



Intersnack



A shared
journey
into the
decade of action

Intersnack Sustainability Report 2020
Summary



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Message

from the executive board

Welcome to our fourth sustainability report, in which we are pleased to share the recent achievements on our sustainability journey on which we embarked 15 years ago. At Intersnack, everything we do revolves around one thing: great taste. At the same time, we want to offer products that can support a healthier lifestyle and do not compromise on the environment, our colleagues and the many people in our supply chains.

Around the world, companies, communities, cities and countries are today wrestling with many of the same issues. From climate change to workers' rights and conducting business in a responsible way, **sustainability issues have never been so pressing or prominent.** Factor in a global pandemic and this sustainability reporting period has been a momentous time for us all.

As a growing international company with extensive supply chains, we touch the lives of many people in many countries. We therefore feel a strong sense of responsibility to minimise

negative impacts of our operation and to capture opportunities to create positive impacts for society and the environment.

We are progressing towards a more circular system and a better future for the people involved. In this sustainability report, you can read about how we are addressing these interconnected issues. Key highlights include significant reductions in waste, CO₂ emissions and saturated fats, as well as increases in our employee engagement and the number of people in our supply chain that work in a third-party assessed working environment. We are proud to have developed an integrated

and structured approach to sustainability. Key to this has been nurturing **a culture of sustainability right across our company**, by ensuring sustainable thinking is central to decision-making at both a management and operational level.

Being privately owned enables us to operate our business with a long-term view. In 2020, we renewed our company mission, vision and values, further strengthening our long-term perspective and making sure that sustainability is embedded in everything we do.

Our core values of *Thinking responsibly*, *Acting entrepreneurially* and *Growing together* are given true meaning on a daily basis by the thousands of colleagues who make up the Intersnack team worldwide. We are grateful and proud of all they do to ensure our company's continued success. Despite all the challenges

posed by social-distanced working, perhaps the most telling thing about the pandemic was that our team has never worked so closely together.

Ultimately, **sustainability is a journey that no single team or organisation can make on its own.** To bring about lasting change that matters, we will continue to work in concert with our suppliers and other stakeholders. With the right drive and determination, we believe we can, and will, help contribute to a better, more sustainable world.

To our colleagues and partners, thank you very much for your hard work and many contributions to our company and the progress we have made together. We welcome your input to this report and look forward to continuing our dialogue as we progress on our sustainability journey.



Maarten Leerdam



Johan van Winkel



Henrik Bauwens



Roland Stroese

Key sustainability highlights*

€11 million invested in sustainability-related measures at our sites in 2020

Consumer

78% reduction in saturated fats vs 2006

75% of products with only natural flavours



88% of products free of artificial taste enhancers

97% of products with sunflower/rapeseed oil low in saturated fats

Environment

94% of waste diverted from disposal

21% CO₂ reduction** vs 2010

6% reduction in packaging material vs 2014

18% reduction in edible waste** vs 2014

0% food waste

17% water reduction in chips production** vs 2014



Social

100% of priority suppliers*** have signed our Responsible Sourcing Policy

100,000 workers in our supply chain work in a third-party assessed working environment



Nearly **6,000** smallholders and their families supported

Employee

11 hours of training per employee

100% of Intersnack plants ISO certified for Health & Safety



Over **12,000** employees working together to keep our production lines running in a safe and secure way

* 2020 results unless otherwise noted
** per tonne of saleable product

*** scope: nuts, seeds, dried fruit and raisins

About Intersnack

Intersnack is a privately owned company with innovation, entrepreneurship, creativity and teamwork at its core. Our philosophy is based on rapid decision-making, efficient actions and intelligent solutions. This has helped us become one of the leading manufacturers of savoury snacks in Europe. In 2020, the total volume sold amounted to 647,700 tonnes, which generated net sales of € 2.93 billion.

Our products and brands

Every day, more than 15 million consumers across Europe enjoy our savoury snacks. Our portfolio of products includes both well-known iconic international brands and local favourites. In addition to branded products, we also manufacture private label products.

OUR PRODUCT CATEGORIES



SOME OF OUR ICONIC BRANDS

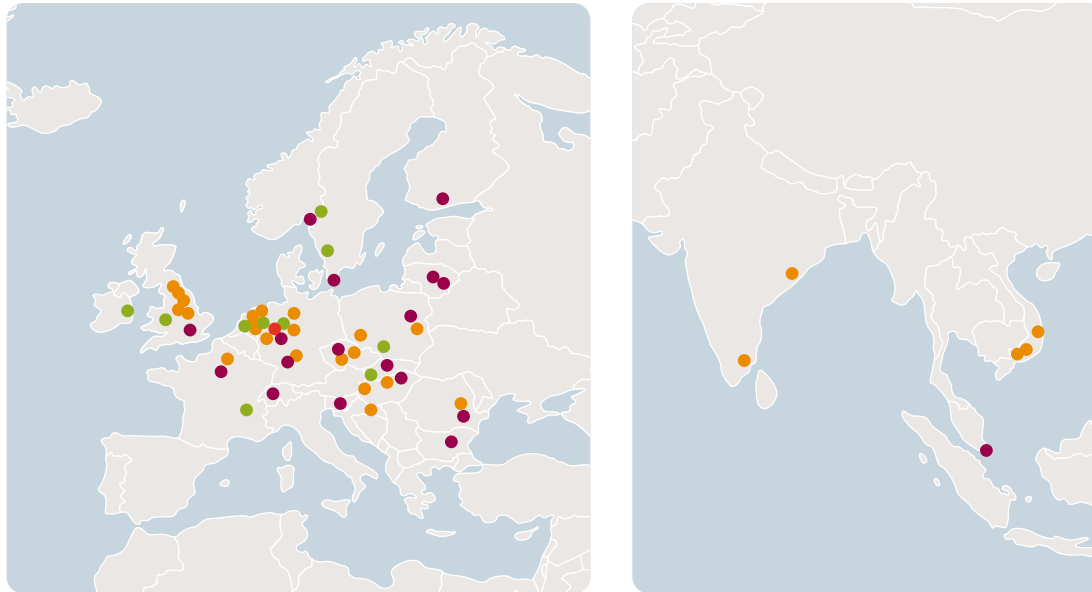




Our main offices and plants

The Intersnack Group is headquartered in Düsseldorf, Germany. At the end of 2020, we had 33 production plants and additional office and warehouse locations in 21 countries in Europe, together with five cashew processing plants in Asia.

