



THE WAY WE MAKE A DIFFERENCE

# When Sustainability Matters



EINAR WILLUMSEN

When speed and taste matter



# FLAVOUR

## A MATTER OF TASTE

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## MANAGEMENT INTRODUCTION

Responsibility has been one of Einar Willumsen's signature values since the company was founded in 1901

Responsibility can manifest itself in many ways. This includes responsibility to our employees, customers, suppliers, the municipality and the community around us. However, it also includes responsibility in relation to the large global agendas like climate, environment, as well as taking the planet's limited resources into account.

In 2020 Einar Willumsen (EW) joined the UN Global Compact program, which among others focuses on United Nation's 17 goals for sustainable development – the so-called Sustainability Development Goals (SDG). UN's Brundtland Report from 1987 defines sustainability as follows: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

In this view, sustainability is to a great extent an integrated part of the signature value "responsibility" in EW. In our daily work we aim to – to the best of our ability – to act sensibly in all contexts, including taking the best possible care of the resources we consume as a company. This can be expressed in smaller and larger solutions that each makes a greater or lesser contribution to making EW a more sustainable company and which ensures that we utilize the resources we consume best possible.

When it comes to the global agenda, EW as a small to mid-sized company – with the limitations it entails – is aiming at achieving a better understanding of the overall climate impact from our products. By overall impact we mean everything from farming or production of our raw materials, transportation of raw materials and finished products, EW's in house production, and finally the impact in the final food or beverage.

We consider it crucial for selecting the most effective sustainability initiatives that we achieve basic understanding of the total climate impact of our products. This knowledge will provide us the opportunity to select solutions – smaller and bigger – that will improve the company's utilization of resources consumed, as well as selecting the solutions that most effectively will reduce the company's climate footprint.

This is EW's first sustainability report where we describe some of the initiatives we already have implemented and some we work on now. As most other things we do in EW, we consider this as one step on a long journey. A journey to become an even more sustainable company.





## MANAGEMENT INTRODUCTION

EW is a modern innovative supplier of flavour solutions and compounds for Scandinavian and international food and beverage industries.

Our company was founded in 1901 by Einar Willumsen himself based on his vision to manufacture better flavours, extracts and essential oils. A/S Einar Willumsen has been creating new flavours for new products and improving flavours in existing products for 120 years. Flavour is our key competence and the essential responsibility, which we proudly take upon ourselves.

The main shareholder in A/S Einar Willumsen is "The Einar Willumsen Foundation", established in 1956. Each year the Foundation distributes grants for cancer research and treatment of other diseases. Grants and flexible external funding are crucial for researchers, who send a steady stream of applications every year.

The work of the Einar Willumsen Foundation will help ensure funding and opportunities for years to come.

Corporate Social Responsibility is an important aspect of our daily work. We are conscious of sustainable developments in our markets. We are focused on reducing our energy consumption and minimizing waste in our operations, production, and other activities. We promote positive, safe,

and engaging working environment for our employees. Finally, we contribute to research and development in our field by delivering true, innovative value to the market.

On corporate level we implement broad initiatives that involve our companies in Denmark and in Sweden. We measure and track key performance indicators in different areas of our organisation. These indicators include sustainable initiatives in administration, laboratory/ R&D, production, maintenance, and warehouse, which are represented by employees within our CSR committee.

We have mapped all our activities in relation to the United Nations' goals for sustainable development and decided to focus on four of them:

- 2 Zero hunger
- 3 Good health and well-being
- 12 Responsible consumption and production
- 17 Partnerships for the goals

In the following sections we outline our efforts to implement the goals, including our approach, results and what we have learned through this process.



## MANAGEMENT INTRODUCTION

We are committed to live by our values

Our “Code of Conduct” was introduced in 2011 and is an important part of our supplier collaboration. Both EW and our suppliers commit to operate in accordance with the principles of the UNs Global Compact: human rights, labour standards, environment, and anti-corruption.

In 2015 EW became a part of the global SEDEX network that provides its members with social auditing methodology the Sedex Members Ethical Trade Audit (SMETA). Every third year we complete the SMETA 4-pillar audit – an extended version of the SMETA audit that covers all aspects of social responsibility. Besides the basic elements like labour standards, health and safety, the extended audit also covers business ethics and environment.

