

# Volenz

## PROGRESS REPORT ON SUSTAINABILITY 2021





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## DEAR READERS,

About a year ago, we published our first sustainability report and made our long-standing social and ecological commitment visible. A lot has happened since then. The Corona pandemic, the war against Ukraine, inflation, energy crisis and climate change – these are challenging times for all people, our society, the environment and also for us as a company. The demands placed on us by our consumers and customers, but also by ourselves, are changing at an ever faster pace. We want to react to this not only just as quickly as possible, but above all in the right way. Even more, we want to make an active contribution to mastering the ecological and social challenges.

One thing always remains the same for us despite all the change: We want to bring people **Joy of life** with our snacks and at the same time take **Responsibility**. As an experienced expert in snacks and fourth-generation family business, we have been doing both for around 130 years. We are continuing on our path to a more sustainable future, step by step.

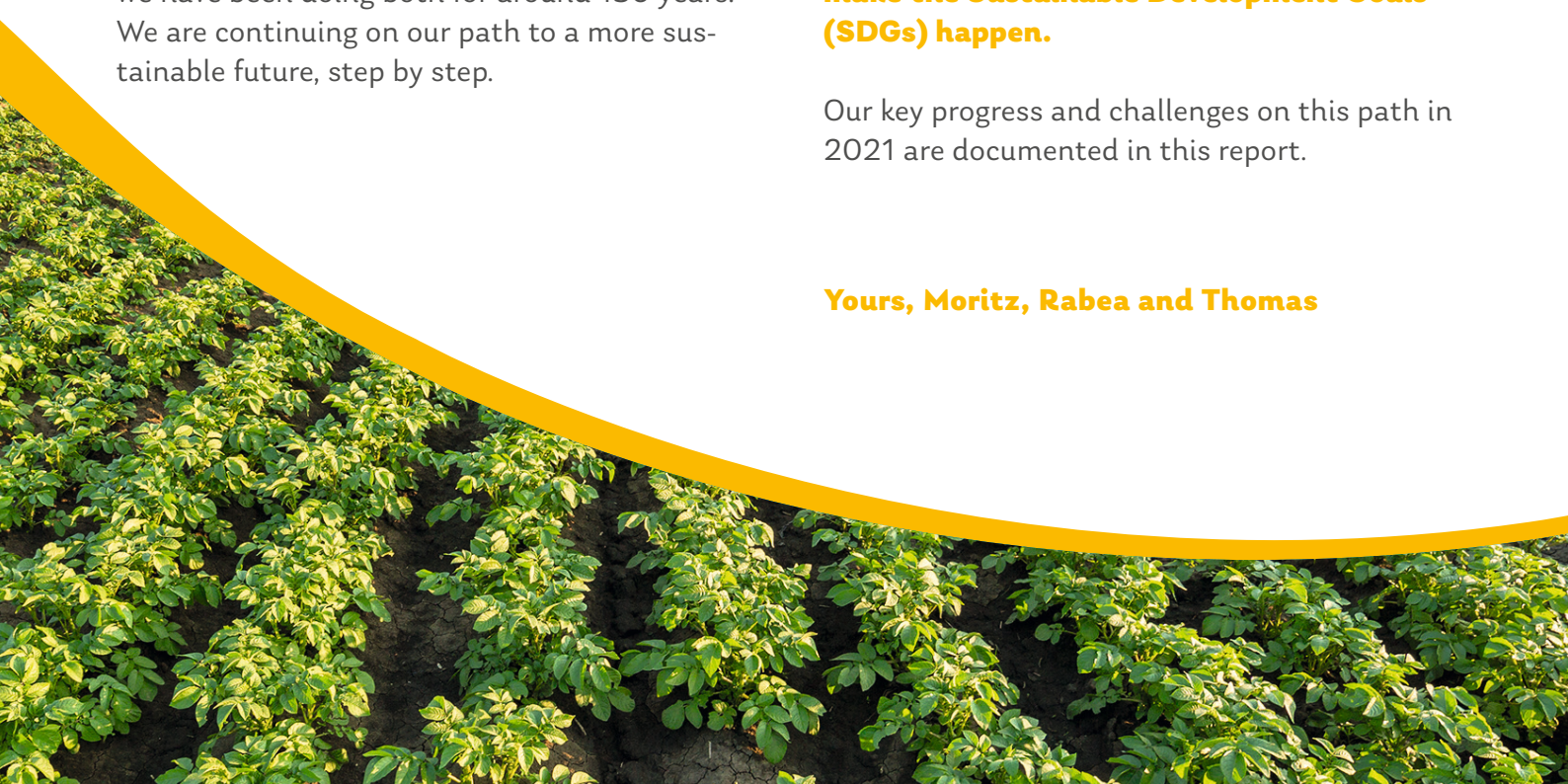
For us, this also means becoming a little better every day at what we are doing and how we are doing it. What could be more obvious than to start directly with our core, our brands, with our packaging and our recipes? We have already achieved initial successes in 2021, for example launching the new Crunchips Rustics with 15 percent less salt compared to the brand average in Germany.

