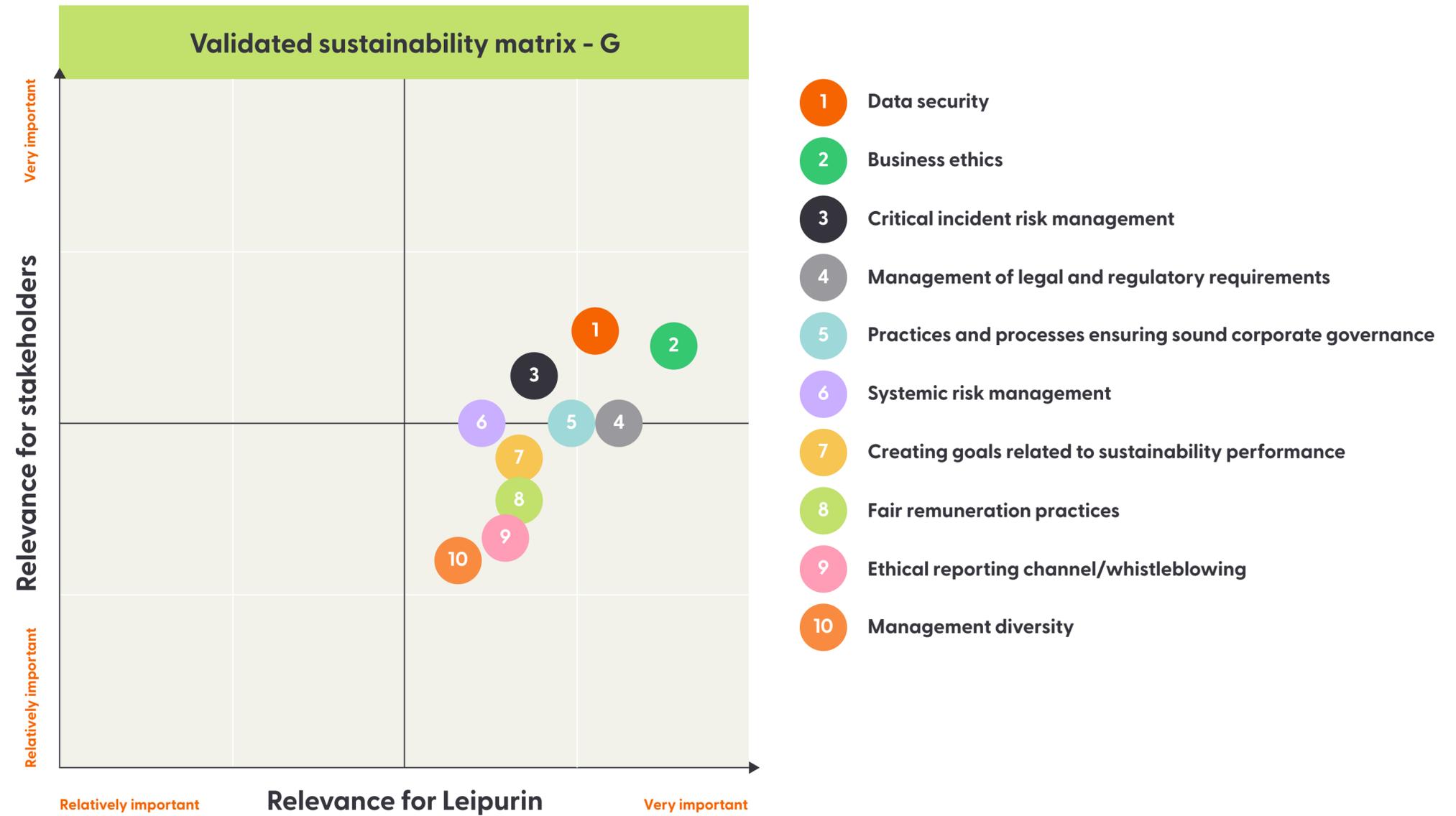
**Additional topics from stakeholder study**

Environmental considerations in logistics; increasing collaboration with local/domestic suppliers

### 3.1 Materiality analysis (continued)



### 3.1 Materiality analysis (continued)



### 3.2 Targets 2022

Mission: we work for the vitality of regional food chains

#### Targets 2022

To ensure we achieve our mission, we have set some ambitious goals and some KPIs and targets designed to help us meet them.

Growing our business while lowering the pressure to the environment

Improving the Aspo experience for people in our value chain

Driving sound governance practices at all levels

### Leipurin sustainability targets and key target levels

| Emissions   | Material efficiency   | Responsible supply chain  | Care for people   | Corporate governance   |
|---|---|---|---|--|
| <b>Goals</b>  |   |   |   |  |
| <ul style="list-style-type: none"> <li>Reducing scope 1 &amp; 2 emissions in our operations</li> <li>Supporting our supply chain in reducing their emissions</li> </ul> | <ul style="list-style-type: none"> <li>Increasing material efficiency and reducing waste through “Reduce, Reuse &amp; Recycle”</li> </ul> | <ul style="list-style-type: none"> <li>Maintaining high quality and product safety</li> <li>Ensuring a responsible supply chain</li> <li>Supporting biodiversity</li> </ul> | <ul style="list-style-type: none"> <li>Caring for all the people in the food chain</li> <li>Diversity &amp; Inclusion</li> <li>Health, safety and well-being at work</li> </ul> | <ul style="list-style-type: none"> <li>Creating and upholding systematic sustainability management practices</li> <li>Upholding strong corporate governance and stakeholder relations</li> </ul> |
| <b>Targets 2022</b>   |   |   |   |  |
| <ul style="list-style-type: none"> <li>Scope 2 emissions mapping, measurement and target setting done in 2022</li> <li>20% less travel and daily commuting</li> </ul>   | Scrap targets: <ul style="list-style-type: none"> <li>Under 1% of sales value</li> <li>Reduction of 10% annually</li> </ul>               | <ul style="list-style-type: none"> <li>Leipurin branded palm oil products 100% Certified Palm oil</li> </ul>  | <ul style="list-style-type: none"> <li>Risk countries approach implemented</li> <li>People Power index target: keep AA level</li> </ul>   | <ul style="list-style-type: none"> <li>Established new way of sustainability governance</li> </ul>   |

In 2021 we stated our responsibility goals for the first time. Previously, we have reported waste, emissions from use of energy in warehouses and offices, and people KPIs.

04

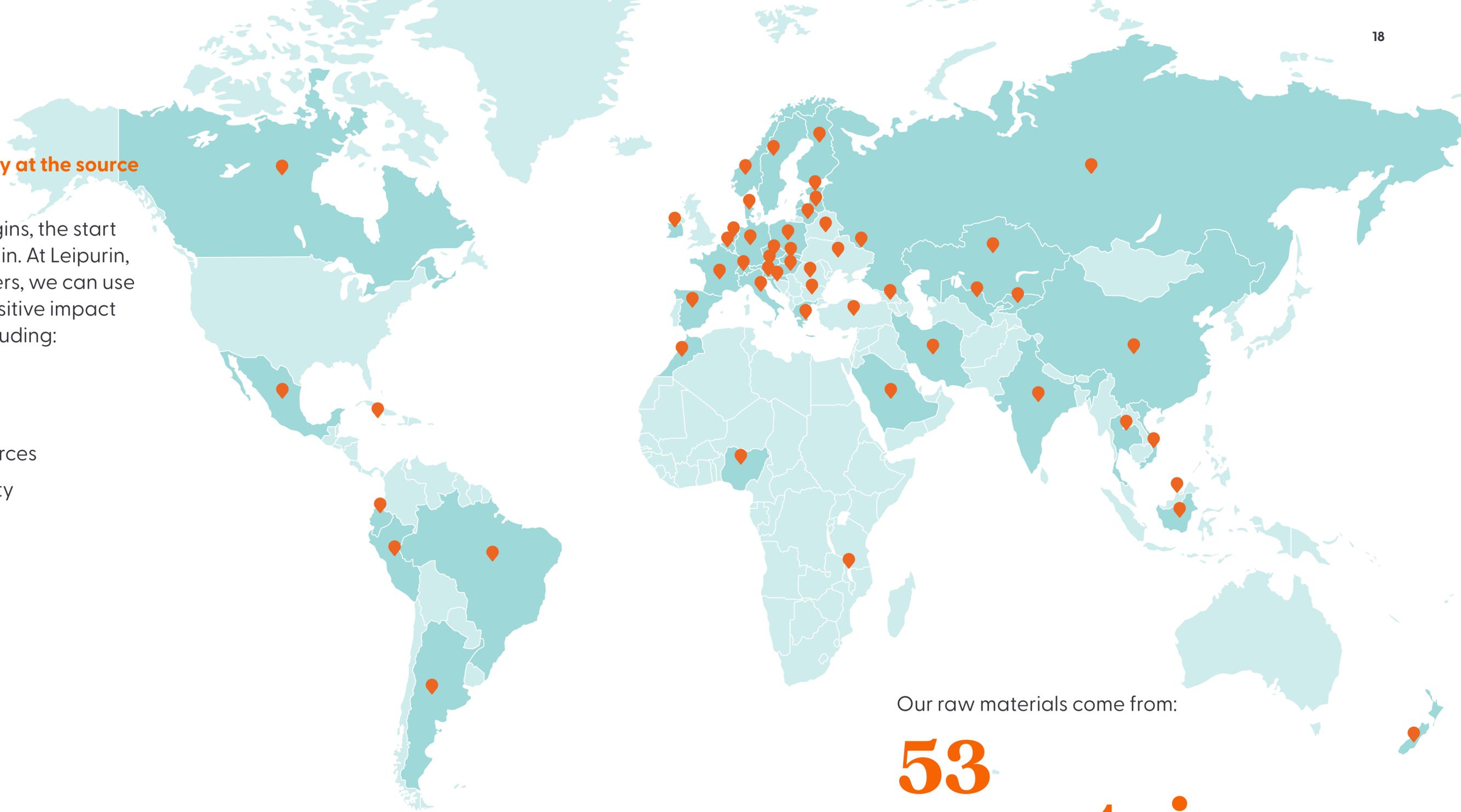
# The food chain

Food is at the heart of what we do at **Leipurin** and it impacts the **health and well-being** of both **people** and the **planet**. Food chains are, for a large part, local and regional, but some raw materials and ingredients travel a long way to reach the plates of consumers. But near or far, long or short, the journey our products take from their source to our homes is full of opportunities for **improved sustainability**. In this section we talk about our work with raw materials farming, work conditions, food safety, healthy diets, plant-based foods, and food waste.

