



ADDENDUM TO
THE SUPPLIER CODE OF CONDUCT/2020



Table of Content

INTRODUCTION	3
ENVIRONMENT AND CLIMATE REQUIREMENTS FOR ALL CATEGORIES ...	4
AGRICULTURAL BASED RAW MATERIALS	5
PACKAGING MATERIAL.....	6

Introduction

Responsible sourcing is integrated in Royal Unibrew's Business Ethics Policy and it is further elaborated in our Supplier Code of Conduct. Our approach to responsible sourcing is rooted in our commitments, legislation and internationally recognized conventions and guidelines such as OECD guidelines for Multinationals, Universal Declaration on Human rights, International Labor Organization Standards, UN Global Compact, UN Guiding Principles on Business and Human Rights, UN Sustainable Development Goals, etc.

Royal Unibrew believes that by creating a more sustainable business and by working together, with our suppliers, we can create shared value and a better more resilient future. The quality and integrity of our products depends on continuity of supply and a healthy supply chain. We recognize that responsible sourcing is a journey where improvements are achieved through cooperation and partnerships with our suppliers.

Royal Unibrew has identified several areas where more detailed guidance may be needed to achieve our ambitious targets and to reduce risks of violation of responsible sourcing principles related to environment, climate, human rights and labor standards. Hence, additional requirements have been elaborated for:

ALL CATEGORIES:

- **Energy management, Renewable Energy & CO₂ reduction goals, circular economy and closing the loop for materials**

SPECIFIC CATEGORIES:

- **Agricultural based raw material**
- **Packaging material**

Environment and climate requirements for all categories

Royal Unibrew believes that climate change and climate resilience is one of the key challenges for sustainability. Therefore, we have embarked on a journey where we want to become carbon emission free by 2025 in scope 1 and 2, excluding distribution. Furthermore, we want to reduce carbon emission from the entire value chain (scope 1, 2, 3) by 50% in 2030 compared to 2019.

We are building on many years, continuous improvement for all resources such as energy, water and raw material and the associated emissions and discharges, and that remains focus areas.

Circular economy and closing the loop for materials are yet other important areas to consider. Royal Unibrew realizes that to improve further, we need enhanced cooperation, partnerships and innovation across the value chain we are a part of.

Consequently, we expect all our suppliers to :

- **Manage and monitor energy consumption as well as transitioning towards Renewable Energy sources.**
- **Apply circular economy design and close the loop for materials**

MANAGE AND MONITOR ENERGY CONSUMPTION AS WELL AS TRANSITIONING TOWARDS RENEWABLE ENERGY SOURCES

To avoid contribution to climate change the starting point is to measure and monitor energy use and greenhouse gas emissions, setting reduction targets, maximize energy efficiency and use renewable energy sources.

Royal Unibrew expects reporting to be aligned with the Green House Gas Protocol and relevant PEFCRs (Product Environmental Footprint Category Rules). The basic requirement is to disclose scope 1 and 2 energy consumption/emissions, the contribution from renewable energy sources and other CO₂ reduction targets. Eventually or if it is already possible, we would like to extend disclosure to include relevant scope 3 emissions. We are aware that all suppliers are not able to provide the data upfront, but we will favor suppliers that at least initiates the process.

APPLY CIRCULAR ECONOMY DESIGN AND CLOSE THE LOOP FOR MATERIALS

To avoid excess use of resources the concept of circular economy and closing the loop must be applied to all materials. Circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems.

Royal Unibrew believes that excess use of resources may be avoided by increasing reuse and recycling of material, whenever possible. We expect our suppliers to embark on the journey and we will favor suppliers that at least initiates projects.

Agricultural based raw materials

Royal Unibrew is a multi-beverage company, where agriculture and agricultural based raw materials are key ingredients. Our products must be based on safe, high quality and affordable supply of agricultural raw material to meet the demands.