Of course, we also look beyond our own horizons. The close exchange with our stakeholders and the active participation in industry initiatives not only help us to change, but also to contribute to the solution of global challenges.

**That's why we are committed to the United Nations Global Compact – a worldwide initiative for sustainable and responsible corporate governance. We are guided by its ten universal principles and are working to make the Sustainable Development Goals (SDGs) happen.**

Our key progress and challenges on this path in 2021 are documented in this report.

**Yours, Moritz, Rabea and Thomas**





### OUR RESPONSIBILITY FOR PEOPLE AND PLANET

Bringing people Joy of life with our snacks and taking responsibility at the same time – that is our motivation. To achieve this, **we have identified seven fields of action in the areas of “People & Planet”**, serving as a framework for all our existing and future measures (see graphic below right).

**People:** If Joy of life is our motivation, then people must be at the center – be they consumers, business partners, producers of our raw materials or employees.

**Planet:** As a snack manufacturer, we need resources such as raw materials, energy and water, therefore we take our special ecological responsibility with regard to climate protection and biodiversity seriously.

### THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

We want to change ourselves, but also work together with partners to find solutions to current global challenges. As a signatory of the **UN Global Compact**, we actively support the UN's 2030 Agenda with its 17 Sustainable Development Goals (SDGs). We have identified **five SDGs** where we, as an internationally active snack manufacturer, have the greatest opportunities to make a difference. With the help of the icons below, you can see on the following pages which field of action or which activities contribute to which SDG.



### OUR FOCUS

The fields of action **“Consumer Health & Nutrition”** and **“Packaging”** are particularly important to us: We are working intensively on making our snacks healthier without changing their character. And we are reducing our use of materials and improving the recyclability of our packaging. Because it is precisely here, at the core of our brand products, that we as a manufacturer of savoury snacks can make the biggest difference for our consumers and the environment.

### PRECISE GOALS

We have set ourselves precise, ambitious goals for “Consumer Health & Nutrition” and “Packaging” as well as for the fields of action “Climate & Resources” and “Human Rights & Responsible Sourcing”, which are listed at the beginning of the following chapters in the overview status/goals. For example, we want to use 100 percent electricity from renewable energy sources at all our locations by 2023, reduce salt content of our product portfolio by 15 percent by 2025\* and use only recyclable primary packaging by 2025.

\* Compared to 2019





## BETTER NUTRITIONAL PROFILES – A GREAT VARIETY

We are making snacks suiting a modern lifestyle and diet, and provide a better overview at the shelf.



For us, bringing Joy of life with our snacks and taking responsibility at the same time means focusing on the individual eating habits of our consumers. To ensure that our snacks meet the needs of modern lifestyles and diets, we are constantly adapting our recipes. To do this, we enhance the nutritional profiles, for example by reducing salt content, but we also develop new snack variants that meet different needs, for example for a gluten-free or vegan diet. So that everyone can see immediately which variant it is, we label our packaging with clearly visible icons and, in Germany and Austria, also with the Nutri-Score.