OUR OFFICES AND PLANTS IN EUROPE AND ASIA



● Headquarters ● Office ● Plant ● Office + Plant

Our value chain

Our commitment to sustainability and acting responsibly extends beyond our own operations. Our aim is to source as directly as possible and to actively engage with our suppliers in long-term partnerships.



Vision, mission and values

At Intersnack, we take a long-term perspective to business. This helps us manage our business in a responsible manner, beyond financial success alone. Our vision, mission and values guide our strategy, our people and how we work together. In 2020, we revised the description of our values.

Our vision, mission and values guide everything we do

We aim to create great tasting savoury snacks, whilst keeping our environment and the world healthy and sustainable for future generations. For this reason, we have embedded sustainability in our vision, mission and values.

Vision

We are passionate about enriching people's lives with the right choices of great tasting savoury snacks.

Mission

Our strength is being both proudly local and truly international. We create value with our products, our innovations and our iconic brands. We strive for excellence in everything we do. Being privately owned enables us to operate our business with a long-term view. We are fully committed to a more sustainable world.

Values

Our core values, displayed on the right, are ethical business principles and guidelines that guide our daily work with our colleagues, our consumers, our business partners and other stakeholders.

Thinking responsibly



Everything starts with thinking responsibly. Accountability and effective risk management are crucial to our success. We hold ourselves to high ethical standards throughout our entire business and supply chain. We care deeply about the impacts of our actions on our stakeholders and the environment.

Growing together



We value our people, and we cherish diversity for the power and potential it creates. We believe cross-functional teamwork is essential. A supportive environment and open communication help our people to learn and grow. We share and enjoy our successes together.



Acting entrepreneurially

We enjoy acting entrepreneurially. We rely on trust, transparency and integrity. We challenge ourselves and each other to continually improve our performance. We empower our people to take ownership of what they do.

How we work

Our integrated approach

Across our business, we continually develop and strengthen our capabilities by involving all employees and by using standardised tools and systems to help reduce and eliminate production and other types of losses. This continuous improvement philosophy drives our culture and is captured in our Intersnack Work System (IWS). The implementation of IWS is a journey for each operating plant and it will take our organisation five to ten years to fully implement it. This applies to everything we do, including how we manage our sustainability efforts.

THE PRINCIPLES AND OBJECTIVES TO OUR APPROACH



0
defects and losses

We continually optimise operations by eliminating losses such as unplanned machine downtime, material waste or rework.



100%
employee ownership

Employees are the experts at their jobs. They should therefore have full ownership of the specific tasks for which they are responsible.

Intersnack's Sustainability strategy



Sustainability issues have become ever more central to public debate, with the growing consciousness about issues such as climate change and ethical working practices reflected in actions taken by companies, governments and multinational organisations.

Our commitment to the Sustainable Development Goals
2015 saw the welcome adoption of 17 Sustainable Development Goals (SDGs) at the United Nations. Guided by our values and our commitment to a sustainable world, we recognise our responsibility to help create a better world through adapting what we do and how we do it.

To this end, we have committed ourselves to implementing four SDGs across our business.

INTERSNACK'S FOCUS SDGs



SDG 17: Partnerships for the goals

We are engaged in multi-stakeholder partnerships with public, private and civil society actors. Together, we mobilise and share knowledge, expertise and technology.



SDG 12: Responsible consumption and production

We strive to make efficient use of natural resources and to reduce waste along our entire supply chain.



SDG 13: Climate action

We are working along our value chain to increase energy efficiency and develop a closed cycle for packaging material. We also promote responsible agricultural practices.



SDG 8: Decent work and economic growth

We promote safe and secure working environments for all workers. We also implement measures along our supply chain to prevent forced labour and child labour.



We are only able to make sustainable progress by working with others.

Engaging our stakeholders for impact and guidance

We are only able to make sustainable progress by working with others. We therefore work closely with our suppliers and participate in pre-competitive platforms such as the Sustainable Agriculture Initiative (SAI), in addition to more specific sector initiatives such as the Competitive Cashew initiative (ComCashew). Through collaboration and the exchange of valuable knowledge, we increase our impact – both in terms of our own operations and supply chains and our wider industry impact.

A continuous open exchange with our stakeholders provides us with guidance and helps us to prioritise our actions on those topics where we are able to have a significant impact and that are important to our stakeholders. In 2020, we actively engaged with our key stakeholders (our consumers, our clients, governments, our suppliers, the media, NGOs/interest groups and our employees) to update our materiality assessment.

Our approach was two-dimensional. We considered the impact of our business activities on the material topics, in addition to examining the influence these topics have on our stakeholders' assessment of our company; in other words, how important these issues are for our key stakeholders. Based on this analysis, we have updated and prioritised the list of our 'material topics': the topics on which we focus our sustainability efforts.

Managing our sustainability commitment

Sustainability ambassadors and local sustainability managers coordinate the implementation of our sustainability activities. Clear objectives and milestones are defined, which are then broken down into specific measures and projects. Progress and results are continuously monitored and assessed through internal reviews.

Our four strategic pillars

Our sustainability strategy is made up of four pillars, which provides added structure and focus to our efforts and approach.



Consumer responsibility

We are committed to providing consumers with **tasty and more nutritious** choices. We continually work to make our products **healthier and more natural** by reducing fat, salt, sugar and unnecessary additives and allergens.

At production sites, we maintain the **highest food safety standards**. And by providing transparent food information on packaging, we enable consumers to take **informed choices**.



Environmental responsibility

The production and transport of our products consumes resources and generates CO₂ emissions and waste.

We aim to reduce these impacts in our own operations as well as in our supply chain.

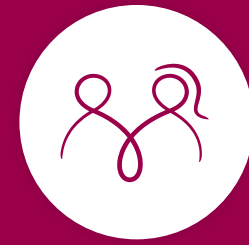
We also promote **sustainable agricultural practices and operations in our supply chain**.



Social responsibility

We are committed to continually **improving working conditions** in our supply chains. Through dialogue and audits, we **assess any issues or risks**.