### 4.1 Farming: sustainability at the source

Farming is where it all begins, the start and heart of the food chain. At Leipurin, via our network of suppliers, we can use our position to make a positive impact on farming standards including:

- Use of pesticides
- Treatment of labour
- Protection of water sources
- Protection of biodiversity
- Reducing deforestation



Our raw materials come from:

# 53 countries

## Case Study

### Fazer Mills sustainable grain farming

Fazer Mills is one of the strategic suppliers to Leipurin. Fazer Mills has cooperated with farmers since 2016 to introduce and implement Fazer's Sustainable Grain Farming Principles. The principles aim to minimise eutrophication and the use of chemicals while supporting resource efficiency and productivity.

The principles give practical guidance to farming:

# 01

**Minimise eutrophication:**  
Measure nutrient balance every five years

# 02

**Minimise eutrophication:**  
Prepare an annual crop plan

# 03

**Minimise eutrophication and the use of pesticides:**  
Prepare a five-year crop rotation plan

# 04

**Minimise eutrophication:**  
Perform a soil analysis every five years

# 05

**Minimise eutrophication:**  
Adopt Precision Farming

# 06

**Minimise eutrophication:**  
Use catch crops, winter crops or cultivate in the spring

# 07

**Minimise eutrophication:**  
Use fertilizer enabling recirculation of nutrients without harming substances. No sludge.

# 08

**Protect biodiversity:**  
Leave unfarmed/unsprayed areas with diverse vegetation

# 09

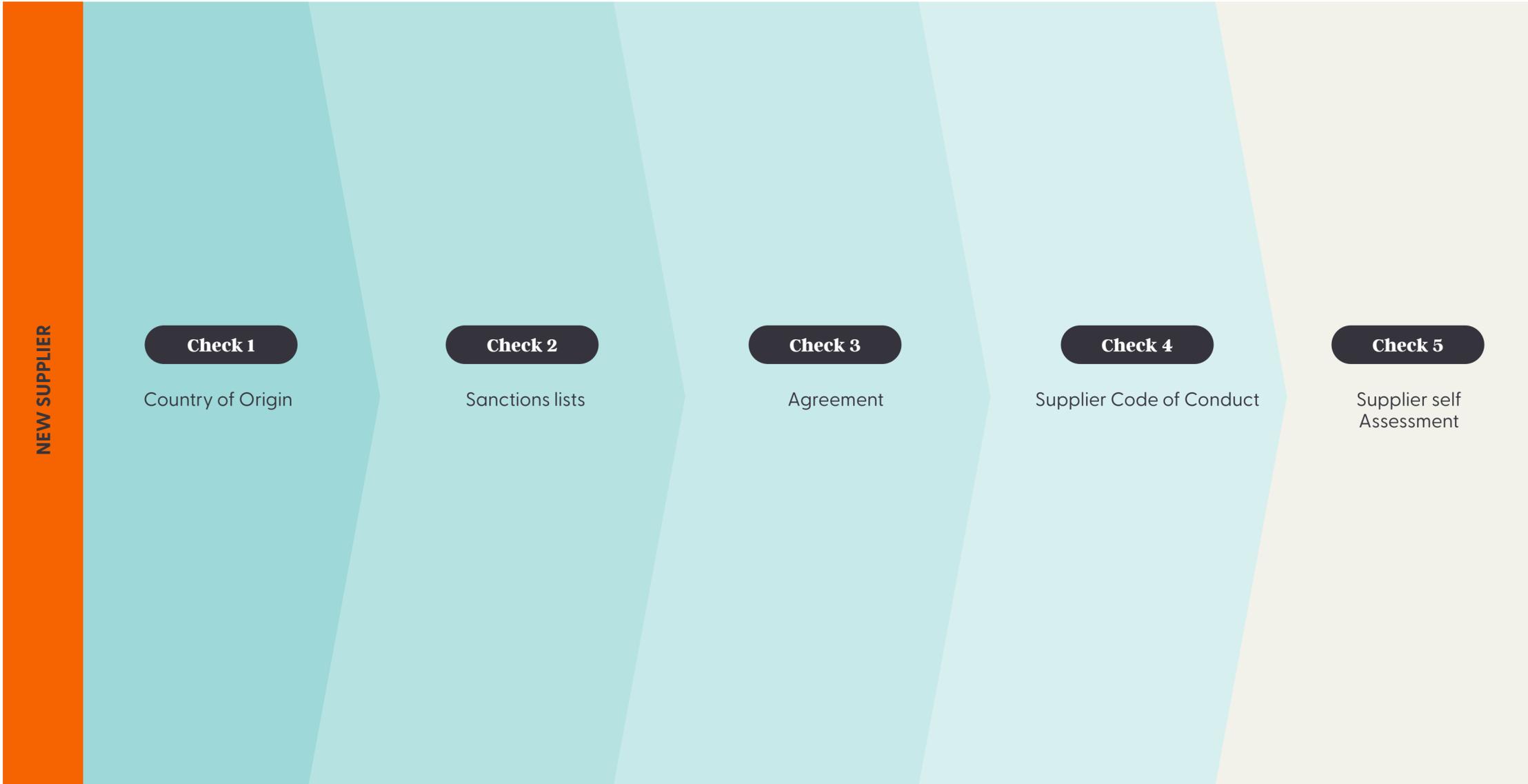
**Protect biodiversity:**  
Use Integrated Pest Management (IPM)

# 10

**Minimise the use of chemicals:** Minimise the use of straw-shortening agents

### 4.2 Sustainability and suppliers

We ask a lot of our suppliers. Our standards are high, and we expect them to be rigorously upheld. We have processes in place that ensure our suppliers ways of working meet these standards.





### 4.3 Food production and product innovation

Be it in a bakery, retail, catering or hospitality, all of our customers work within the food industry. They require product that can deliver consistency and quality. An important part of how we work with customers is the product support and development carried out by our expert technologists in our 19 Baking Centers.

There are a variety of reasons that might lead to us developing or redeveloping a product. It could be a need to change a recipe for better quality or less waste, or perhaps to extend the best before periods without the use of preservatives. Increasingly, our innovations are sparked by a need for better sustainability; more plant-based options, healthier options or more certified sources to name a few.

05

# Emissions

The **largest environmental impact** of Leipurin operating in the fields of trade and logistics, come from elsewhere in the supply chain. As defined by Aspo's Board of Directors, the goal of Aspo companies is to be the best and the most responsible partner for their customers and principals in the respective fields and to **reduce emissions in the entire supply chain** through their expertise.

Leipurin started to calculate scope 1 & 2 CO<sub>2</sub>-emissions in 2019. Focus has been on emission related to our own and rented warehouse and office facilities.

In the next few years, we aim to understand the environmental impact of our entire supply chain even better. Our goal is to reduce scope 1 & 2 emissions in our operations, as well as to support our supply chain in reducing their GHG emissions.

In scope 3, goal for 2022 is to map and measure emissions, recognize improvement potential and set targets for key categories.