We are incorporating Global Compact principles into strategy, policies, and procedures. In our first sustainability report we aim to account for this work and further support our commitment to UN’s Global Compact.

We have established a CSR committee in the company. The main task of the CSR committee is to generate and implement sustainable initiatives in assistance to executive management. Initiatives which will support sustainable processes across our organization and in our collaboration with customers.

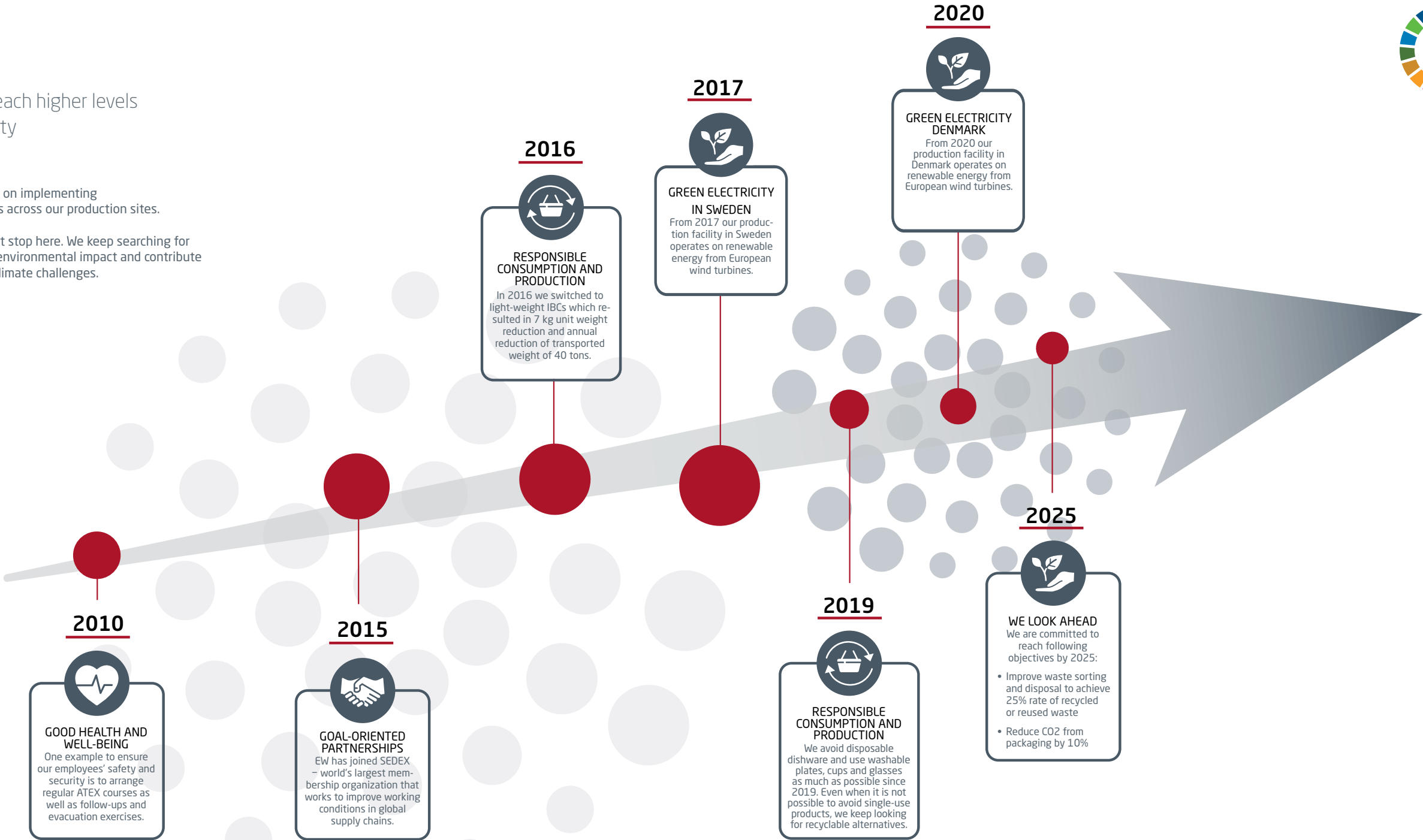




We strive to reach higher levels of sustainability

EW has a clear focus on implementing sustainable practices across our production sites.