We work with our suppliers, partners and multi-stakeholder initiatives to **improve working conditions, crop yields, product quality and the livelihoods of farmers** in our supply chains.



Employee responsibility

Our people are the foundation of our success. Their **health and safety is of paramount importance** and we help them to develop their talents and achieve their full potential.

We value diversity and promote engagement with local communities by our employees. Teamwork and collaboration add to employee engagement and a positive working environment.

Innovating for *Consumer* health and taste

At Intersnack, we want to deliver **great taste** while also offering products that can support a healthier lifestyle. For this reason, we are continually working on innovations and new product lines. We are also committed to communicating in a clear, open and transparent way to help people make informed decisions about the snacks they choose.

We are passionate about offering our products to consumers to enjoy as part of a **balanced diet** and continually respond to **sustainability considerations** and changing consumer preferences. **This includes everything from offering consumers healthier and more sustainable choices to improving packaging.**

By reformulating many of our existing products, we have been able to increase the proportion of products with an **improved nutritional profile** by reducing fat, salt and unnecessary additives and allergens – all while maintaining the same great taste. Furthermore, after 20 years of continuous efforts, 75% of our product portfolio today contains natural flavours only.

In 2019 - 2020, we rolled out our range of delicious lentil and chickpea chips across Europe, in addition to extending our product line with unsalted and non-fried nuts and nut mixes. We apply the same **innovative mindset** to our production processes, for example, to produce popped potato snacks without oil frying.

We care about our consumers and **product safety is absolutely paramount** in all that we do. By rigorously applying strict safety standards and ensuring that robust quality systems are always in place, we are able to maintain the highest quality in the production process. Through clear, informative and transparent product labelling, we are responding to the consumer demand for greater transparency on the ingredients in the products they choose.

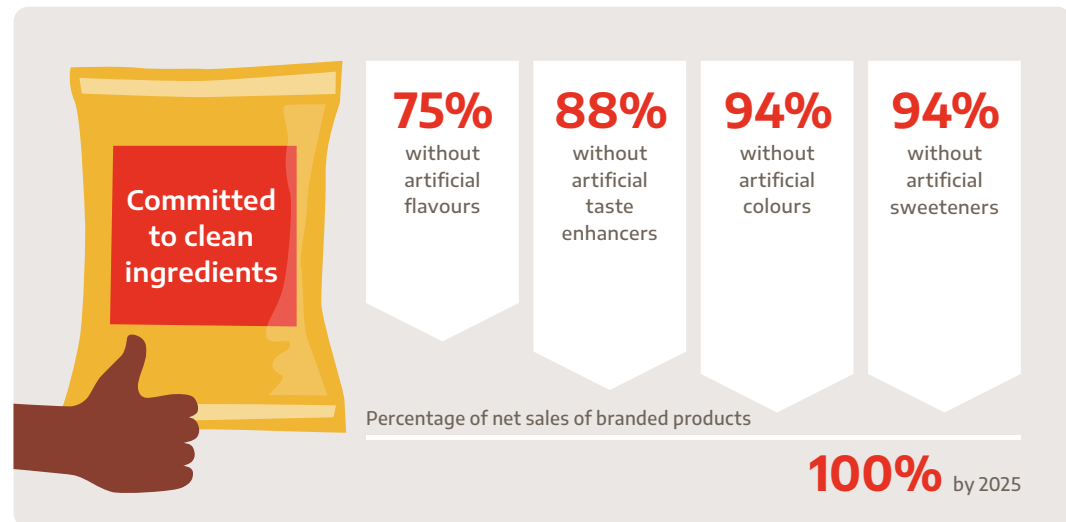


Great taste better choices

We are working hard to increase the proportion of our products with an improved nutritional profile. This underlines our approach to reformulation, new product development and growing sales of our more nutritious products.

Natural flavours for new and existing products

We are committed to ensuring our ingredients list is 'clean' by using only natural flavours and removing all taste enhancers, artificial colours or added sweeteners from our branded products. For 2025, our goal is to have reformulated the recipes of our existing products to gradually remove any remaining taste enhancers and transition to only natural flavours. This is a challenging process: our R&D teams work to recreate our seasoning recipes by applying a mix of natural ingredients to achieve the same flavour profile that is loved by consumers. The chart below highlights our achievements by the end of 2020.



Almost our entire product portfolio uses sunflower oil and rapeseed oil.

From saturated to unsaturated fats

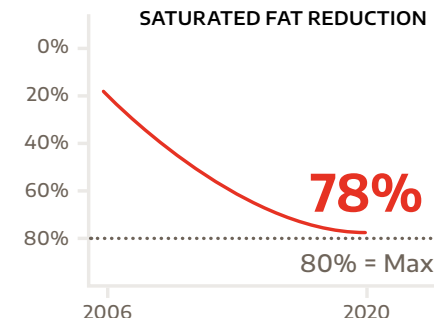
While fat is an essential nutrient, people often consume too many saturated fats. Since 2006, we have reduced the total amount of saturated fats in our products by 78%. Almost our entire product portfolio now uses sunflower oil and rapeseed oil, which are both low in saturated fats and therefore healthier options. As sunflower oil and rapeseed oil naturally contain low amounts of saturated fats, the maximum percentage by which we can achieve reduction in saturated fats is 80%.

Reducing salt

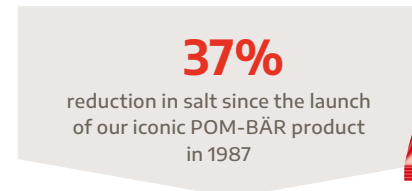
We continually work on reducing the salt content in many of our products, while always taking into account how the level of salt impacts the product's taste, structure and texture.

Responsible food labelling

We present nutritional information on our packaging. The 'Big Five' nutrients – calories, fat, saturates, sugars and salt – are visible on the front of the packaging of nearly all our products, with the only exceptions being packaging that is too small to allow this. This helps to inform consumers, enabling them to make choices that match their preferences.



Getting closer to the maximum achievable reduction.





One of the first peanut butter recipes that does not use palm oil or hydrogenated oils and fats. Made from 95% peanuts, with no added sugar, low in salt, and high in fibre, as it also contains peanut skins.

Developing product innovations

Intersnack is always on the look-out for new flavours and new product types to follow trends and satisfy changing consumer preferences. To sustain our strong innovation pipeline, we conduct extensive consumer research. When developing innovative products, we put ever more focus on their respective nutritional and health aspects.