We recognize that there is an increasing pressure on the global food chains and the ecosystems from which it is derived. With a growing world population, it is pivotal to develop methods and crops that not only increase yields but also reduce potential impacts to the environment and people, such as biodiversity, water scarcity and climate. We are determined to meet these challenges and to raise the bar on our ambitions because our company can only thrive if the planet and communities we serve are thriving too.

Royal Unibrew believes that focus on productivity, yields and improved farming methods, based on acknowledged science and technology without compromising environment and social standards is part of the solution.

Currently, Royal Unibrew's use of animal based raw materials is very limited, milk and milk-derived products may be used and therefore animal welfare is also a concern.

Therefore, we expect our suppliers to :

- **Develop and manage a sustainable agricultural supply chain.**

DEVELOP AND MANAGE A SUSTAINABLE AGRICULTURAL SUPPLY CHAIN

Management systems with objectives, procedures, performance tracking and documentation and commitment to sustainability improvements over time is required.

To improve sustainability of the agricultural supply chain, programs and management of energy, water, soil, waste and agrochemicals as well as conservation of forest and biodiversity is fundamental. Observing best practices for food safety, hygiene and adhering to community and traditional rights are prerequisites.

Royal Unibrew is aware of several management system standards, labeling schemes/product stewardship programs (e.g. organic) and in some cases legal/regulatory requirements that are relevant for agricultural raw materials such as SAI, Bonsucro Standard, Rain Forest Alliance, Global GAP and Universal Crops.

Packaging material

Packaging material is vital for protection of our products and maintaining the high product quality from production via transportation and storage to consumption in the entire shelf life of our products. Thereby, packaging material enables less food waste in the supply chain.

Legal and regulatory requirements for food contact material, sets the bar for the content of potentially hazardous material which is prohibited or regulated. Packaging material is however, also an important contributor to the carbon footprint of Royal Unibrew and our products.

Depending on the material in question our packaging material is generally based on fossil fuels (plastics), wood (paper and corrugated cardboard), sand/silica (glass) and steel/alumina (cans & kegs). Therefore, the sustainability challenges for especially the virgin material may differ being it based on mining, drilling or forestry.

However, Royal Unibrew believes that impacts by packaging material may be avoided or significantly reduced by considering the following principles

- Removing hazardous substances
- Reducing weight by design changes
- Reusing the packing
- Recycling the material
- Rethinking: mono material and innovations for packaging systems

Therefore, we expect all our suppliers to :

- **Develop and manage sustainable packaging material**
- **Minimize waste and closing the loop**

DEVELOP AND MANAGE SUSTAINABLE PACKAGING MATERIAL

Management systems with objectives, procedures, performance tracking and documentation and commitment to sustainability improvements over time is required.

To improve sustainability of the packaging material supply chain, programs and management of water, soil and chemicals/heavy metals as well as conservation of forests, land and biodiversity is fundamental. Adhering to community and traditional rights are likewise prerequisites.

We are aware of several product stewardship programs and certifications and legal/regulatory requirements that are relevant for packaging materials such as Forest Stewardship Certification/Program for The Endorsement of Forest certification (FSC/PEFC) for forestry and wood, Aluminium Stewardship Initiative (ASI) for aluminum, and similar certifications for recycled plastics.

MINIMIZE WASTE AND CLOSING THE LOOP

We require that suppliers are actively reducing the consumption of virgin material and thereby may reduce the potential impacts on sustainability. Thus, material losses in the manufacturing processes such as cut offs or waste must be recovered to the fullest either by reuse or recycling. Moreover, closing the loop by recycling food grade material into new food grade packaging – gradually increasing the content of recycled material over time is considered a best practice.

For further information and questions, please contact:

Royal Unibrew A/S
Faxe Alle 1
DK-4640 Faxe
Denmark
Phone: +4556771500
E-mail: contact@royalunibrew.com
Att.: Group General Counsel

www.royalunibrew.com