### GOALS

### STATUS END OF 2021

#### REDUCING SALT

**By the end of 2025**, we will reduce salt content in our entire product portfolio by 15 percent compared to 2019.

**Since June 2021**, we have had a binding requirement that every new product development must contain 15 percent less salt than the average for the respective brand.

#### NUTRI-SCORE-LABELLING

**By the end of 2022**, we will be printing the Nutri-Score on all products for the German and Austrian market.

**By the end of 2021**, we will have labeled one-third of our brand range for Germany and for Austria with the Nutri-Score.





## NEW RECIPES, LESS SALT, SAME ENJOYMENT

As much as necessary, as little as possible: We have drawn up a **roadmap for salt reduction** with clear targets and timetables for our brands. Every new product development must contain 15 percent less salt than the average for the respective brand from the start. We started with Crunchips Rustics, which were launched in Germany in September 2021. In addition, we are reviewing all existing recipes with the aim of reducing salt content here as well. Chipsletten in Poland are the first product to be converted to a salt-reduced recipe at the beginning of 2022.



**30%  
less salt**

due to  
recipe change  
for our potato  
chips in  
Poland.



**15%  
less salt:**

Crunchips Rustics  
is one of the first new  
products to meet  
our 15% less-salt-  
requirement.



## NUTRI-SCORE

At the beginning of 2021, we started to introduce the Nutri-Score on our packaging in Germany and Austria. This made us the first brand manufacturer in the snack sector using the new consumer-friendly food labelling. The five-step color and letter scale allows a **comparison of the nutritional value** of food in the same category at a glance and thus ensures **more transparency** at the shelf. By the end of 2021, we have labelled a third of our brands, for example Saltletts, Curly and Rohscheiben, with the Nutri-Score.



## ICONS

We are constantly working on our recipes to meet the requirements of as many different lifestyles and diets as possible. We use icons to indicate **vegan, vegetarian, gluten-free and other options** in our range. 40 percent of the brands in our range have already been relaunched with such icons.

## PARTNERSHIPS

- EU Pledge
- Too Good To Go





## LESS PLASTIC, MORE RECYCLING AND CERTIFIED PACKAGING MATERIALS

We have set ourselves the goal of reducing our use of plastics to the absolute minimum, increasing recyclability and using more sustainable and ecologically compatible materials wherever possible.



### Sustainability in the packaging sector

means on the one hand: Avoiding everything that is not absolutely necessary! We have therefore analyzed our entire packaging portfolio and checked where we can do without plastic, for example by reducing the thickness of the material and the length of the bag or by leaving out packaging extras. Since packaging is unavoidable to ensure transport and product protection, we also want to increase recyclability of our primary packaging and use more sustainable and ecologically compatible materials wherever possible. Hence, our principle is:

**“Reduce, Recycle, Replace”!**



#### REDUCE PACKAGING

**By the end of 2025**, we want to reduce our plastic consumption for primary packaging by 15 percent compared to 2019.

We have identified initial savings potential and **at the end of 2021** we began to reduce our plastic consumption in our primary packaging.

#### RECYCLE PACKAGING

**By the end of 2022**, 90 percent of our primary packaging should be recyclable. We aim to achieve recyclability for all primary packaging **by 2025**.

We have tested the recyclability of all primary packaging and defined alternative materials. By the end of 2021 **88 percent** of our packaging will be recyclable.

#### REPLACE PACKAGING

Until the end of 2021, we will **only source FSC®-certified** paper materials for our cardboard boxes, wrapping and cut-to-size cans, POS materials and paper labels.

**We have achieved this goal**, and since the end of 2021 we have been using only FSC®-certified paper materials (FSC-C133957).



## REDUCE + RECYCLE PACKAGING 07

### REDUCING THE USE OF MATERIALS

An international team consisting of colleagues from the packaging and purchasing departments checked the entire Lorenz packaging portfolio for reduction potential. A challenge, since an empty chip bag already only weighs a few grams. And the demands on our packaging in terms of food safety, product protection and quality are high.

For some brands, such as Saltletts and Curly, we have already been able to achieve **initial successes** following the **2021** analysis phase and save plastic by reducing packaging.