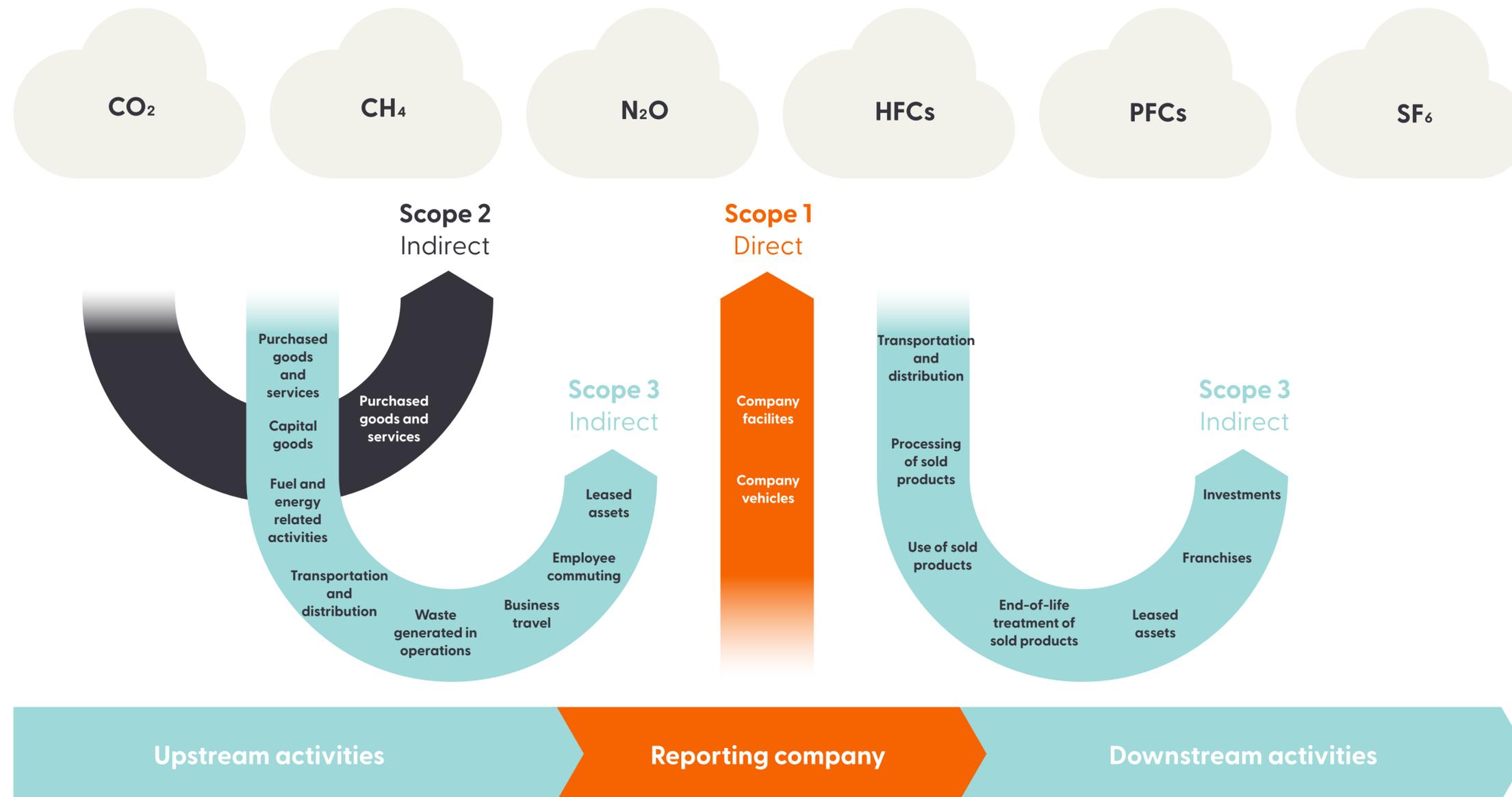
We have begun this work by gathering data on the GHG emission reduction targets, emission calculation and carbon footprinting examples of our major suppliers.

We conducted an emission reduction survey among our biggest suppliers based on sales volumes (kg) in Finland and Baltics in 2021. We are now summarizing forty responses we got and preparing future plans and possible co-operation projects.

We all experienced the COVID-19 impact on international travel and learned to have meetings and even do innovation remotely. We also cut down on daily commuting dramatically with remote work and lock-downs in many countries. We at Leipurin have taken these lessons into our operations in the new hybrid mode. We allow for minimum one day of remote work per week for all job roles, where this is possible, cutting in effect a minimum of 20% of emissions from commuting. We have also permanently cut our travel budgets and are actively moving more and more meetings to remote media.

**“We allow for minimum one day of remote work per week for all job roles, where this is possible, cutting in effect a minimum of 20% of emissions from commuting.”**

### Overview of GHG Protocol scopes and emissions across the value chain



## 5.1 Energy efficiency

Leipurin has a network of own and rented office and warehouse facilities complemented with third party warehouse hotels.

Leipurin direct and indirect greenhouse gas emissions are related to use of energy for heating, cooling and lighting in those premises. Energy use and emissions have been reported annually for past five years. Whenever possible, metered energy use and facility level emission factors have been utilized in calculation of GHG emission (tCO<sub>2</sub>). If detailed use has not been available, it has been derived from total use or from benchmark facilities and country level emission factors.

Scope 3 includes also all indirect emissions related e.g. to transport, waste and end-of-life treatment and business travel. Goal for 2022 is to map and measure emissions, recognize improvement potential and set targets for the most relevant categories.

Actions taken to reduce our Scope 2 footprint are geothermal heating and solar energy at Tahkotie warehouse in Finland as well as green electricity agreement at KWH Freeze warehouse also in Finland.

## 5.2 Logistics and transportation

In choosing our transport partners we currently work with vehicle classifications, Going forward, we include environmental criteria in the request for proposals when choosing transport partners.

## Case Study

### Leipurin Headquarters

Leipurin headquarters and central warehouse in Finland are located in Vantaa, Southern Finland. We have 459 solar panels on the roof which in these latitudes can produce 120-150 MWh annually. In 2021 we produced 135,9 MWh solar power in this site. Our external frozen warehouse operator runs on emission-free energy.

| Leipurin | Ostettu energia (Mwh) | tCO <sub>2</sub> |
|----------|-----------------------|------------------|
| 2021     | 3212,8                | 965,4            |
| 2020     | 4148,0                | 1124,0           |
| 2019     | 3394,8                | 1154,2           |
| 2018     | 4240,6                | 1441,0           |
| 2017     | 3429,0                | 1374,0           |

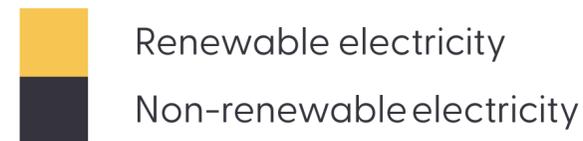
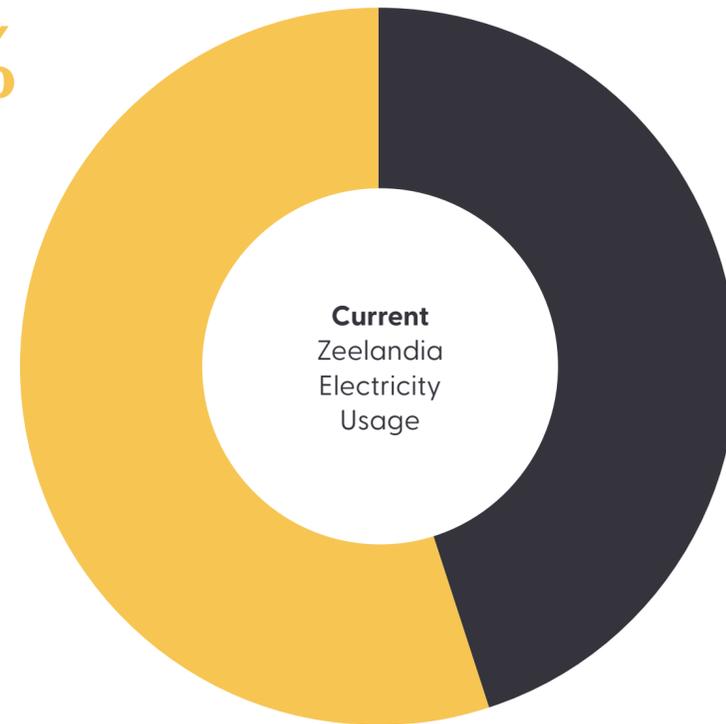
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### Case Study Zeelandia

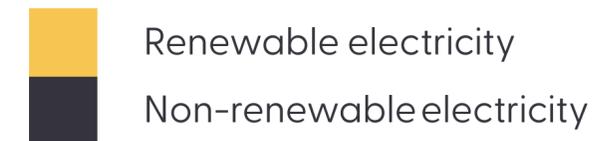
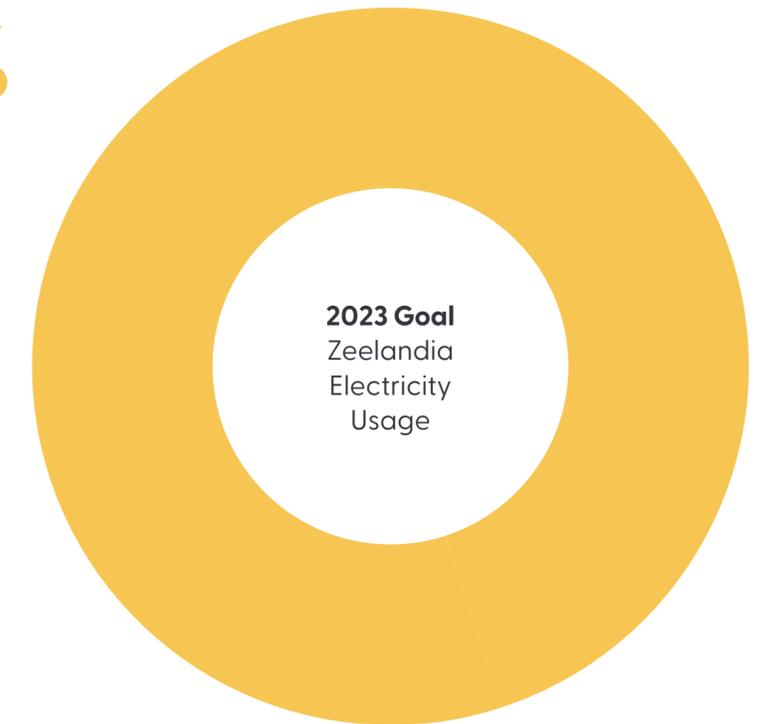
One of our strategic suppliers Zeelandia is a forerunner in sustainability. Their strategic goal towards 2023 is to use only green electricity – currently 55% of electricity used is renewable. The roof of Zeelandia margarine factory in Lithuania is now fully covered with solar panels and margarine is produced using 100% green electricity. Zeelandia is also actively exploring how to extend this best practice to other factories around the world.

