

## SUSTAINABILITY PLAN: RICH PRODUCTS CORP (Updated 4/22/15)

Rich Products is one of the world's largest family-owned food companies and a leading supplier to the foodservice, in-store bakery, and retail marketplaces. We manufacture and sell an expansive array of delicious products in more than 100 countries. Annual sales of our desserts, appetizers, seafood, pizza and bakery products top \$3 billion. Our world headquarters remain in Buffalo, NY.

As we celebrate 70 years in business, we also continue our sustainability journey. Our global workforce is 9,000 associates strong and they *drive continuous improvements which are good for business and good for the environment – focusing on long term efficient use of resources, reducing waste, and creating products that delight our customers while minimizing our environmental footprint.*

Our corporate values enable a sustainability mindset:

**The Rich Promise**

**RICH'S**

We will treat our customers, our associates and our communities the same way. Like Family.

*Our family values...*

**Cherish Our Culture**  
Work, learn and celebrate together.

**Innovate**  
Imagine what's possible and create what's valued.

**Be the Trusted First Choice**  
Listen, understand and deliver for customers like no other company.

**Better Our Communities**  
Devote time and talent where we live and work.

**Do What's Right**  
No matter what.

Sustainability isn't new to Rich's; it's been part of our business since the company was founded in 1945. Several important trends created a heightened sense of urgency for our company, including the impact of global climate change on agriculture and rising expectations from customers. So in 2008, we began taking a more formal approach by developing a long-term sustainability strategy to raise awareness and prioritize actions across the company. As a result, we've implemented new practices in the areas of energy efficiency, water conservation, and waste reduction at more than 20 facilities. This 2015-2016 strategy outlines our plan for taking sustainability to the next level at Rich Products.

While climate change is one of the greatest risks we face, tackling it is also opens up significant economic opportunities. Increasingly, companies understand that creating a low carbon strategy is good for their bottom-line. Forward-thinking businesses are already setting ambitious targets, reporting emissions and scaling up smart energy investment.

## KEY SUSTAINABILITY DRIVERS IMPACTING FOOD INDUSTRY

- **7 billion people need to eat (9 billion by 2050)**
  - Feeding the world without destroying the planet is one of the most important environmental and social issues of the 21<sup>st</sup> century
  - Currently, 1 billion people are malnourished and millions are obese
- **Global climate change impacts agriculture (and vice versa)**
  - Extreme weather and strain on natural resources are already having a material impact, as we've experienced with drought and increased intensity of storms
  - Agriculture has significant impact on environment, utilizing 60-70% of world's fresh water and 40% of land; responsible for 70% of deforestation; generates 35-40% of world's greenhouse (GHG emissions)
  - Global supply chains and production systems impact natural resources
- **Potential cost savings**
  - Some sustainability initiatives, such as improved energy efficiency, offer payback < 2 years
  - Reducing GHG emissions while saving \$ = good for business & good for environment
  - U.S. companies emitted 16% less GHGs per dollar of revenue in 2013 than they did in 2009
  - The use of electricity from renewable sources by major corporations, expressed as a percentage of overall energy use, continues to grow year on year  
<http://www.trucost.com/natural-capital-benchmarking-report>
- **Policy & Regulation**
  - December 2015 U.N. climate talks in Paris are expected to result in an international deal that provides clarity to investors and businesses about future policy and regulations.
  - The alternative to globally coordinated climate action is not lack of action; it is uncoordinated, piecemeal, stop-start responses that will prove more expensive, harder for businesses to manage and less effective
- **Rising Customer Expectations**
  - Voice of Customer: Increasing levels of transparency through supplier sustainability assessments
  - Areas of focus include Reducing ghg emissions, Responsibly sourced raw materials, Reducing waste, Enhancing quality, and Ethical production
  - [S&P 500 Climate Leaders report](#) rated companies on climate readiness and market volatility for the first time. In the future, it's expected that these types of forecasts will be inputs into risk management and business development plans.

## **MATERIALITY**

Carbon emissions in the US have doubled since 1950, contributing to global climate change. The largest source of greenhouse gas emissions from human activities in the US is burning fossil fuels for electricity, heat, and transportation. As a frozen food manufacturer, we suspected energy would be a significant part of our company's environmental footprint. Energy audits of Rich's US manufacturing network revealed that 81% of Rich's energy use was from electricity.