**1,800 kg less plastic packaging per year\*.**

\* Compared to 2019



**755 kg less plastic packaging per year\*.**

\* Compared to 2019



### OPTIMIZING RECYCLING CAPABILITY



### LOOKING FOR ALTERNATIVES

We check the recyclability of each package to know where we need to make adjustments. We already use **mono-plastic packaging** for most of our potato chip brands, Saltletts, Curly and all other extruder brands.

We are specifically targeting non-recyclable packaging, such as the film pouches for our nut products and others with currently low recyclability grades. We work closely with our material and machine suppliers to implement more sustainable alternatives.



## MORE CLIMATE PROTECTION – LESS CO<sub>2</sub> EMISSIONS

Climate change is one of the greatest challenges of our time. As a manufacturing company, we are aware of our responsibility and have set ourselves ambitious climate targets. We were able to successfully implement the first CO<sub>2</sub> reductions in Scope 1 and Scope 2. By the end of 2045, we want to achieve the net-zero emissions target along the entire value chain.



**Climate protection means conserving resources, saving energy, reducing CO<sub>2</sub> and other greenhouse gas emissions.** We reduce our consumption of resources in our value chain and the resulting emissions. To reduce emissions in our own company, we use electricity from renewable sources, produce part of our own electricity and conserve resources. In addition, we must also keep an eye on the upstream and downstream processes such as cultivation, transport and processing of the raw materials we're using. This is more challenging, as we only have an indirect influence here. That's why we are looking for targeted solutions together with our suppliers and partners.



### GOALS

**By 2030**, we want to reduce emissions in Scope 1 and Scope 2 by 50 percent.<sup>1</sup>

**By 2045**, we want to achieve **the net-zero emissions target along the entire value chain.**

### CO<sub>2</sub>-REDUCTION

We have reduced emissions in Scope 1 and Scope 2 by **27.3 percent.**

We have reduced our carbon footprint by **0.9 percent.**

<sup>1</sup> Emissions from energy consumption compared to 2019, related to Scope 1 and Scope 2 of the carbon footprint according to Greenhouse Gas Protocol



### STATUS END OF 2021

### RENEWABLE ENERGY

**By 2023**, we **exclusively** want to use **electricity from renewable energies** at all of our own Lorenz sites.

Since the beginning of 2021, we have been sourcing **99 percent** of our electricity requirements at our sites **from renewable energies.**





## CONTINUOUSLY REDUCING CO<sub>2</sub> EMISSIONS

We measure our greenhouse gas emissions every year according to the official standard of the **Greenhouse Gas Protocol** (GHG Protocol). In 2021, the Lorenz Group's total CO<sub>2</sub> emissions amounted to 413 kt CO<sub>2</sub>eq and were thus just under **4 kt below the reference value** from 2019\*, which corresponds to a **reduction of 0.9 percent**.

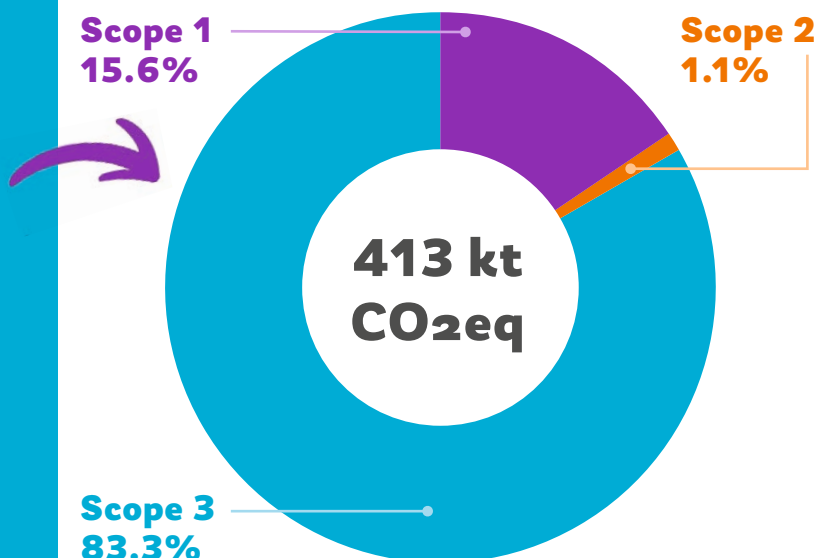
The largest share of emissions (83.3 percent) is accounted for by Scope 3, which includes direct emissions along the value chain, such as in production of raw materials, transport and waste disposal. Direct emissions in Scope 1 follow with 15.6 percent and indirect emissions from energy procurement in Scope 2 with 1.1 percent.