Zeelandia Lithuania produces approximately 5,000 tons of margarine per year. Changing to 100% green electricity saves 120.000 kg of CO2 emissions per year.

55%



100%



06

# Material matters

## 6.1. Packaging and recycling

Packaging protects and preserves food, keeping it edible longer. But it's also a big factor in determining a product's environmental footprint. There is strict regulation for all materials that are in contact with food, which often limits the use of recycled paper.

Plastic is often the chosen alternative. In a sample 220 packaged products, 203 are produced using 70% recycled plastic and 30% virgin plastic.

54% of the paper products we have in our assortment have been produced by using FSC certified raw material.

# 54%

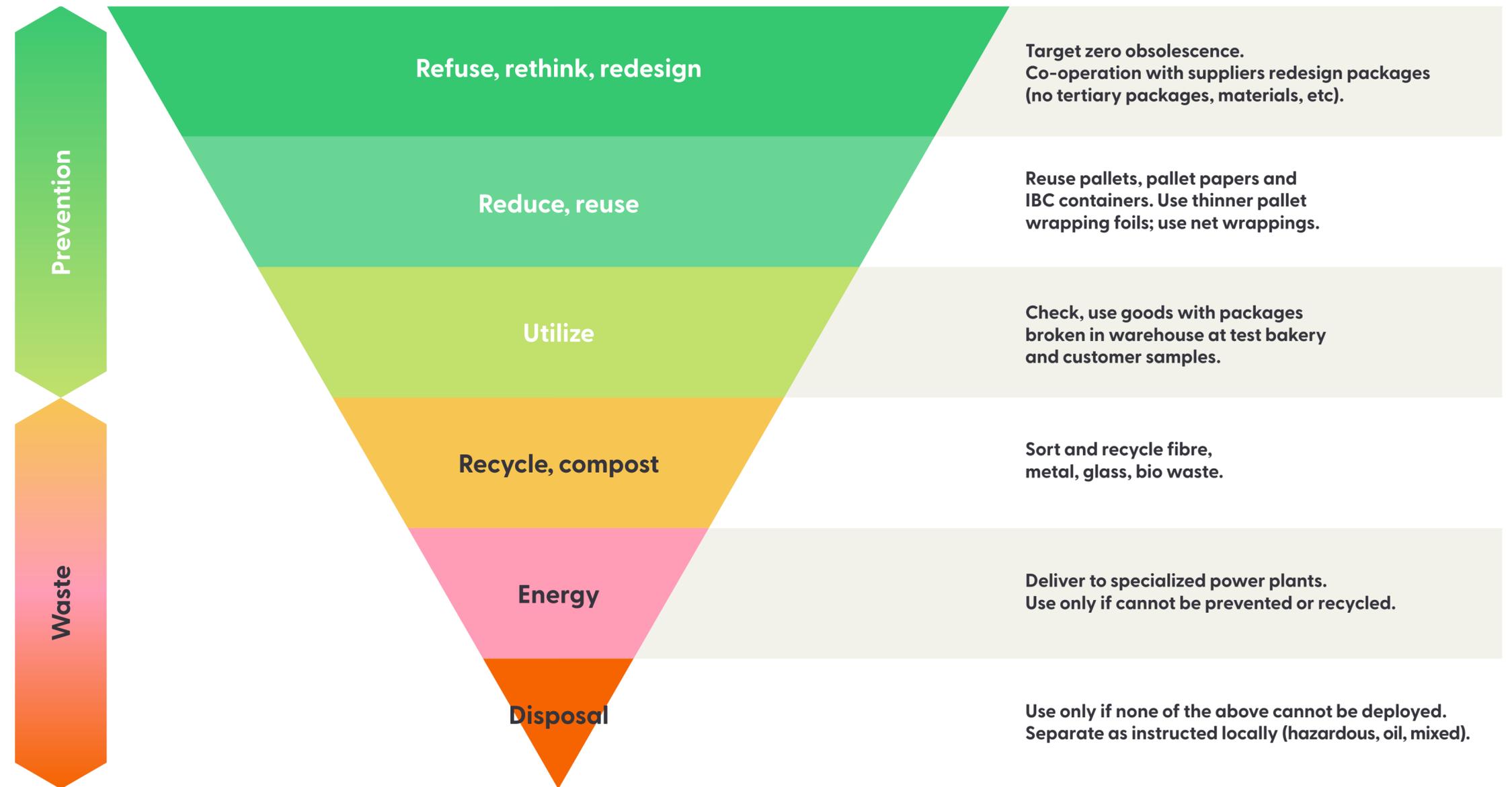
Paper products produced using FSC certified raw material.



**Leipurin waste hierarchy: we measure and set targets for 3 types of waste**

We are constantly working to increase the material efficiency of our packaging products and reduce waste through “Reduce, Reuse & Recycle”. In 2022 we are implementing a waste hierarchy, with the idea being that there is no waste material, just material to be used as well as having measures for prevention of waste.

We have a target of zero landfill, and we will also map the starting point for all other levels of materials. Finding ways to avoid waste is a crucial step in our sustainability journey.



Case Study

Sustainable Packaging For Bakeries

Leipurin's assortment of sustainable packaging for bakeries, food industry and food service in Finland consists of over 500 products, of which **100% are recyclable.**

45%

Plastic

87% of these produced by using min. 70% of recycled plastic

26%

Paper

54% of this paper is FSC-certified

2%

Include plastic and metal (Clipbands)

17%

Cardboard

9%

Include two materials (cardboard and plastic)



LEIPURIN

PLEASE REUSE & RECYCLE

## 6.2 Customer survey: Packages 2021

In 2021, Leipurin conducted a survey for its customers on packaging materials for sale. The survey examined customers' satisfaction with Leipurin selection of packaging materials, which products customers buy, and which features are important to customers.

The survey revealed that customers are mainly satisfied with Leipurin selection of packaging materials and the most purchased products are cake and pastry boxes & paper and plastic bags.

The survey also examined how important customers perceive ecology and whether packaging should be recyclable and biodegradable. Ecology was perceived fairly important feature and the majority of respondents thought that products should be recyclable and biodegradable. Almost all respondents also responded that they would like to have more cardboard products than plastic products.

**“Ecology was perceived fairly important feature and the majority of respondents thought that products should be recyclable and biodegradable”.**

### 6.3 Fighting food waste

Damaged packaging, incorrectly fulfilled orders, batches expiring in stock. Food waste can happen for many reasons. In recent years, we have managed to significantly reduce Leipurin's food waste and scrap. But there is more to be done.

We've increased waste utilisation by increasing the proportion of waste used and recycled for feed and have an action plan for further reducing waste by improving our procurement efficiency and ways of working: joint monthly meetings of procurement, sales and quality, which help to improve the turnover rate.

Our target for scrap is under 1% of sales value.

We're also working in partnership with bakeries to develop products with greatly improved shelf life, meaning less waste from expired stock. These new recipes are natural and preservative free, and our work with global suppliers helps introduce new technologies and natural solutions to the wider market. In addition, as part of our assortment, we offer a wide selection of frozen goods as those help our customers minimize waste conveniently. Through this work, Leipurin can impact Scope 3 emissions by reducing food waste in consumers' homes.

### Waste - Leipurin

| Tonnes                                  | 2021         | 2020   | 2019   | 2018   | 2017   |
|---|--------------|--------|--------|--------|--------|
| <b>Recovered waste</b>                  | <b>18,02</b> | 218,50 | 271,33 | 88,78  | 75,7   |
| <b>Share of total sales<sup>1</sup></b> | <b>0,16</b>  | 2,16   | 2,34   | 0,73   | 0,62   |
| <b>Landfill waste</b>                   | <b>70,19</b> | 118,47 | 152,27 | 298,36 | 300,74 |
| <b>Share of total sales<sup>1</sup></b> | <b>0,62</b>  | 1,17   | 1,32   | 2,46   | 2,45   |
| <b>Energy use</b>                       | <b>21,33</b> | 55,14  | 22,87  | 42,49  | 54,38  |
| <b>Share of total sales<sup>1</sup></b> | <b>0,19</b>  | 0,55   | 0,2    | 0,35   | 0,44   |

<sup>1</sup> Proportion of total sales reported in tonnes of waste per million EUR

<sup>2</sup> Changes 2019-2020

## Case Study

### Millbo

Nowadays, more and more consumers want natural products, paying growing attention towards nutrition. Reading the label has become an everyday activity, keeping an eye on the ingredients all the time. This is why Leipurin strategic supplier Millbo has chosen to be E-free (Clean Label, no E-numbers) and works only with “E-Free” solutions. This provides an opportunity to all of our customers to be E-free too.