The journey does not stop here. We keep searching for ways to reduce our environmental impact and contribute to solutions to the climate challenges.





## ZERO HUNGER

Our core business is to create flavour solutions for the food and beverage industry and provide the taste of natural fruits, herbs, and spices without overburdening our environment, nature, and biodiversity

We use a combination of natural ingredients from fruits and plants as well as artificial flavours. This approach allows us to provide unique and custom-made flavours to the growing population of consumers in all price segments. Everyone should have access to healthy, safe and tasty food and drinks, regardless of their budget. We also offer sustainable alternatives to natural extracts and distillates.

It is important for us to ensure optimal use of raw materials in our production processes, specifically to avoid unnecessary waste. Raw ingredients like fruit, vegetables and spices naturally vary in their main attributes: colour, fragrance, and flavour. Our flavours are in many cases composed of single flavour molecules, which makes their attributes more stable and consistent. Therefore, our flavours make it easier for our customers to achieve consistent quality in their final products.

We perform sensory and microbiological analysis of our products and advise our customers on opportunities to extend shelf life, improve stability and avoid waste. For many years we have been working to achieve the balance of great taste and quality as well as optimal shelf life and minimum waste in the process – with impressive results.

### **WE ARE WELL UNDERWAY**

We make a variety of great flavours in a concentrated form available for our customers. Concentrated flavours are much easier and cheaper to store and transport compared to the natural raw ingredients as they typically take much less volume and have longer shelf life. Our core business has a positive “side effect” of contributing to the reduction of transportation needs, which in turn helps to reduce greenhouse gas emissions.





## GOOD HEALTH AND WELL-BEING

### EMPLOYEES

At EW we provide good working conditions for our employees, including various healthy lunch options, health insurance and an active employee association that contributes to the sense of community with cultural, social, and athletic activities.

Our good work environment initiatives include:

- An annual EW day aimed to strengthen collaboration and communication between different functions of the company.
- Individual support in cases of physical or mental issues and other health-related challenges.
- Flexible working hours that support a healthy worklife balance for our employees.
- Participation in physical activities and events, for instance the national campaign to count steps and annual DHL run. We offer sport clothes to participating employees.
- An internal CSR work group with members from production, R&D, quality, and sales.

### PRODUCTION SAFETY

We work with highly flammable solvents (ethanol and others); therefore, we must comply with relevant safety standards such as mandatory ATEX training courses for relevant employees. The course includes European directives that govern use of flammable substances as well as fire safety regulations and evacuation procedures. Our continuous focus on safety provides confidence and a sense of security in our workplace.

Recipes for our flavours include health and safety instructions for all components to make it easy for

our employees to choose correct personal protection equipment when they handle hazardous chemicals and ingredients. We perform regular safety evaluations to prevent accidents and injuries. This review process and continuous implementation of new safety procedures helps us prevent future accidents. We are working on improving our internal reporting to increase the visibility of possible preventive actions. We are proud of the success of our safety policy that results in a low number of accidents.

### OUR SUPPLIERS

Our suppliers must comply with strict quality requirements for raw materials and high standards for production processes, including the use of chemicals. We conduct regular surveys to ensure that quality and production standards are met. Basic safety requirements include appropriate education and training of relevant employees in the use of chemicals as well as availability of personal protection equipment.

### THE FINAL PRODUCT

Flavours from EW help ensure healthier food products. As an example, cinnamon naturally contains a toxin called "coumarin", which is essential for the cinnamon flavour, but also harmful in large quantities. We have created a cinnamon flavour without any toxins, which is safe for everyone.

Our flavours can be designed in a way, which helps reducing calorie content in the final product. The flavours can compensate for sugar and fat, which results in a healthier product.





## RESPONSIBLE CONSUMPTION AND PRODUCTION

We conducted an internal CO<sub>2</sub> mapping\* in our factory in Denmark to determine current CO<sub>2</sub> emissions from energy and water consumption, waste generation, and packaging requirements.