### **GOAL #1: Improve Energy Efficiency**

**1-A) Continue install of EMS (Energy Management System) and training at facilities in US and Canada**

**1-B) Expand formal energy programs and training/education to international regions**

**1-C) Explore renewable energy options**

- Gather fact-based information to establish baselines for each facility
- Collaborate with plant associates on opportunities for improvement
- Estimate costs, ROI, and resources to implement ideas
- Include this exercise as part of Rich's strategic business planning process to put us in a better position to prioritize, fund, and sequence projects across the business.
- Establish Energy & Water Champions at each plant to allow us to continually share best practices, collaborate on new initiatives, and set improvement targets.

### **GOAL #2: Promote Water Conservation**

**2-A) Develop water conservation programs for facilities in water-stressed regions**

**2-B) Develop plans to address waste water issues in select locations**

- Quantify water-related risks; gather data to establish baselines for facilities; water (quality and quantity) is a growing concern, especially in some of our international locations
- Leverage Water Risk Monetizer: Developed by Ecolab and Trucost to provide actionable information to help businesses understand risks in financial terms to inform responsible decisions [www.WaterRiskMonetizer.com](http://www.WaterRiskMonetizer.com)
- Collaborate with associates, suppliers, and customers on solutions
- Estimate costs, ROI and resources to implement solutions; include as part of Rich's strategic planning process to prioritize, fund and sequence projects across the business.

### **GOAL #3: Optimize use of materials and ingredients**

**3-A) Update Rich's Environmentally Preferred Purchasing Guidelines**

**3-B) Develop Packaging Innovation Strategy**

**3-C) Sustainably source environmentally sensitive ingredients**

**3-D) Align sustainable sourcing strategies with Rich's Health & Authenticity initiative**

- Meet rising customer expectations for performance and safety, while also reducing waste, costs, and environmental footprint
- Systematically balance price, performance and environmental considerations in our purchasing decisions

- **Implement Sustainable Palm Oil sourcing strategy** : Extracted from the orange pulp of a palm fruit, palm oil is the most used edible oil in the world. This commodity is widely used in food and cosmetics; it's cheap, versatile, and plentiful—palm fruit yields more oil than any other agricultural commodity. Cultivation of palm oil ties up more than 42 million acres worldwide. As demand for palm oil continues to grow, it's led to mass deforestation and a big air pollution problem. Some palm growers still take a slash-and-burn approach to clearing forests, which sends massive amounts of carbon dioxide into the air. In parts of Southeast Asia, only 5% of primary forest cover remains. Walmart, Unilever, McDonald's, Procter & Gamble, and Starbucks are among more than 30 companies with commitments to buy palm oil that's certified as sustainable by the end of 2015. The push to clean up palm oil production faces big challenges. It's a fragmented industry, and not every company has joined the sustainability push. Restoring the lost rain forests and animal habitats will take decades.
- **Improve Traceability** via database systems and online maps that use satellite imagery to identify forest fires and tree clearing
- **Consider deforestation policy and field project** aligned with Rich's "Better Our Communities" value
- **Leverage key learnings on palm oil** to create strategy for sourcing cocoa
- **Update Seafood sourcing strategy**

#### **GOAL #4: Reduce Waste**

##### **4-A) Aggressively seek ways to reduce the amount of food waste generated by our business**

- **Rethink our waste and identify opportunities for reducing waste at its source and look for new ways to reuse and recycle**

#### **GOAL #5: Invest In Our Communities**

##### **5-A) Implement *Earth Month* awareness campaign @ WHQ**

- **In addition to our corporate sustainability initiatives, Rich's associates volunteer to serve on local "Green Teams" to implement grass-roots efforts to better our communities. These cross-functional groups of sustainability advocates use their creativity, influence, and passion for the environment to raise awareness and inspire others.**
- **Raise awareness by engaging associates in a variety of ways they can reduce their environmental footprint at work, at home and in the community.**
- **Discount at cafeteria for associates opting for reusable meal kits**
- **Electronics Recycling (partner with Sunnking)**
- **Readying the Next Generation (partner with EduKids)**
- **Paper Shredding & Recycling (partner with Lincoln Archives)**
- **Lunch 'n Learn workshops (partner with Buffalo Niagara Riverkeeper)**