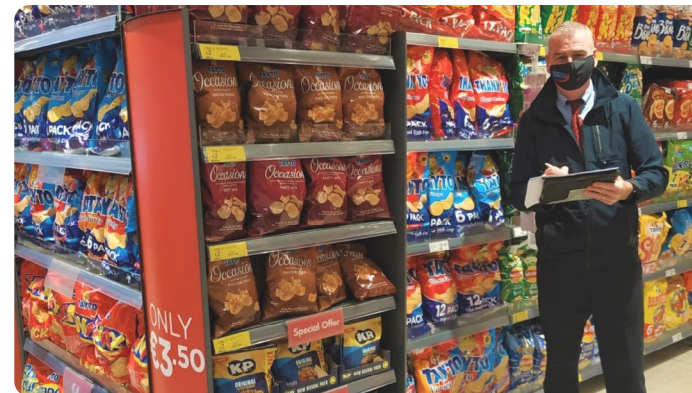
Research shows that these products appeal most to consumers who prefer a conscious, pure and balanced diet. Our roll-out of Lentil Chips has, for example, proved very successful across Europe – more information about which can be read in our spotlight story: **Innovating to meet rising demand for ‘better’ snacks.**



Consistently meeting quality standards

To ensure we deliver snacks of the highest quality, our products must meet strict food safety standards. All Intersnack sites maintain at least one food safety scheme accredited by the Global Food Safety Initiative (GFSI), which is renewed on an annual basis. In addition, Intersnack voluntarily performs American Institute of Bakery (AIB) audits for all sites to conduct a detailed evaluation of good manufacturing practices.

Unfortunately, due to the COVID-19 pandemic and subsequent travel restrictions, it was not possible to complete all of the audits and quality coaching visits during 2020. Notwithstanding this reduction in external auditing activities, we were still able to undertake work internally that resulted in quality improvements. Consumer complaints for both our branded and private label products continued to decline and no health authority complaints were made in 2020.



Our colleagues safeguard the quality of our products - from source to store.



16%
sales uplift
(2020 vs
2019) for
the pur
product line

The pur product line offers unsalted products that are either unroasted or oven baked, providing a great taste with nutritious ingredients.

Spotlight: innovating to meet the rising demand for *better snacks*



Lentils are high in protein and taste great when blended with our unique flavours.

The popularity of our innovative Lentil Chips has proven to be one of the biggest growth drivers of our speciality business. Launched under various brands in 11 countries across Europe, sales in this new healthy alternative increased by 72% in 2020 compared with just a year before. What is more, we are delighted that market research institute Nielsen listed our German funny-frisch Linsen Chips product as one of the top 25 breakthrough innovations in Europe in 2020.

These products are particularly popular among consumers who prioritise their health and wellbeing, without compromising on taste. They pay more attention to what they eat and drink, how products are made and the quality of ingredients.

Growing demand for nutritious snacks

At Intersnack, we recognised this growing demand for nutritious products years ago. Anders Andersson, director Research and Development of our Estrella brand in Sweden, explains how as a result of this development, he started working on a new product. “Ten to fifteen years ago, very few people beyond a small number of gym-goers were conscious of the amount of protein they ate.

That has all changed and other consumer groups are now interested as well. For this reason, we started to look at other healthy high-protein ingredients. After many trials with an array of alternatives that had a bitter aftertaste, such as beans, peas and chia, we chose lentils. Why? Because as well as being high in protein, they have a great taste when blended with our unique flavours.”

Less fat, great taste

Lentil Chips represent a healthier choice as they contain 40% less fat than classic chips. No matter how healthy products are, having a great taste is of course vital, which explains why our Lentil Chips are so popular. Moreover, Austrian and German consumers are already enjoying our chickpea chips, and with a range of new innovative products in the pipeline, there is more to come!

“Healthier options should taste just as good – not almost as good – as other products. We don’t compromise on taste.”

Anders Andersson,
director Research and Development
at the Estrella brand
in Sweden



72%
increased sales in 2020 compared with just a year before.

OUR LENTIL CHIPS ARE SUCCESSFUL IN MANY EUROPEAN MARKETS



Austria



Sweden



France



Poland



Denmark

Reducing our impact on the *Environment*

Global environmental challenges are a threat to people and planet alike. Chief among these is climate change, together with problems such as loss of biodiversity, deforestation and the over-use of finite natural resources, which **puts added pressure on food and non-food production**.

Many of these challenges are interlinked. Food waste, for example, accounts for 8% of the world's total greenhouse gas emissions. This is of particular relevance to our sector. Globally, approximately one-third of the world's produced food ends up as waste. In a world in which many people are hungry and malnourished, this is both an environmental and a human tragedy.

We believe all **organisations must take responsibility** and play their role in helping **to create a more sustainable world**. For this reason, our environmental efforts are focussed on **minimising waste in our production** – especially packaging and food waste – and on **reducing our CO₂ footprint** by reducing our energy consumption.

As a large part of our environmental footprint occurs in our supply chain, we partner with our suppliers **to extend our activities and the positive impact we can have into our supply chain**. By removing waste and losses every step along the way, we are able to further contribute to a circular economy.

To prioritise how and when we bring about change in our processes, we are guided by **mitigation hierarchies**, as summarised in a WWF Discussion Paper. These international frameworks are our reference to help us achieve the best outcomes for both people and nature.



Managing resources towards circularity

We support the concept of a circular economy and work to ensure that the value of products, materials and resources is maintained in the economy for as long as possible and waste is minimised.

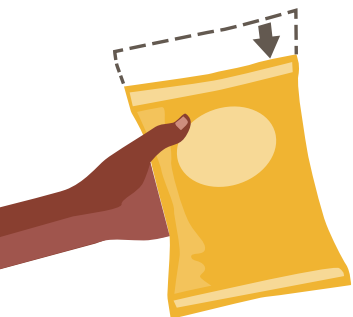
Our zero-waste mindset is reflected in our Intersnack Work System (IWS). For this reason, waste prevention is our first priority. In 2020, we exceeded several of our waste reduction targets, while in some waste categories we need to continue making more progress.