Being E-free offers natural answers to all the needs of industrial baking, ensuring a label “free” from long lists of additives. Millbo provides Leipurin bakery customers with natural ingredients that increase shelf life and minimize food waste in homes.

IT ALL COMES SO NATURALLY

**\* X-TRA GUARD FERM**

**MILLBIO**  
INNOVATION, NATURALLY

...ATIVE BLEND  
FOR  
OVATIVE  
LUTIONS

#### 4326 X-TRA GUARD FERM

- DESCRIPTION:** ingredient blend based on fermented flour and plant extract
- INGREDIENTS:** heat treated wheat flour, botanical extract, fermented flour, enzyme
- STORAGE:** ambient and dry (max 25°)
- PACKAGING:** 25 kg multiple paper bags with liner
- DOSAGE:** 2.0% on the total weight of the dough
- SHELF LIFE:** one year from date of manufacture

\* Individual country legislation may limit the dosage on specific bakery items



07

# Ensuring a responsible supply chain

Understanding a material or products **country of origin** is important as it allows us to evaluate how that country performs on the **Amfori BSCI evaluation of risk** – including human rights – or to easily follow up any repeated product safety issues coming from that region. We aim to identify all origins one-step backward in our value chain. In addition, we've set an ambition to **identify raw materials** right the way back to their **primary origin**.

**Contribution to health** is an evaluation of how the ingredient impacts the health of those consuming the end product, whilst the **contribution to environment** evaluates how the ingredient impacts the health of the planet. To that end we study the environmental impact of transporting the raw materials, considering both distance and method of transport and including emissions from cooling.

**Product safety** is highly regulated in food and evaluates a product or materials compliance with quality and safety regulations. **Suppliers** are also a vital part of creating a responsible supply chain, specifically regarding their compliance with the Leipurin code of conduct, supplier approach to responsibility themes, as well as supplier country of origin.

We aim to source more materials locally, and the KPI for this is share of locally sourced raw materials. This way we both reduce the required transportation kilometres and support the local food chain.

### Share of locally sourced goods



## 7.1 Understanding risk countries

**Amfori** is an organisation that studies countries with 6 different indicators that concern human rights and societal stability. These scores are then calculated into an index with lowest scoring countries representing the highest risk. In 2021 the lowest scoring countries were: Libya, North Korea, Somalia, South Sudan, Syria, Venezuela, Yemen. In addition, countries with a very low BSCI score are Afghanistan, Iran, Uzbekistan, Tajikistan, as well as some Chinese regions<sup>1</sup>.

We will implement our Risk Country approach in two phases:

### Phase 1: 2022

- We will not source directly from the lowest scoring countries, ie. most severe risk countries.
- We will require our suppliers to provide country of origin for mono materials and not approve risk country origin for these. From 2022 we will include this commitment also in the Supplier Code of Conduct.
- All Leipurin Region East countries are categorised as “Risk” countries. In these countries our responsibility is to take care of our personnel and to be best in class for corporate governance, food safety and quality, whilst taking a zero-tolerance stance on bribery.

### Phase 2: 2023

- We will require country of origin for all ingredients in the product from our suppliers. Target is 90% of our sourcing spend.

Beyond a country being severe risk regarding human rights, we also work with countries known for product risks. This can mean:

- Unclear provenance
- Risk of food fraud
- Use of pesticides
- Risk of heavy metals and other contaminants
- Contamination with allergens in the supply chain
- Unreliable quality processes and laboratory analyses

Countries where these issues are common make up our own ‘high risk’ list and we implement rigorous procedure and quality control when dealing with these countries.

<sup>1</sup> In the time of writing this report, the Ukraine crisis and war with Russia has just erupted. These events have changed the sanctions landscape dramatically. Leipurin and Aspo always complies the laws and regulation of each country in each situation, as well as the sanctions. We will update our sourcing guidelines and policies to reflect the daily situation in crisis.

## 7.2 Sustainable raw materials and responsible sourcing

Leipurin works with over 500 suppliers. We have a clear process for identifying, evaluating, selecting and auditing our suppliers. Suppliers are required to sign the Leipurin Supplier Code of Conduct (see: [web link](#)). We also do Dow Jones background checks for new suppliers, and secure compliance with any sanctions. We have two central sourcing teams: one in EU, one in Region East. This way we can utilise our purchase power both in securing good price levels for our clients, and securing volumes, but also for putting pressure towards sustainable ways of working and reaching sustainability KPIs.

Many of our suppliers are already in the forefront of sustainability development, as they are global companies with good resources to track the journey of the raw materials all the way to the source.

In many categories there are sustainable options and alternatives to traditionally used product types. We are focusing on country of origin and product safety, as well as biodiversity. The following table lists a number of raw materials facts.

We see a strong move towards plant-based foods and vegan options. Leipurin already works mostly with plant-based foods, as our main customer segment is bakeries. Our growth in the food industry sector also supports plant-based in creating alternative protein products and non-dairy alternatives together with our clients.

The reduction of sugar and salt in bakery products is one key product development area. We source alternative ingredients to allow for delicious taste, good shelf life and the reduction of sugars and salt.

## Case Study

### Zusto

One sugar alternative is Zusto. Sugar substitutes don't often taste the same as sugar and require converting the recipe. Because Zusto does not contain any sugar, it does not have a big effect on blood sugar level. In addition, Zusto does not contain aspartame. Zusto is made from a variety of dietary fibres. A lot of people suffer from a lack of prebiotic and vegetable dietary fibres in their diet, so a sugar substitute can also bring these to the food. Thanks to the vegetable ingredients, Zusto is also 100% vegetarian, gluten-free, lactose-free, and contains 75% fewer calories than sugar.

**100% vegetarian**  
**Gluten free**  
**Lactose-free**  
**75% fewer calories**  
**than sugar**



**ZÜSTO**

Our definition of a palm oil product is a Margarines, Fats and Oils category product which contains palm oil. Overall, we have an abundance of products which contain some palm oil but the quantity of palm oil within our product is often extremely low and the products are dispersed across many of our product categories. However, the products in the Margarines, Fats & Oils category often contain large amounts of palm oil and in terms of environmental impact this large product category consequently represents the biggest palm oil related threats. This is why we want to first focus on palm oil products.

Palm oil usage contributes to deforestation and decreased biodiversity. The palm oil product options offered at Leipurin are non-certified or basic, RSPO Mass Balance (MB), and RSPO Segregated (SG). RSPO stands for Roundtable on Sustainable Palm Oil and it sets the standards for RSPO certifications. Leipurin has a distributor license for RSPO which is needed to be able to offer certified options.

For Leipurin operations in the EU, the share of value of certified MB and SG palm oil products increased from 37% in 2020 to 56% in 2021. The share of products including palm oil in the category is decreasing from 55% in 2020 to 51% in 2021. The certification level in Leipurin branded palm oil products is already quite high at 93% in 2021. In 2022, we will certify 100% of Leipurin branded palm oil products.

| Category                              | Metric % of volume (KG, pieces)  | 2021 Status  | 2022 Target |
|---------------------------------------|--|--|-------------|
| <b>Packaging Materials</b>            | Share of packaging that is recyclable  | EU: 100%   | EU: 100%    |
|                                       | Share of plastic primary packaging sold to customers that is from recycled materials | 87% produced by using min. 70% of recycled plastic | 95%         |
|                                       | Map secondary packaging status and set targets                                       | NA   | During 2022 |
| <b>Oils and fats</b>                  | Share of certified cocoa (UTZ or fairtrade)  |  |             |
|                                       | Share of certified palm oil RSPO SG + RSPO MB  | 56%  | 65%         |
| <b>Research Communities, Advocacy</b> | Share of RSPO in Leipurin branded products   | 93%  | 100%        |

### 7.3 Improving food safety

Product safety is one of the most important aspects of responsibility. There are certified food safety systems and various standards, e.g. ISO 22000, 9001, 14001, FSSC 22000, BRC, and AIB. The certification of the food safety system shows that the company invests in product safety and develops operations beyond the requirements of legislation

Leipurin Finland has had ISO 9001 quality management certificate since 2013. ISO 9001 quality system works as a good backbone in Leipurin Finland for responsibility work by giving us tools continuously to improve our operations.

In 2021, we have been making improvements to our food safety management system to better fulfil the requirements of our customers. These include stricter requirements for our suppliers, new processes to ensure product safety and food fraud mitigation. We are now close to taking the first concrete step by certifying ISO 22000 -food safety management system in summer 2022.

Meanwhile we are continuing the work towards our original goal, which is the certification of the GFSI-approved FSSC 22000 -food safety management system. We are hopeful that the technical issues preventing the certification, which are unfortunately out of our control, will be resolved by next year and we can certify the FSMS in 2023.

Food safety regulation defines traceability as the ability to trace and follow food, feed, and ingredients through all stages of production, processing, and distribution. The “One step back - one step forward” principle obliges businesses to identify at least the immediate supplier of the product and the immediate subsequent recipient, with the exemption of retailers to final consumers (unless specific provisions for further traceability exist).

This approach facilitates withdrawal of faulty food/feed from the market as well as provides consumers with targeted and accurate information on specific products. The pre-requisite for this approach to work is a robust Product Information Management process and IT-system. At Leipurin, this is integrated into our ERP and eStore systems.

We have started to gradually remove products with azo colorings from our assortment. Azo dyes are not prohibited by any regulation, but there are some concerns about the healthiness of the colourings, so Leipurin is encouraging and supporting our customers to find alternatives to replace this type of colouring.