## MEANINGFUL METRICS

*"Not everything that can be counted counts. And not everything that counts can be counted."*

- Albert Einstein

### GOAL #1: Improve Energy Efficiency

#### 1-A) Install automated EMS (Energy Management Systems)

- Track total energy use by plant
- Track energy intensity (kWh per case produced and kWh per pound of product produced)
- Convert kWh saved to carbon equivalent (using EPA GHG calculation standard)  
<http://www.epa.gov/cleanenergy/energy-resources/calculator.html>  
<http://www.epa.gov/cleanenergy/energy-resources/calculator.html>
- GHG per \$ revenue; compare against baseline
- Track cost savings by plant

#### 1-B) Expand formal energy programs to international regions

- Timing and regions TBD

#### 1-C) Explore renewable energy options

- Prioritize based on incentives, regulations and energy costs by state / region

### GOAL #2: Protect Our Waterways

#### 2-A) Develop water conservation programs for facilities in water-stressed regions

- Metrics TBD

#### 2-B) Develop plans to address waste water issues in select locations

- Metrics TBD

### GOAL #3: Optimize use of materials

#### 3-A) Update Rich's Environmentally Preferred Purchasing Guidelines

- By 12/31/15

#### 3-B) Develop a Packaging Innovation Strategy

- As part of 2015 strategic planning process

#### 3-C) Sustainably source environmentally sensitive ingredients

- Successfully complete third-party audits by 9/30/15 to meet RSPO requirements
- Begin sourcing RSPO-certified mass balance oils by 12/31/15
- Track volumes and report annual progress to RSPO governing body
- Renew RSPO (Roundtable on Sustainable Palm Oil) membership annually
- Develop plan for sustainably sourcing cocoa (2016)

#### 3-D) Align sustainable sourcing strategies with Rich's Health & Authenticity initiative

- Monthly team collaborations

## **GOAL #4: Waste reduction**

### **4-A) Aggressively seek ways to reduce the amount of food waste generated by our business**

- Track KPI's via Rich's Spoilage Transformation Team (2015)
- Create business case for company-wide zero waste initiative (2016)

## **GOAL #5: Invest In Our Communities**

### **5-A) Implement *Earth Month* awareness campaign @ WHQ**

- Track pounds of electronics recycled (April 1-30, 2015)
- Track pounds of paper shredding and recycled (April 27-30, 2015)
- Gauge level of awareness by measuring visits to new Sustainability sharepoint site (April 1-30, 2015)

## **FUTURE CONSIDERATIONS:**

**Risk Management:** Incorporate risk assessment with sustainability impacts as part of Rich's strategic planning process. Communicate the implications of climate science to a business audience. Viewing natural capital through the lens of risk management changes the potential value proposition for skeptical business leaders. People, Planet, Profit → Risk, Reputation, Revenue

**Broaden Sustainability Scope:** To include Corporate Social Responsibility initiatives as well as environmental

**Supply Chain:** Demonstrate how safeguarding "natural capital" (water, forests, etc.) from the impacts of climate change reduces costs, protects supply, enhances brand and generates revenue. Partner with customers, suppliers, NGOs and other stakeholders.

**Greenhouse Gas Inventory:** Build internal understanding of corporate standards to increase consistency and transparency in GHG accounting and reporting [www.ghgprotocol.org](http://www.ghgprotocol.org)  
Determine scope and conduct GHG assessment for one product and one manufacturing facility

Scope 1: All direct GHG emissions.

Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam.

Scope 3: Other indirect emissions, including extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities not covered in Scope 2, outsourced activities, waste disposal, etc.

**The Sustainability Consortium® (TSC):** An organization of diverse global participants that work collaboratively to build a scientific foundation that drives innovation and improves consumer product sustainability. They are developing transparent methodologies, tools, and strategies to drive a new generation of products and supply networks that address environmental, social, and economic imperatives.

<http://www.sustainabilityconsortium.org/who-we-are/#sthash.Q810JSFz.dpuf>

**Policy:** Take part in efforts to shape policies and create a well-ordered and business-friendly response to the risks of climate change. Transitioning to a low-carbon economy will help secure sustainable economic growth for generations to come. Identify ways we can influence government policies so they align with our corporate commitments of preparing for climate change. <http://www.wemeanbusinesscoalition.org/>