Protecting products and the environment through packaging solutions

The use of packaging, and plastic packaging in particular, is widespread across many industries. It protects products and helps us take our tasty snacks to consumers in a safe and efficient way. Plastic waste is, however, a growing problem, with little still being recycled or reused in Europe. Read more about our packaging pledge, our approach to reducing packaging and how we are successfully partnering within the industry to increase recyclability in our spotlight story:

Contributing to a circular economy through better packaging.



At our Wevelinghoven plant in Germany, we are able to reuse up to 50% of the water.

Reducing food waste to zero

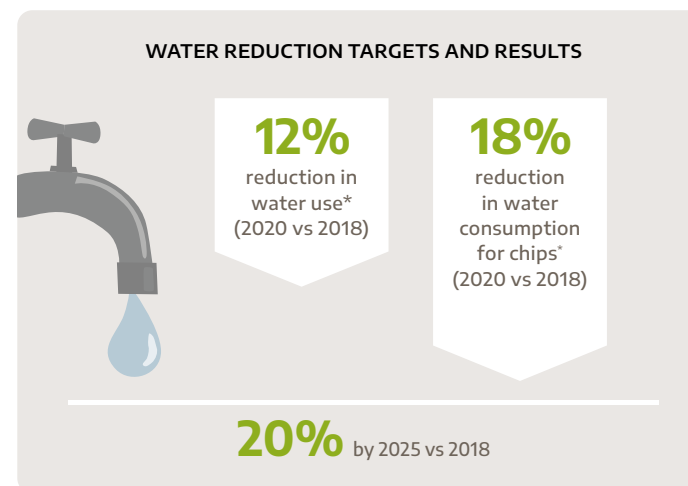
We are proud that we have been able to reduce food waste in our own factories to **0%**. In 2020, all our edible residual materials were recovered, mostly as animal feed, composting and recycling. Having already reached 0%, the challenge is now to maintain this performance and to continue to achieve ever higher disposal methods.

Diverting more waste from disposal

In 2020, our total residual materials and waste generated decreased by 5% compared with 2018. We were able to divert 94% from disposal. As our most preferred disposal method is reuse, we are pleased that a high proportion could be reused in animal feed, farm fields or by other means.

Reducing our water consumption

In 2020, we achieved a significant reduction in our water consumption compared with 2018. Water scarcity and climate change are intricately connected. Therefore, water consumption is an integral part of our resource management. As the majority of our water usage (83%) is involved in the production of our chips, we are focussing our reduction efforts on this product category.



* per tonne of saleable product

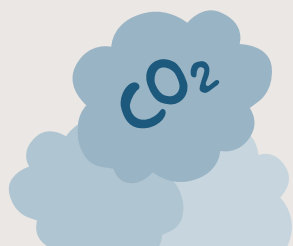
Reducing our CO₂ footprint

Based on the global ambition in the Paris Agreement, we have set ourselves the target to reduce our CO₂ emissions by 30% by 2025 compared with 2010 levels. To guide our collaboration and drive our achievements, we developed a CO₂ roadmap, with a clear focus on those areas on which we are able to have the most immediate and significant impact.

The most significant element of Intersnack's direct environmental impact comes from energy use by our production sites. We focus on energy savings and efficiency in both our own operations (scope 1 and scope 2) and in our logistics and supply chain (scope 3). We are pleased to see the effects of reduced energy consumption, improved capacity utilisation, less machine downtimes and less waste in the production process. We nonetheless recognise that there is still much progress to be made to reduce our Scope 1 and Scope 2 emissions.

To increase our energy efficiency, we are modernising our technology, sharing best practices among our production sites and evaluating energy-efficiency measures. We are also expanding the use of renewable energy and in-house renewable energy production at our sites.

CO₂ REDUCTION TARGETS AND RESULTS



21%

Scope 1 and 2
CO₂ reduction*
2020 vs 2010

30% by 2025 vs 2010

In 2020, we conducted an analysis that revealed that the most significant area of logistics where we could reduce Scope 3 emissions was Intersnack's own logistics. Based on this analysis, we have set a target to reduce our Scope 3 emissions from transport/logistics by **15% by 2025 and by 30% by 2030 compared with 2019 levels.**

* per tonne of saleable product

Reducing supply chain impacts



We promote good agricultural practices for soil health and biodiversity.

We are aware that a large part of our environmental impact occurs in our supply chain. While agricultural practices account for a large proportion of our impact, they also present a wide range of opportunities to drive positive change. To this end, we are focusing our efforts on the interlinked topics of healthy soil, biodiversity and deforestation.

We participate, for example, in the **Sustainable Futures** initiative to promote and improve soil health and biodiversity with our potato growing partners in the United Kingdom.



Halting deforestation

Agriculture is a major driver of deforestation in some of the world's most biodiverse forests. While we have significantly reduced our use of palm oil to only 3% of our products, we fully recognise the issues associated with it. For this reason, our long-term goal is to eliminate palm oil from our ingredient lists entirely, and until then, to use exclusively RSPO-segregated palm oil.



Spotlight: Contributing to a circular economy through better packaging

We are concerned about the rise in plastic waste in the world and share the concerns many of our consumers have about it. For this reason, we have developed a company-wide strategy to ensure we become more efficient in how we use packaging, reduce the use of plastic packaging materials and increase its recyclability.

Our aim is in line with our circularity ambition: to eliminate all unnecessary packaging, while working towards full recyclability of our packaging materials.

Our packaging pledge is:

- To aim to reduce the packaging material we use by 10% by 2022 compared with our 2014 baseline
- To strive to achieve 100% recyclability for our plastic consumer packaging by 2025

Flexible packaging solutions

Flexible bags are a lightweight and highly efficient packaging solution, with a relatively low environmental footprint compared with other packaging types. While more than 90% of Intersnack's plastic consumer packaging is already flexible packaging, we are continually searching for ways to further improve.

In 2020, we developed a best practice packaging standard that we are in the process of fully adopting for all products. This is already having a positive impact. Our use of flexible packaging material is down by 6% compared with 2014, which represents a structural saving of 1,200 tonne per year.

OUR PACKAGING PLEDGE

10%

less packaging material by 2022 vs 2014

100%

recyclability for our plastic consumer packaging by 2025



DESIGNED FOR RECYCLING



Flexible bags



Nut tins



Cardboard



Our cardboard packaging is 100% FSC certified.