Genetically modified food and genetically modified food ingredients either contain genetically modified material or are produced of such material. Leipurin Finland, Baltics and Ukraine have no genetically modified (GM) products or genetically modified ingredient containing products in their product range.

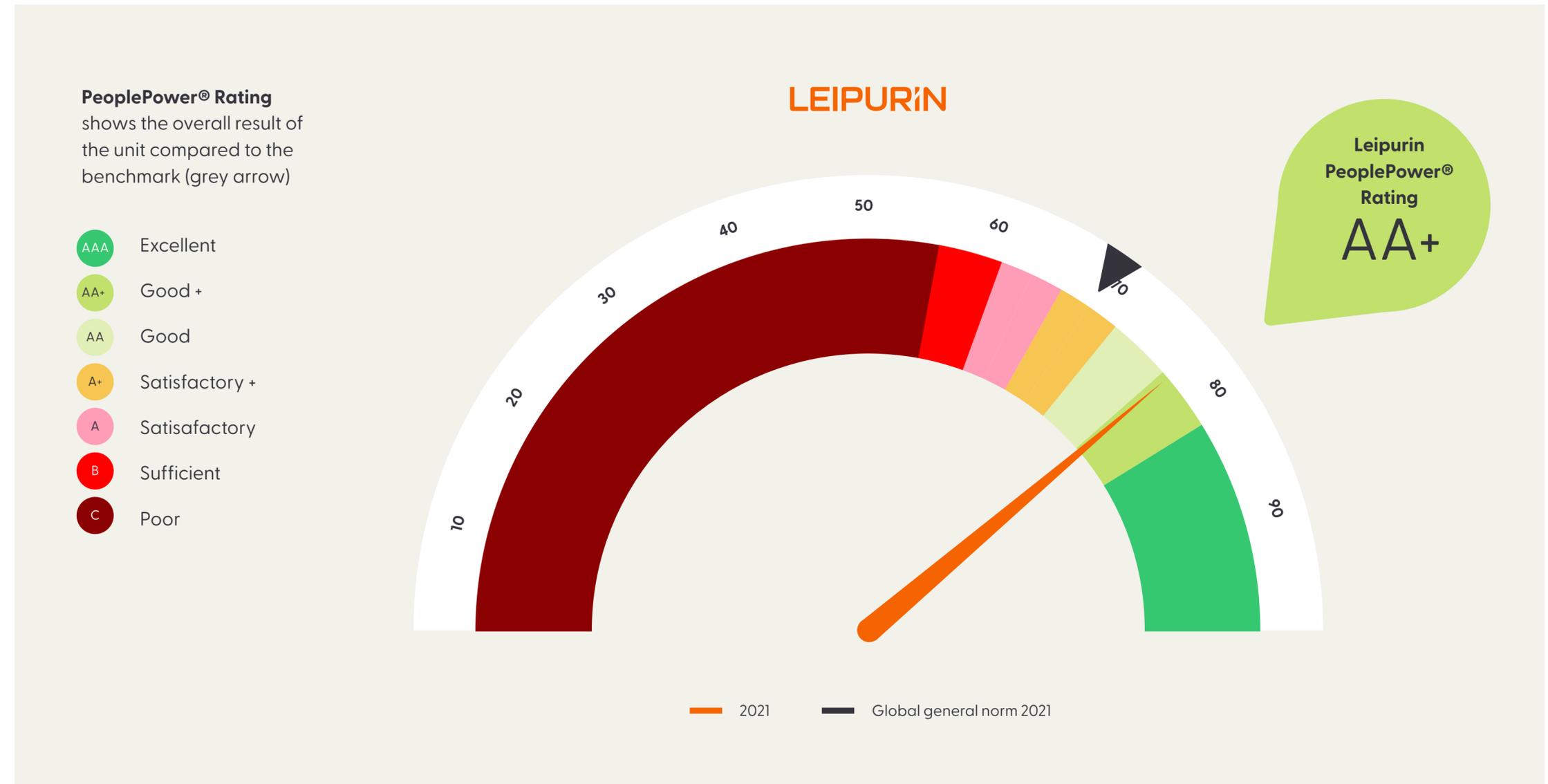
08

# Taking care of our people

## 8.1 Building a better workplace

It is essential for Leipurin to have engaged employees, who are passionate about developing the food industry and helping our customers to stay on top of the trends and development. Every day, we collaborate between functions and countries and a good atmosphere is vital for helping our people deliver quality to the market. In 2021 several activities took place to evaluate current feeling about our working environment and find ways to increase engagement and workplace satisfaction.

In 2021 the Employee Survey carried out across the whole Aspo group was renewed, and we will continue with the same model this year. The response rate was high at 81.4% and our engagement index was very good at AA+.

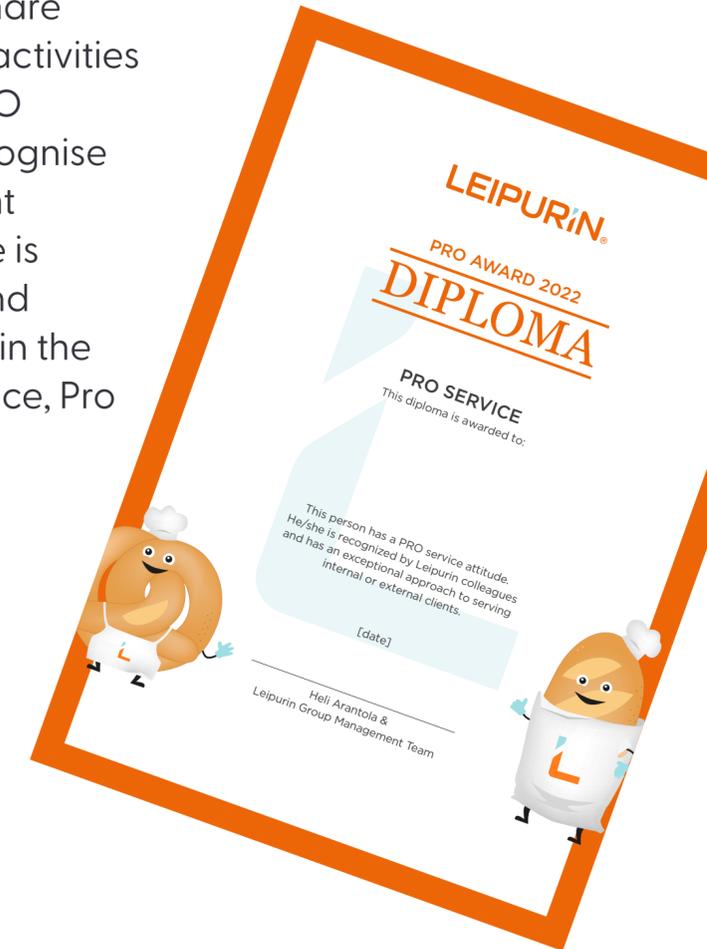


Engagement and feedback are essential; but it's how we act on them that makes a difference in the day-to-day life of our people. Following the 2021 survey, we actively engaged with people in different teams from across the business and devised a total of 36 actions with targets and follow up procedures.

**Management makes a big impact in our culture.** In our May 2021 webinar event “Jazz and Leadership”, we launched our new Manager Network. The network will meet four times a year to ensure vital information is passed on with ease and full transparency, strengthening our managers’ capability to guide our personnel in the best way. The kick-off session put a focus on leadership and was followed up by a session on performance management and target setting events. This will continue in 2022.