As we sold more products in the financial year of 2021 and therefore also purchased more raw materials than in 2019, the carbon footprint in Scope 3 increased compared to the base year. **However, we were able to compensate for this with a significant reduction in Scope 2**, as we switched electricity supply of our last two production sites to electricity from renewable sources in 2021.

As part of our energy management, we are continuing to optimize processes in order to reduce energy consumption and to expand our own electricity production. **Our overall goal remains to reduce our total emissions regardless of any growth.**

\* Additional purchasing categories were added to the 2019 database. In 2019, carbon footprint has increased from 414 kt to 417 kt.

### Total CO<sub>2</sub>-Footprint (CO<sub>2</sub>eq, market based approach)



### UNDERSTANDING PROCESSES – REDUCING ENVIRONMENTAL IMPACT

The greatest reduction potential lies in the area of our raw and packaging materials, which fall under category 1 of Scope 3 emissions. In order to improve this together with our partners and suppliers, we have launched two project measures in 2021.

#### POTATO CHIPS

Together with independent experts, we have analyzed the value chain of our potato chips for a better understanding of the environmental impact and to be able to reduce that with our suppliers and farmers.

#### SUNFLOWER AND RAPESEED OIL

Since the end of 2021, we have been working together with experts, buyers and manufacturers on the exchange of primary data and the reduction potential of environmental impacts in the area of frying oils. We are continuing to deepen this exchange.



### MORE FAIRNESS AND TRANSPARENCY IN THE SUPPLY CHAIN

**Upholding human rights and acting transparently and fairly across all parts of the value chain:** We are committed to respectful working conditions in our production and supply chain.



With our **Code of Conduct**, we commit ourselves to ethically, legally and economically impeccable behavior. A clear stance that we also want to live beyond our company boundaries. Our membership in the global organization **Sedex** (Supplier Ethical Data Exchange) helps us to establish responsible and sustainable business practices together with our suppliers. As part of **SMETA audits** (Sedex Members Ethical Trade Audits), we have our production sites assessed and can therefore evaluate our organization's practices in the areas of social affairs, health and safety, the environment and business ethics. If employees discover violations of our Code of Conduct or laws, they can report them confidentially via our **Tell us! portal**.

#### GOALS

#### STATUS END OF 2021

##### CODE OF CONDUCT

All our employees are trained in the Code of Conduct.

All our raw material and packaging suppliers have committed to comply with our Code of Conduct or their own comparable code, which we have reviewed, by the end of 2021.

**60 percent** of our employees have received training on the Code of Conduct.

**99 percent** of our raw material and packaging material suppliers have committed to comply our/their own Code of Conduct.

##### SMETA-AUDITS

All our production sites have been audited according to the SMETA procedure until the end of 2022.

**3 of our production sites** have been audited according to the SMETA procedure **now**.

**CODE OF CONDUCT**

We introduced a Code of Conduct for the entire Lorenz Group in 2019. The principles are based on our corporate values and are the foundation of our daily work. They are binding for all Lorenz employees worldwide.

Our principles are based on the UN Charter on Human Rights and the core labour standards of the International Labour Organization (ILO) and cover the **UN Global Compact principles** on human rights, labour standards, environmental protection and corruption.

We expect our suppliers, service providers and all persons acting on behalf of Lorenz to act according to comparable guidelines. We have therefore **also** drawn up a code of conduct **for our business partners**. We are now gradually introducing this, initially in 2021 for all our raw materials and packaging suppliers.

**TRANSPARENCY IN SUPPLY CHAINS**
 **Sedex** | Member

**In 2021**, we expanded our membership of Sedex to include our suppliers with the help of new tools to increase transparency of our supply chain and to identify and assess risks together with them.