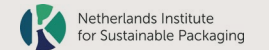
Working together as an industry

Besides the packaging design, the effective recycling of materials depends on factors such as local infrastructure, effective government legislation, incentives on packaging and consumer initiatives. For this reason, Intersnack teams up with stakeholders from across our value chain through several multi-stakeholder initiatives.



The Circular Economy for Flexible Packaging (CEFLEX)

initiative is a collaboration of over 160 European companies, associations and organisations across the flexible packaging value chain.



A Community of Practice (CoP) of international consumer goods companies has been formed by the **Netherlands Institute for Sustainable Packaging (KIDV)** to address the recyclability of flexible packaging.

Taking *Social* responsibility in our supply chains

Our products and services are sourced from across the world through a large and diverse system of supply chains. **In procuring these products and services, our company touches the lives of many farmers, workers, suppliers, processors and local communities.** Given the size and complexity of this network, we recognise not only the potential for social and human rights risks to occur, but also our responsibility to protect against them.

Our sustainable sourcing strategy, 'Buying into the future', inspires how we build capacity, improve quality of life and enhance the environment in the countries and communities from which we source, buy and ship our products. This means **creating a truly sustainable supply chain that generates value for everyone, while also protecting and enhancing the environment.**

To achieve this, we focus our efforts on responsible sourcing, supplier development and origin and sector development. By engaging on these three levels, we aim to both drive compliance and contribute to impact and continuous improvement. Over time, we have gradually built and extended our approach, in close collaboration with our suppliers and other stakeholders in our supply chains.

Our Responsible Sourcing Policy highlights the importance of integrating social and environmental considerations into both our own business strategy and operations and those of our suppliers. To ensure we know our suppliers and where products are sourced, we buy as directly as possible. This provides us with a good understanding of our supply chain, which in turn helps us to identify key risks as well as areas and opportunities for improvement.

Our approach is based on two widely accepted international frameworks: the UN Guiding Principles for Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct. For responsible sourcing, our reference standard is the ETI Base Code.

Supplier development and
supply chain improvement

Partnerships and
certification schemes



Due diligence and mitigating
supply chain risks

Responsible
sourcing

Due diligence and mitigating supply chain risks

Through our 'Buying into the Future' strategy, we aim to understand our risks and drive compliance and improvements in our supply chains.

Intersnack determines risks on a procurement category basis. For this, we use our Due Diligence Policy, which was updated in 2020. We utilise four different priority categories, based on an assessment of risk, volume and influence. This determines the level of engagement for each of these priority categories.

Responsible sourcing

Our Responsible Sourcing Policy requires our suppliers to comply with local requirements and to guarantee decent working conditions in their supply chains. These suppliers use the Sedex self-assessment questionnaire. For our risk categories, we also require a third-party assessment of the processing facilities. For this assessment, we use the SMETA social auditing methodology developed by Sedex.



SUPPLY CHAIN HIGHLIGHTS

100%

of our priority category suppliers* have signed our Responsible Sourcing Policy

80%

of our volume* was third-party assessed in 2020

More than
100,000

workers in our supply chain work in a third party assessed working environment

* scope: nuts, seeds, dried fruit and raisins



Leading by example in Vietnam

The Intersnack Cashew Company (ICC) operates five factories in India and Vietnam. Cashew processing has many different steps and is highly labour-intensive. One of ICC's important achievements has been the establishment of 'single roof processing', meaning the main steps are now carried out under one roof, instead of being scattered across a network of smaller processing facilities.

Other key achievements to date include:

- **Full control of processing.** Without subcontracting, we ensure there is no child labour, nor hazardous conditions. This also improves food safety and enables traceability.
- **A good place to work for our employees.** All ICC employees benefit from income security and secondary benefits.
- **Creating a safe working environment.** Our employees receive safety training and high risk, manual work is conducted by machines.



Grading cashews inhouse improves food safety and traceability.



Training creates a safe working environment for our employees.

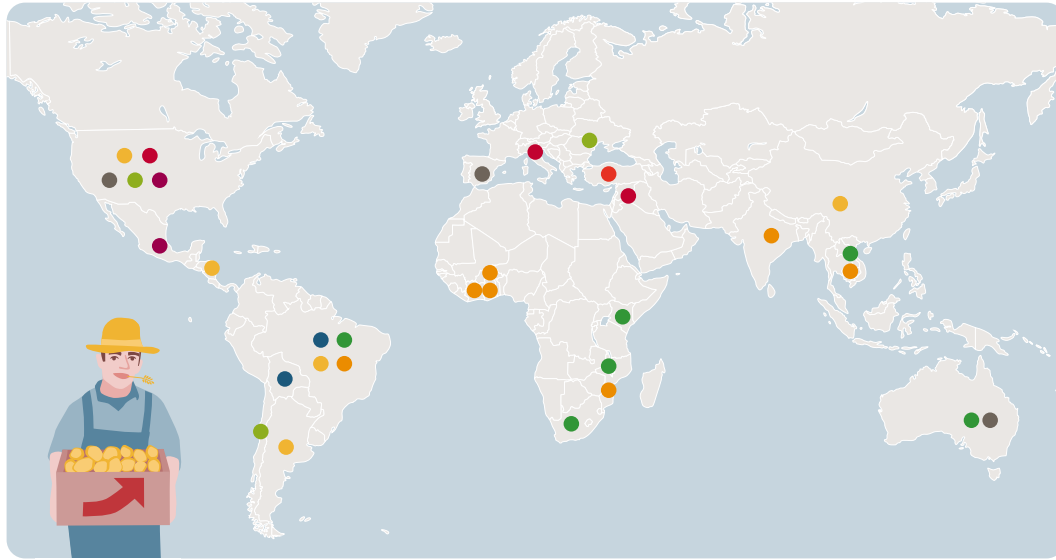
Supplier development and supply chain improvement



Our supply chains are very diverse: for nuts they span the entire globe, whereas all the potatoes we use are sourced directly from farms within 150 km of our factory sites.