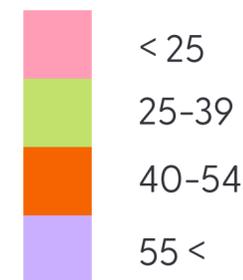
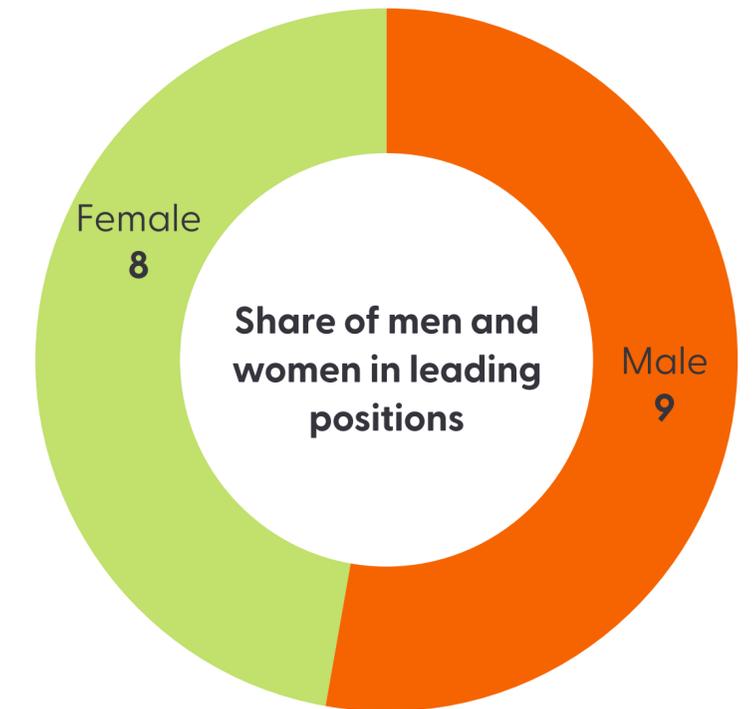
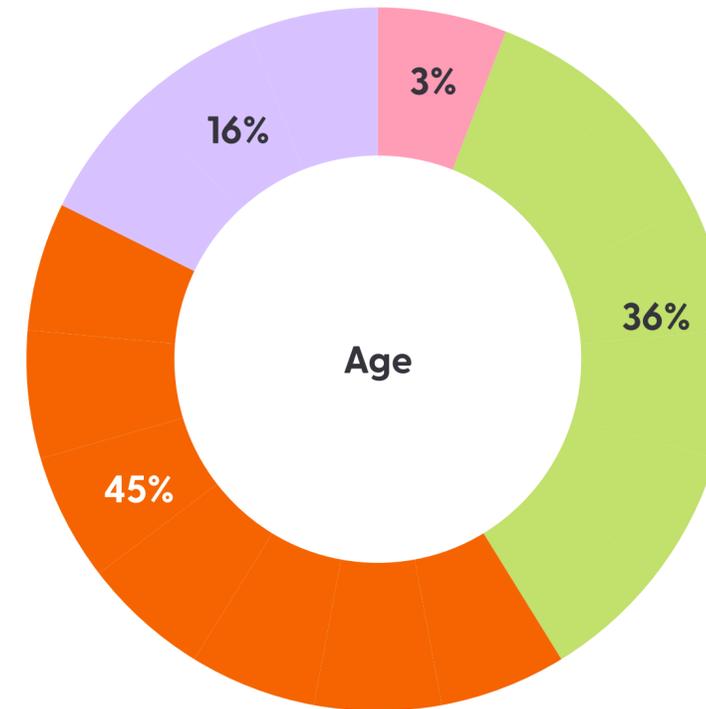
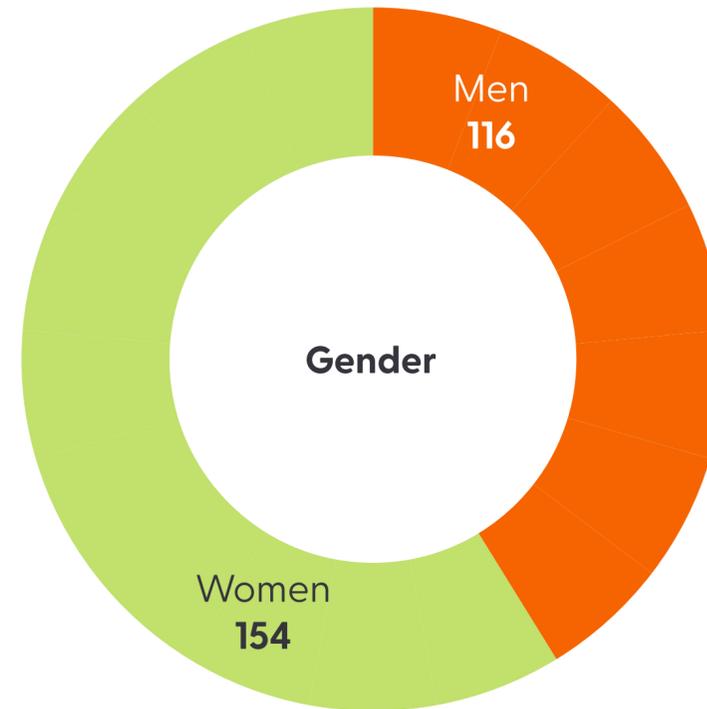
**Transparent Information for all.** Our people are spread across the globe, but we still want to build a common culture and find ways to easily share knowledge and ways of working. For this we have a Global Newsroom online event for all. Here we share business cases, development activities and success stories. A new PRO Award was established to recognise the extraordinary achievement of colleagues. Every employee is free to suggest a colleague and three awards are handed out in the following categories: Pro Service, Pro Solution and Pro Feeling.



## 8.2 Diversity and well-being

We believe that diversity is key in bringing different knowledge, perspectives and experience into our pool of talent. We have found, for example, that a good gender and age distribution helps to ensure a broad perspective and better decision making. Our target is that the gender distribution is in the 40-60 span (2021 43% men and 57% women) and that we have employees in all age groups.

In 2021 we completed a job grading project designed to support pay equality. This project saw us working with Mercer Inc. to ensure benchmark pay data in different countries.



### Case Study

#### Covid-19 Response & Hybrid Work

During the COVID pandemic we all have worked from home. When the pandemic seemed to loosen its grip in the fall of 2021 we started to plan for a new normal: hybrid work.

Based on a dialog with our employees we found that people have different wishes and needs for the future of work. Based on this we made a general guideline that each team can make their own. This is called the hybrid work agreement.

In 2022 we hope to start working according with a good combination of remote and office work that will serve both the employee and employer; with better staff well-being leading to better work.

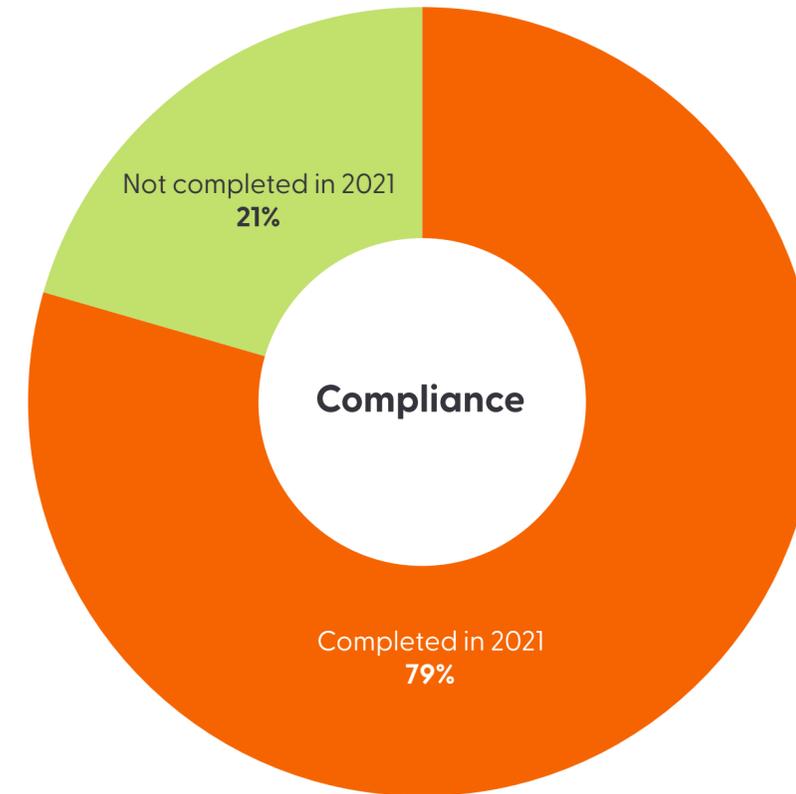
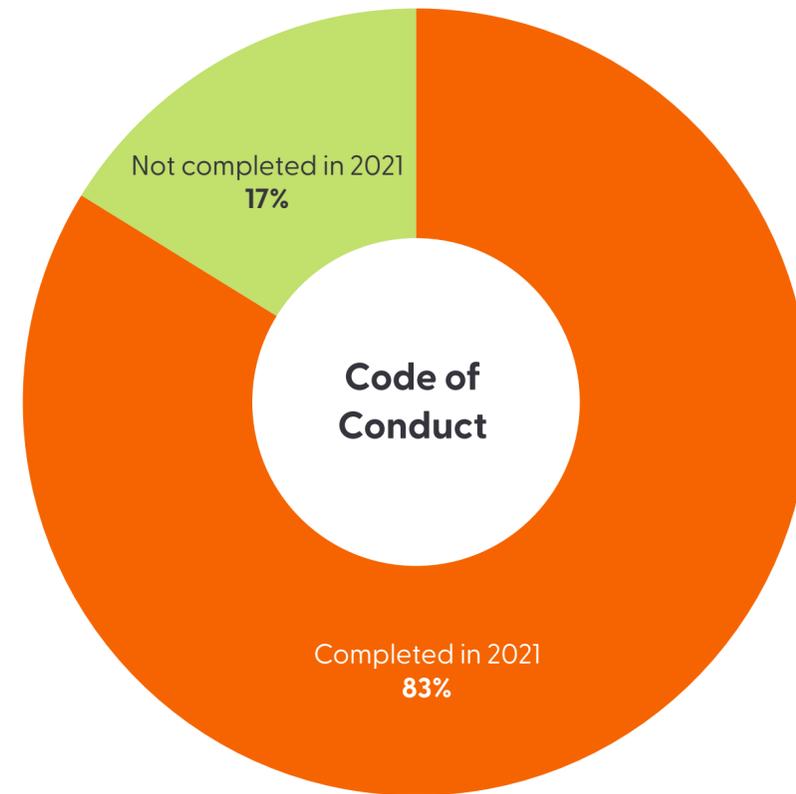
**“The hybrid work agreement is a general guideline that each team can make their own.”**

LEIPUR'IN

### 8.3 Helping our people grow

At Leipurin we want to ensure that all are aware of and feel confident in following the Code of Conduct and Compliance. To that end, we annually deliver a suite of mandatory online training modules. In the EU, GDPR training is also a mandatory requirement.