We started the survey process **in 2021** together with our raw and packaging material suppliers. They were asked to disclose information on the topics of labour standards, work safety, environmental protection and business ethics via a detailed questionnaire.

**SMETA-AUDITS**

We audit our production sites according to the **SMETA 4-Pillar** format, one of the most widely used auditing formats for sustainable and ethical behavior in business. The audits focus on **working conditions** and **occupational health and safety** as well as **environmental management** and **business ethics**. The audits check whether our processes in these areas comply with national laws and the standards of the Ethical Trade Initiative (ETI).

**TELL US!-PORTAL**

**By the end of 2021**, three incidents were submitted and closed via our internal Tell us! portal. The next step is to make the whistleblowing portal accessible to people outside the company.

**OUR PARTNERSHIPS**

- Cashew Development Fund (**CDF**)
- Sustainable Nut Initiative (**SNI**)
- Initiative for sustainable agricultural supply chains (**INA**)



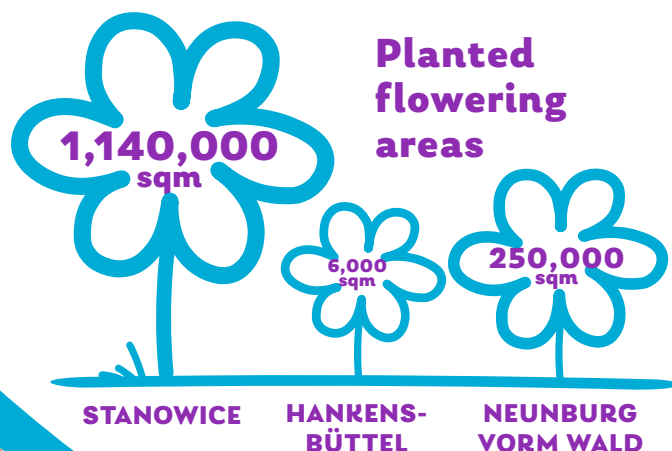


## PROMOTING BIODIVERSITY AND PROTECTING THE ENVIRONMENT

As a food manufacturer and processor of agricultural products, resource and environmentally friendly cultivation is close to our hearts. After all, we still want to be able to obtain high-quality raw materials such as potatoes tomorrow.

**Preservation of biological diversity** is **essential** for us in this context, as it is the basis for a healthy ecosystem and thus good crop yields in the future.

We are working to preserve biodiversity in our supply chain as much as possible and promoting sustainable agriculture together with our farmers and other partners.



All three flower strip projects will be continued in 2022.

### FLOWERING AREAS FOR BIODIVERSITY

**“Bees – Our Little Heroes”:** We have been promoting this cooperation around our Polish site in Stanowice since 2016. 12 of our farmers and 5 beekeepers were involved in 2021. With 114 ha, we were able to more than **double the number of flowering areas** compared to the previous year.

**“Vielfalter”** (“Butterflies”) – an initiative of the family von der Ohe in the surrounding area of our plant in Hankensbüttel has, with our support, once again sown 6,000 square meters of bee-friendly plants crossing cultivated areas in organic farming.

**“Flower strips for Neunburg”:** In 2021, we planted flower strips for Neunburg together with 33 potato farmers surrounding our production site in Bavaria. 25 ha of flowering strips next to the fields of our contract farmers create habitats for wild bees and other insects.

### SUSTAINABLE POTATO CULTIVATION PILOT PROJECT

We are cooperating with the Sustainable Agriculture Initiative Platform (**SAI**), a non-profit organization focused on the widespread adoption and implementation of sustainable agricultural practices. In 2021, we conducted a pilot project to assess five farms in Germany and Poland in order to build internal knowledge and gather feedback from our farmers. In the first step, the Farm Sustainability Assessment (**FSA**) was used as a tool to evaluate sustainability practices. We will build on these findings in the next steps.