In 2019-2020, we worked with a total of 850 direct suppliers from around the world. By working with our suppliers and partners, we build knowledge, capacity, efficiencies and profitability in our supply chains. In 2020, we worked in projects with 6,000 smallholders to improve their livelihood. Read more about an example of a supplier development project for macadamias in our spotlight story: **First macadamia nut harvest in Malawi.**

NUT SOURCING 2019-2020



- Peanut
- Walnut
- Almond
- Hazelnut
- Cashew
- Macadamia
- Pecan
- Pistachio
- Amazonia nut

Partnerships and certification schemes

By actively participating in multi-stakeholder and sector-wide initiatives, we are able to increase our impact and achieve sectoral transformation, helping to address the root causes of a variety of issues. Sector initiatives in which Intersnack is actively involved include:



Competitive Cashew Initiative (ComCashew)

– a project that aims to achieve sustainable poverty reduction by enhancing the competitiveness of African cashew smallholders, processors and other actors in the value chain.



Ethical Trade Norway

– an initiative that conducted a human rights due diligence assessment in the cashew processing industry in Vietnam. Intersnack is a participant of the cashew working group and involved in the training programme for processors and farmers in Vietnam.



Sustainable Nut Initiative (SNI)

– a precompetitive collaboration platform, of which Intersnack is one of the founding members, that is committed to a more sustainable nut sector. It aims to create an approach that goes beyond certification and risk-assessments to tackle future sustainability issues on a sectoral level.



Sustainable Agriculture Initiative (SAI)

– a platform through which over 120 member companies and organisations work together to improve sustainable agricultural practices. Intersnack is part of the SAI Crops Working Group and contributes to the SAI Almond Project.

Certifications

For specific raw materials, we use the following product certification schemes to drive impact and further improvements.



Spotlight: Malawian smallholders' first macadamia nut harvest

As part of our commitment to sustainable sourcing, Intersnack engages in field projects to create more transparent and sustainable value chains. Central to this is our work to support local farmers and processors to gain access to national and international markets.

The aim of these field projects is to play a positive and significant role in building capacity for the sustainable sourcing of our products and to contribute to the achievement of our strategic goals. An example of such a field project is Project Macadamia in Malawi, a collaboration between Intersnack, the Dutch Ministry of Foreign Affairs and Development Aid from People to People (DAPP) Malawi.

A longstanding issue for smallholder farmers in Malawi was that they lacked the necessary materials, knowledge and sales channels to farm and sell macadamia nuts. Moreover, the long start-up time represented a significant obstacle. It takes seven years from the time a macadamia sapling is planted to harvesting the first nuts, and trees are not in full production for a further three to five years.



Macadamia trees also improve the fertility and quality of the soil.

The objective of the collaborative project was to offer smallholder farmers a new source of income. Since this project began in 2014, together with partners, we have helped to provide farmers with 300,000 macadamia trees. To date we have reached 3,000 farmers with this project, of which 50% are women.

Our initial target date for the first harvest was 2022. The first nuts from the macadamia trees were, however, harvested ahead of schedule in 2020.

“Besides the macadamia seedlings, through this project I received valuable knowledge on the best way to grow macadamias and prevent diseases. I also learnt how to make best use of the land by growing these nuts together with other crops, such as legumes.”

Odetta, Project Macadamia participant



Achieving results with and for our *Employees*

At Intersnack, we are **proud of our global team of over 12,000 employees**, without whom we would not be able to serve our many consumers around the world with the very best and tastiest savoury snacks.

We are equally proud that they choose us as their employer and we are **committed to ensuring that our company continues to be an open, entrepreneurial, responsible and rewarding place to work**. By this, we mean always prioritising their health and safety, nurturing a collaborative and non-hierarchical culture, cherishing diversity and investing in our employees' futures by helping to develop their talents through learning and development opportunities.

2020 was, of course, a year like no other. The COVID-19 pandemic required everyone at our company to be flexible and work differently. From the very start of the pandemic, **our focus has been on the protection of all our employees' physical and mental well-being**. At our plants, clear spatial protection and behavioural guidance were established to keep everyone safe, with management there to assist and to advise in what was a fast-changing situation. For many employees, mobile working became the new normal. This brought both benefits, such as reduced commuting times, and challenges, such as instances of increased isolation and the additional burden for many employees of home-schooling their children. Looking to the future, we will examine these pros and cons so as to find a healthy and happy balance between conventional and new ways of working.

Employee responsibility is a vital aspect of our corporate philosophy and culture. We work hard to be or become a preferred employer, which in turn helps us to attract and retain the best talent. Above all, **we want all employees to be proud to be a part of the Intersnack Group and to feel ownership over what they do**. To this end, employee ownership is an integral component of our Intersnack Work System (IWS).

Engaging our
employees



Promoting health
and safety

Contributing
to local
communities

Developing
our talent

Continuous improvement

We believe that providing employees with the opportunity to achieve their full potential not only increases overall employee satisfaction and happiness; it also helps us reduce losses and improve production processes.

This philosophy of continuous improvement drives our corporate culture and is central to our Intersnack Work System (IWS).

The implementation of our IWS represents a different journey for each of our operating plants and will take us five to ten years to fully implement. By the end of 2020, 21 of our 31 plants were in the first phase of IWS or beyond. For 2022, the target is to have all 31 plants in scope in phase 1 or beyond.



At Intersnack, everyone is an expert on their specific tasks.

Managing and developing our talent

We are committed to our people, which is illustrated by the fact that nearly all Intersnack employees have a permanent contract. We believe it is essential to invest in our employees, as employee training and development creates a win-win situation, increasing employee satisfaction and engagement and helping us to reduce losses and achieve business goals.

During 2019-2020, we introduced common talent management tools to identify, develop and retain key individuals, in addition to identifying where some employees may need additional support to unlock their potential. This approach helps us to consider performance and potential in a systematic way. The roll-out of these tools across all Management Units is currently in progress.

Learning and development is integral to our work to foster employee ownership across all levels and departments

Building capabilities takes a number of different forms, such as coaching, webinars and online sessions. On average, Intersnack employees received 11 hours of training per year in 2019-2020.

In addition, we also provide extensive On-the-Job Training (OJT), as we believe the best way to learn is by doing. Managers act as a coach and mentor, helping employees meet challenges that arise in the course of their work. This is in line with the leadership philosophy of 'servant leadership', which is an important element of IWS. Further information about servant leadership is available in our spotlight story:

Promoting servant leadership in our operations.



Celebrating success is part of our culture.



The best way of learning is by doing.