This process showed that 52% of our CO<sub>2</sub> contribution came from energy consumption and manufacturing processes; 6% came from waste management and 42% were related to our usage of packaging material (buckets, drums, and containers).

### RAW MATERIALS

We source our raw materials in many different parts of the world in good dialog and collaboration with manufacturers and other suppliers. We screen and evaluate all suppliers as a part of our food safety practices, which also includes a vulnerability evaluation to strengthen our awareness of raw materials with limited availability. Supplier screening and evaluation helps us ensure that our customers do not need to worry about fraud in cases of highly coveted ingredients like vanilla.

### ENERGY

Our business strategy is to produce to order based on customers' needs; thus, our product mix and production quantity can vary significantly - from 30 l to 25.000 l. This means that our consumption of water and power per production unit also varies. Based on fluctuating nature of our production, we consider water and power saving activities as investment and optimization projects. For example:

- To optimize our water and energy consumption we produce large product series in our semi-automatic factory in Sweden. Smaller and more complicated products are produced in our factory in Denmark.

- In 2020 we changed to green (wind) electricity also at our location in Denmark and we have thereby reduced our energy related CO<sub>2</sub> emission with 37% from 2019 to 2020 and saved the climate 180 tons of CO<sub>2</sub>.
- Lights are continuously replaced by LED lights with movement sensors where it is relevant.
- Refrigeration systems are continuously maintained and improved.
- When we carry out new investments and purchases, we always look to minimize energy consumption, for instance by the choice of equipment, isolation requirements and capacity utilization.

### WATER CONSUMPTION

We are fortunate to work in an area where water scarcity is not a pressing issue. However, we still focus on sustainable practices for our use of water in production and consumption. Water is primarily used for cleaning purposes with focus on food safety and quality. The challenge is to remove all odours and discoloration from our production and storage equipment, which makes it difficult to reuse the water.

In our production facility in Sweden, we have established semi-automated "Cleaning In Place", which have improved and standardized cleaning routines. Furthermore, we have initiated a systematic environmental registration and evaluation in 2020 to ensure continuous focus and improvements.

\* CO<sub>2</sub> calculator - Virksomhedsguiden.dk



99%

The lemon tale is an example of sustainable agriculture where 99% of the source material is used in various applications.



## THE LEMON TALE

The lemon tale is an example of sustainable agriculture, where 99% of the raw material is used in various applications

**EVERY LEMON IS USED TO THE LAST DROP  
- NOTHING IS WASTED.**

As consumers we only use a few slices of a lemon or some of its juice. Thanks to the industrial production methods we can make one kilogram of jam or five bottles of soda from one lemon.

In our production facilities we extract lemon oil and use it to add flavour to beverages, baked goods, dairy, and confectionary products.



## RESPONSIBLE CONSUMPTION AND PRODUCTION

### PACKAGING

We strive to implement sustainable practices in all activities – from our choice of catering and service providers to packaging and waste management. We use reusable utensils as much as possible and avoid single-use plastics. In some cases, we use disposable cups to comply with food safety regulations. In other situations, like internal tastings, there is a trade-off between using single-use disposable cups and the energy/water use to wash reusable cups. Therefore, we use disposable cups for internal tastings at this moment and work to find a better solution. Recently, we tried to phase out plastic cups in tastings of finished products and replace them with biodegradable cups. However, the product quality did not live up to our standards and this project continues.

EW sustainable packaging initiatives include:

- In 2016 the weight of our IBC containers was reduced from 65 to 58 kg, which resulted in an annual packaging reduction of 35-40 tons as well as less weight to transport to our customers.
- Our staff at the production facilities is conducting trials to switch to a thinner plastic wrap. If successful, it will reduce our plastic consumption by approximately 500 kg a year and therefore reduce our CO2 emissions by 1.500 kg annually.

- Our waste is delivered to an incineration or biogas plant that burns the waste to produce electricity. We collect and reuse as much as possible. We are currently mapping our waste categories to improve our goalsetting and follow-up for waste management.
- We have installed a plastic waste press machine both in Denmark and in Sweden in 2019.
- We have implemented an improved solution for collecting paper, cardboard and glass bottles for recycling purposes.