## SOCIAL AND SOCIETAL RESPONSIBILITY



CORPORATE CITIZENSHIP **13**

**As a family business, we want to give something back to the society in which we are operating.** We support charitable institutions and social initiatives with regular donations, for example to the “Kärntner in Not” Association in Austria or the “Bärenherz” Foundation in Germany. In addition, our employees get involved in local activities for issues close to their hearts. At our Polish location in Stanowice, for example, our colleagues organize an annual Christmas gift campaign for the children of a local orphanage.

### SAMPLE PROJECT 2021: PROMOTING BIODIVERSITY

In a nature reserve near our Skawina plant in Poland, committed colleagues planted **around 800 new seedlings** along a forest path in autumn 2021. Barberry, hawthorn, rowan, wild rose and many other plants are to promote biodiversity and serve as food for pollinating insects in the forest.



## CSR@ – NEW LEARNING FORMATS AT THE LORENZ CAMPUS

**Lorenz, we are more than 3,000 colleagues at many international locations.** Our common goal is to become a little better every day at what we are doing. Our path to this is a learning organization in which we promote agile working methods and foster an open corporate culture in which everyone can grow, develop and actively shape the future of our company.

Under the umbrella of the **Lorenz Campus**, our employees have the opportunity to choose from a wide range of global offerings in the areas of expertise, Personal Development Managementtraining, process knowledge, agile method competence and Management Training. In 2021, 468 learning measures were recorded globally via our learning management system.



### OUR EMPLOYEES

With the **CSR@Lorenz** training program, we support our employees in acquiring expertise on the topic of sustainability, our strategy and activities.

New in the program:

- Virtual learning formats with internal speakers: “Responsible Procurement” and “Together for a Better Climate”.
- “Responsibility Talks” – open virtual meetings to which external experts were invited.

With the new CSR@Lorenz learning measures (start: September 2021) we reached 88 colleagues by the end of 2021.



# WE ARE SIGNATORY OF THE UN GLOBAL COMPACT

## WE SUPPORT



**In December 2020, we signed the UN Global Compact and are thus part of the world's largest initiative for responsible corporate governance.**

The UN Global Compact is based on ten universal principles on human rights, labour standards, the environment and the prevention of corruption, as well as the 17 Sustainable Development Goals (SDGs). For us as a company, this means that we consistently align our activities and strategies with these goals.



**The following overview (page 15) shows the assignment of the ten principles of the UN Global Compact to the descriptions of our measures in this Lorenz Progress Report.**



PRINCIPLE	MEASURES	SDG (SELECTION)	PAGE
<b>HUMAN RIGHTS</b>			
<b>Principle 1:</b> Respect for international human rights <b>Principle 2:</b> No complicity in human rights abuses	Lorenz Code of Conduct, employee trainings, SMETA audits, Tell us! portal, purchasing practices and code of conduct for business partners, Sedex membership, involvement in INA and SNI.	<b>SDG 8, SDG 17</b>	<b>11 – 12 13</b>
<b>LABOR</b>			
<b>Principle 3:</b> Uphold the freedom of association and collective bargaining <b>Principle 4:</b> Eliminate forced labor <b>Principle 5:</b> Abolish child labor <b>Principle 6:</b> Eliminate discrimination	Lorenz Code of Conduct, employee trainings, SMETA audits, Tell us! portal, purchasing practices and code of conduct for business partners, agile working, advancement and training.	<b>SDG 3, SDG 8</b>	<b>11 – 12 13</b>
<b>ENVIRONMENT</b>			
<b>Principle 7:</b> Support a precautionary approach to environmental challenges <b>Principle 8:</b> Promote greater environmental responsibility <b>Principle 9:</b> Encourage the diffusion of environmentally friendly technologies	Reduction of plastics and recyclability of our packaging, corporate carbon footprint and climate targets, energy management system, electricity from renewable energies, employee training on CSR topics in the area of climate and energy, FSC® certification, biodiversity projects.	<b>SDG 12, SDG 13</b>	<b>6 – 7 8 – 9</b>
<b>ANTI-CORRUPTION</b>			
<b>Principle 10:</b> Work against corruption	Lorenz Code of Conduct, employee trainings, SMETA audits, Tell us! portal, purchasing practices and code of conduct for business partners.	<b>SDG 8</b>	<b>11 – 12 13</b>



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### **Note**

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