Promoting health and safety

Health and safety concerns are vital to employee well-being and satisfaction. For this reason, they are an essential element of Intersnack's Code of Conduct.

Local legislation and regulations govern our approach. In 2019-20, work-related injuries and illness declined in comparison with previous periods. In order to ensure health and safety compliance, 100% of our fully-owned Intersnack plants are certified in accordance with the ISO 45001 occupational health and safety standard. Our ICC plants in Vietnam and India are currently preparing for health and safety audits planned for 2021-2022.

Furthermore, our sites are also assessed against the SMETA social auditing methodology or equivalent local standards. In 2020, despite the COVID-19 pandemic, 79% of our plants were still audited externally, compared with 100% in previous years. During this time, prioritisation was given to keeping the lines running and reducing the number of external visitors to sites to a minimum.

Promoting our colleagues' health inside and outside the factory

To promote healthy behaviour, many of our production sites also offer a sports plan or discounted membership to gyms to employees and education through wellbeing webinars and trainings. For example, a sports programme at Intersnack Germany offers a range of group sports activities, such as fitness classes, badminton, bootcamps and yoga. In Poland, Intersnack employees participate together in city marathons and in the Czech Republic and Romania, free fruit is provided on regular 'vitamin days'.



'Safety first' is our mantra.

Engaging our employees

We track the extent to which our employees feel satisfied and engaged by asking for feedback on a regular basis. Half of our Management Units also participate in an external engagement survey on an annual or bi-annual basis. This provides additional employee feedback that we can feed into local action plans to improve employee experience.

Contributing to local communities

Many of our Management Units encourage employees to give back to society and offer opportunities to engage with local communities through charitable projects. Every Christmas, for instance, Intersnack Germany employees can fulfil one wish to a child in need by buying a present from their wish list in cooperation with the foundation 'Die Arche - help for children'. KP Snacks launched their own 'Local Legends' campaign to help rebuild the local convenience retail sector, in addition to supporting local pubs post-lockdown. Several Management Units also expressed their gratitude to health care workers with crispy snack donations, such as Tayto in Ireland.



5 km run around the Maarud Gard factory in Norway



Crispy donations in the UK to feed the heroes fighting the pandemic.



Supporting UK pubs with an on pack promotion and helping convenience stores with a Local Legends campaign.



Spotlight: Promoting servant leadership in our operations

To achieve employee engagement and ownership, we want our employees' talents to truly flourish. This requires us to become servant leaders, meaning that we work for our employees and not the other way around.

Servant leadership is about listening attentively to every voice and learning how we can help make everyone's work more fulfilling and more effective. By doing this we unlock potential and achieve our business goals.

Over the last two years, we have placed a greater emphasis on promoting servant leadership across our operations. The approach is quite simple: managers learn to ask the right questions and act based on the answers. Across the group, leaders now spend two hours every day on the factory floor. This gives them more opportunities to engage with employees and discuss their work and any problems they might encounter and engage with them on an open and personal level. Where possible, managers coach other employees as to how they can resolve issues themselves. And if they are not able to do so, the information is fed into action plans to tackle these issues (which can be considered losses) later on.



“The greatest achievement is the improvement in our business results. Not by focussing on goals, but by focussing on people. If you empower people, the results will come.”

Marcin Gorlach, Plant Manager Slomniki, Poland



Our values support servant leadership.



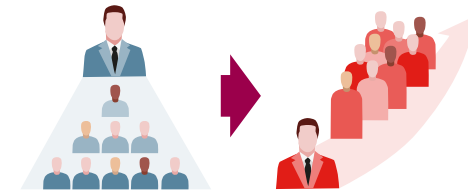
Driving cultural change

Sites also undertake surveys to gather feedback about employee ownership and better understand how employees view their relationship with their manager. Focus groups with employees discuss the outcomes of these surveys and suggest and devise ways to make improvements. In 2020, our employees shared a whole host of very useful ideas with us. We give priority to their implementation, as we believe that the more ideas we act upon and implement; the more ideas we will receive in the future. This will help to drive the cultural change towards employee ownership.

We are delighted to see that the operational sites with the highest results in our employee survey are also the ones delivering the best services to customers, the best safety records and the highest quality scores and productivity.



Our managers coach employees to resolves issues themselves.



“We have really changed our mindset. We realised that 400 colleagues on the shopfloor are not responsible for the success of our leadership team. Our leadership team is responsible for the success of these 400 colleagues.”

Joerg Opper, Plant Manager Alsbach, Germany

Looking Forward

With less than ten years to meet the 2030 Sustainable Development Goals target, we have now entered the decade of action. In this report, we have shared our progress in recent years. While we are proud of what we have achieved to date and the contributions made by our colleagues and partners, we realise that we still have many opportunities – and a responsibility – to continue contributing to a more sustainable world.



We have made **consistent progress to improve the impact of our own operations** and will continue to use the IWS in the future so that all our Management Units are better able to contribute. Building on the progress to date, we will strive to make further technical improvements to **boost resource efficiency for water, packaging and the reduction of waste**, in addition to undertaking projects to increase our energy efficiency and reducing our CO₂ footprint.

Extending our efforts into the supply chain

For the coming years, our aim is to extend our sustainability efforts in our supply chain. We will continue to partner with our suppliers, sustainability experts and

others for innovative solutions in areas such as CO₂ reduction, circularity, labour conditions and health and safety.

Our colleagues are at the heart of our sustainability strategy.

Their knowledge and expertise are vital if we want to progress and instil a culture of ownership. Our leadership will further evolve and we will increase the amount of coaching to help colleagues face any challenges they may encounter. Looking ahead, we will continue to put greater emphasis on talent management and an aligned approach across all our Management Units. We will also make our sustainability efforts and results more visible.

This will strengthen our employer brand, inspiring both our current colleagues and new talent.

A shared journey towards a more sustainable future

Together with our colleagues, suppliers, partners, clients and consumers, we are on a shared journey towards a more sustainable future. We will pursue our commitment to make a positive impact by continually driving improvements in all areas of our sustainability strategy. This will require us to focus and to make – sometimes difficult – choices. Only then will we create the impact needed **to safeguard the future of both our business and the generations to come.**



Let's continue
our journey
towards a more
*Sustainable
future*
together.



Intersnack



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