Our work with sustainable packaging does not stop once we safely ship our products to our customers. It is just as important that we advise our customers how they can contribute to helping the climate by returning containers to companies making the most of the plastics and steel used in our packaging.





## GOAL-ORIENTED PARTNERSHIPS



## EINAR WILLUMSEN – CODE OF CONDUCT

In 2015 Einar Willumsen became a member of Sedex (The Supplier Ethical Data Exchange) – world's leading ethical trade organization

Sedex is a non-profit membership organization that works to improve working conditions and transparency in global supply chains. Sedex is focused on promoting responsible and ethical business practices. It is world's largest platform for supplier collaboration and sharing supplier data on working conditions, human rights and environment.

We are members of Sedex because we strive to be a transparent business partner and help ensure socially and ethically responsible behaviour throughout the entire supply chain. As a part of our membership, we invite an independent Sedex affiliate to perform the 4-pillar SMETA audit to ensure the validity, reliability, and transparency of our business practices.

Being a member makes it easier for us to share our ethical values. We work with many suppliers, both in Scandinavia and internationally, and it is important for us to take responsibility through our purchasing and make informed decisions. Furthermore, we make sure that our suppliers also conduct themselves ethically and responsibly as much as possible. For example, we collaborate

with a vanilla supplier who supports the "Protect Girls and Boys from Child Labour" project. The aim of this project is to support the rights of children and ensure compliance with the legal ban on child labour.

It also helps supporting the poorest families, so their children have an opportunity to go to school instead of taking a job to help. By generating better opportunities for education, we can break the cycle of poverty that contributes to child labour.

EW is member of Global Compact whose mission is to mobilize a global movement of responsible companies to create a better world. There are ten basic principles within human rights, labour rights, environment, and anticorruption with which all members of Global Compact are obliged to comply.

EW Code of Conduct has existed since 2011. This document is signed by our CEO signalling the commitment and engagement of EW. Every material supplier must sign this document as well to work with EW.

EW produces flavours and compounds for the food and beverage industries. Ethical, social and environmental responsibility is an integral part of our business strategy. We have signed up to UN Global compact and therefore respect and support United Nations Universal Declaration on Human Rights and International Labour Organisation's Declaration on Fundamental Principles and Rights at work (ILO)

This Code of Conduct applies to all EW activities. EW requires that suppliers comply with these requirements.

### A. ENVIRONMENT

- All relevant EU and national legislation are complied with. EW does actively work to reduce emissions to air, soil and water and to ensure efficient use of resources.

### B. BUSINESS ETHICS

- EW does not engage in any form of corruption, bribery, extortion or embezzlement, or otherwise seek to unjustly influence public officials and/or the judiciary or obtain undue or improper advantages.

### C. HEALTH AND SOCIAL CONDITIONS

- Human rights. EW respects internationally proclaimed human rights and treats its employees fairly, equally and with respect.
- Discrimination and oppression. EW does not discriminate with regard to race, colour, gender, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, health status, age, disability, or other distinguishing characteristics.
- Child labour. EW will not use child labour as defined by local law. All children must be protected from

economic exploitation and from performing any work that may be considered hazardous, have a negative effect on the child's education or be harmful to the child's health or development.

- Freedom of Association and collective bargaining. EW respects its employees' right to form or join trade associations and the right to collective bargaining.
- Working hours and overtime. Working time comply with national laws and agreements. Salary, benefits, and overtime pay must at least follow national laws and agreements.
- Forced labour. EW does not use forced or compulsory labour. EW does not ask employees to submit their original identity papers or any other original official documentation.
- Slavery. EW does not use slavery or human trafficking.
- Harassment. EW protects employees from any act of physical, verbal, sexual or psychological harassment, abuse or threats in the workplace by either their fellow workers or their managers.
- Occupational Health and Safety. Local laws and regulations are observed, and we work actively to prevent accidents and injuries and longterm effects through safe workplaces and applicable personal protection equipment.
- Corruption. EW does not offer, give, request, or agree to receive bribe (financial or otherwise) with the intention to obtain and/or retain business or an advantage in the conduct of business.

**Sedex**<sup>2</sup>





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