We encourage constant development and growth. To promote this we are following the development principle 70-20-10; 70% learning from experience (on the job, projects, assignments), 20% Learning from others (coaching, colleagues, mentoring) and 10 % learning from training (seminar, on-line events, courses).



#### 8.4 Making sustainability a target, for everyone.

All Leipurin target setting includes sustainability targets at country, functional, and individual levels. In practise, we cascade the Leipurin group targets to teams and individuals. Top management Short-Term Incentive programs as well as the Aspo Long-term incentive program are also clearly connected to Sustainability targets.

#### 8.5 A workplace for young professionals

We're working with various educational institutions, helping students build a career in the food industry and potentially at Leipurin.

We have a Trainee Program for university and college students and young professionals who are at least halfway through their studies. As part of the program students face interesting and delicious challenges and become acquainted with Leipurin as an international company.

In addition to the Trainee Program, Leipurin also provides short-term internships to students each year to introduce the food industry and Leipurin Oyj as an employer. Usually, short-term internships are for students who are at least halfway through their studies and specialize in bakery & confectionery in a vocational school.

We encourage students into the food industry and are therefore involved in various competitions for students and professionals as part of the jury and as a sponsor. We also cooperate with universities for research, analysis and theses.



LEIPURIN

TRAINEE  
PROGRAM

## Case Study

### Bakery Competitions

Leipurin Oyj participates annually in three bakery competitions in Finland.



**Taitaja** competition organized by Skills Finland. Taitaja competition is for baker & confectioner students. Leipurin has been part of the jury in this competition for several years.



**Rinkeli Grand Prix** competition organized by Suomen Leipuriliitto ry. Rinkeli Grand Prix is a competition is for Vocational School baker & confectioner students. Leipurin Oyj has been involved in the Rinkeli Grand Prix competition since its establishment.



**Leipomoalan SM**–joukkuekilpailu (Finnish Bakery Championship team competition) organized by Suomen Leipuriliitto ry. Leipomoalan SM-joukkuekilpailu is a competition between professional bakeries. Leipurin has been part of the jury in this competition for several years.

**LEIPURIN**

LeipurinOyj

09

# Governance

## 9.1 Compliance etc

Our parent company Aspo Plc participates in the UN Global Compact, and we support the Ten Principles and advancement of the Sustainable Development Goals as well as broader UN goals. In 2019, Aspo joined the corporate responsibility network FIBS (Finnish Business & Society association), and through that network also Leipurin receives important information about different topics of sustainability. In the form of Aspo Group's Code of Conduct and environmental policy, our commitment forms a common set of rules for responsible business throughout the whole Group.

The Code of Conduct addresses the legality of operations, business relations, personnel and safety, and the company's assets and property. The Code of Conduct is made available to the personnel and related training is offered annually. The goal is that all of the personnel complete the training every year. Since 2020, Aspo has been using a fully anonymous whistle blowing channel maintained by an external party. The system makes the processing of reported cases more effective and guarantees the anonymous and encrypted exchange of messages with the person who reported each case.

Through the service, employees can express their concerns over anything that is non-compliant with Aspo Group's values or Code of Conduct and may have serious consequences for our organization or individuals. Reports are forwarded to the whistle blowing channel team, led by the Group's Director of Legal Affairs.

## 9.2 Sustainability governance

The CEO of Leipurin is accountable for our sustainability strategy and targets. The targets are approved by Leipurin Board of Directors annually.

Our Sustainability policy can be found on [leipurin.com](https://leipurin.com) and outlines the principles for this work. The policy is also approved by the Board.

**“We support the Ten Principles and advancement of the Sustainable Development Goals as well as broader UN goals.”**

10

# Data

## The use of energy and emissions

| Leipurin              | 2021    | 2020    | 2019    | 2018    | 2017    |
|-----------------------|---------|---------|---------|---------|---------|
| Purchased energy, Mwh | 3,212.8 | 4,148.0 | 3,394.8 | 4,240.6 | 3,429.0 |
| tCO <sub>2</sub>      | 965.4   | 1,124.0 | 1,154.2 | 1,441.0 | 1,374.0 |

## LTIF and sick leaves

| Leipurin             | 2021 | 2020 | 2019 | 2018 | 2017 |
|----------------------|------|------|------|------|------|
| LTIFR-1 <sup>1</sup> | 2    | 7    | 8    | 10   | 48   |
| LTIFR-2 <sup>1</sup> | 6.3  | 10.3 |      |      |      |
| Sick leaves, %       | 3.5  | 2    | 4.0  | 1.7  | 1.9  |

<sup>1</sup> Lost-time injury frequency (LTIF) is presented per 1,000,000 working hours. LTIFR-1/Injuries resulting in absence at least one full day per million person-hours. LTIFR-2/ All injuries that require medical treatment and/or alternative work

## Number of personnel by geographical area, December 31

| Leipurin                                | 2021       | 2020 | 2019 | 2018 | 2017 |
|---|------------|------|------|------|------|
| Finland                                 | 76         | 73   | 80   | 100  | 108  |
| Scandinavia                             | -          | -    | -    | -    | -    |
| Baltic Countries                        | 47         | 49   | 50   | 49   | 50   |
| Russia, other CIS countries and Ukraine | 147        | 141  | 167  | 171  | 212  |
| Other countries                         | -          | -    | -    | 10   | 14   |
| <b>Total</b>                            | <b>270</b> |      |      |      |      |

## Number of personnel by category, December 31

| Leipurin         | 2021       | 2020 | 2019 | 2018 | 2017 |
|------------------|------------|------|------|------|------|
| Office staff     | 190        | 182  | 206  | 211  | 272  |
| Supervisors      | 35         | 37   | 40   | 38   | 20   |
| Management       | 17         | 16   | 19   | 20   | 26   |
| Non-office staff | 28         | 28   | 32   | 61   | 66   |
| <b>Total</b>     | <b>270</b> |      |      |      |      |

### Number of personnel by contract type, December 31

| Leipurin            | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------|------|------|------|------|------|
| Amount of personnel | 270  | 263  | 297  | 330  | 384  |
| Full-time contract  | 264  | 260  | 293  | 316  | 364  |
| Part-time contract  | 6    | 3    | 4    | 14   | 20   |

### Gender distribution, December 31

| Leipurin | 2021 | 2020 | 2019 | 2018 | 2017 |
|----------|------|------|------|------|------|
| Women    | 154  | 149  | 166  | 198  | 228  |
| Men      | 116  | 114  | 131  | 132  | 156  |
| Total    | 270  |      |      |      |      |

### Age distribution, December 31

| Leipurin     | 2021       | 2020 | 2019 | 2018 | 2017 |
|--------------|------------|------|------|------|------|
| > 24         | 8          | 1    | 3    | 17   | 20   |
| 25–39        | 97         | 105  | 129  | 154  | 173  |
| 40–54        | 122        | 121  | 132  | 126  | 141  |
| 55 <         | 43         | 36   | 33   | 33   | 50   |
| <b>Total</b> | <b>270</b> |      |      |      |      |

### Average age of employees

| Leipurin                 | 2021 | 2020 | 2019 | 2018 |
|--------------------------|------|------|------|------|
| Average age of employees | 42   | 43   | 41   | 39   |

### Employee turnover rate

| Leipurin      | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------|------|------|------|------|------|
| turnover rate | 17   | 10   | 26   | 26   | 18   |

## People power (scale 0–100)

|          | 2021 | Rating |
|----------|------|--------|
| Leipurin | 80   | AA+    |

In 2021, Aspo introduced People Power personnel survey, which aims to identify the organisation's strengths and areas for development in terms of its own work, the community work community and the entire organization. Excluding marine personnel.

## Employee satisfaction index (scale 1–5)

|                  | 2021 | 2020 | 2019 | 2018 |
|------------------|------|------|------|------|
| Business segment | -    | 4.02 | 3.94 | 4.18 |
| Own unit         | -    | 4.22 | 4.08 | 4.24 |
| My work          | -    | 4.23 | 4.19 | 4.22 |
| My superior      | -    | 4.15 | 4.10 | 4.16 |

In 2021, Aspo introduced People Power personnel survey, which replaced the previous method.

## Code of conduct and compliance -training 2021

|          | Compliance | %    | Code of Conduct | %    | Persons |
|----------|------------|------|-----------------|------|---------|
| Leipurin | 214        | 79.3 | 226             | 83.7 | 270     |

Family leave and other long absences have been excluded. Excluding marine personnel.

## Waste - Leipurin

| Tons                              | 2021  | 2020   | 2019   | 2018   | 2017   |
|-----------------------------------|-------|--------|--------|--------|--------|
| Utilized                          | 18.02 | 218.50 | 271.33 | 88.78  | 75.7   |
| share of total sales <sup>1</sup> | 0.16  | 2.16   | 2.34   | 0.73   | 0.62   |
| Landfill                          | 70.19 | 118.47 | 152.27 | 298.36 | 300.74 |
| share of total sales <sup>1</sup> | 0.62  | 1.17   | 1.32   | 2.46   | 2.45   |
| Energy                            | 21.33 | 55.14  | 22.87  | 42.49  | 54.38  |
| share of total sales <sup>1</sup> | 0.19  | 0.55   | 0.2    | 0.35   | 0.44   |

<sup>1</sup> Share of total sales reported waste ton per EUR million.

