

# Rich Products Corp.

## Guiding Principles for Environmentally Preferred Purchasing

(Updated 3.1.10)

Sustainability isn't new to Rich's; it's been part of our business for over 60 years. In 2008, we took a more formal approach by creating a long-term sustainability strategy and Center of Excellence to raise awareness, prioritize actions, and share best practices across the company.

### Rich's Sustainability Philosophy

Our goal is to drive continuous improvements that are good for business and good for the environment. We are focused on long term efficient use of resources and reducing waste, while creating products that delight our customers and have minimal impact on the environment.

### Global Procurement & Strategic Sourcing Support Sustainability

In 2008, Rich's Global Procurement group began formally incorporating sustainability criteria into RFPs. In 2009, we developed Guiding Principles that help us systematically balance price, performance, and environmental considerations in all purchasing decisions. This allows us to meet rising customer expectations by engaging associates and suppliers to deliver materials and services at the lowest imaginable total cost and the highest level of quality, safety and sustainability.

The purpose of EPP Guiding Principles is to provide a starting point for the procurement and management of **environmentally-friendly packaging, ingredients and indirect purchases** for the North America Business Group (Phase I). These principles will evolve into policies as we continually enhance this document with additional detail and specifications. In the future, our sustainability focus will also expand to include social responsibility as well as environmental considerations.

We view this evolution from guidelines to policies as an ongoing effort, as is the process for educating and building awareness of sustainability both internally with our associates and externally with suppliers, customers, and other stakeholders.

### EPP Objectives

We will do what's right to:

- Optimize packaging design to use the fewest materials necessary
- Promote use of materials that can be recycled or reused
- Increase the use of materials from renewable sources
- Minimize post-industrial waste
- Avoid known negative impacts to the environment
- Seek local sourcing to reduce transportation emissions
- Reuse or recycle packaging at the end of the product's useful life
- Reduce carbon footprint by considering resource use across the product lifecycle

## EPP: Packaging

At Rich's, packaging is fundamental to containing, protecting, preserving, informing and transporting innovative food solutions to kitchens, bakeries and supermarkets around the world. Our Guiding Principles for Packaging are centered on obtaining materials that reduce negative impacts on the environment and human health, and are considered more sustainable when compared with other products that serve the same purpose. This comparison considers the entire life cycle of a package including raw material inputs, package manufacturing, package distribution, and end of life scenarios.

The ability for Rich Products Packaging Group to obtain environmentally preferable packages is dependent on a **collaborative and shared responsibility between the packaging development function and the packaging buying function.**

As the vast majority of a package's environmental impacts are determined in the package design phase, package designers play a critical role in enabling our guiding principles. Rich's package designers consider more than the traditional criteria such as cost, technical performance, appearance and regulatory compliance. To ensure sourcing of environmentally preferable packages, designers complement traditional factors with **design criteria that include the optimization of resources, responsible sourcing, material health and resource recovery.**

The packaging buying function within Rich's Global Procurement Group plays an important role in putting our guiding principles into action. Environmental factors will be considered as part of the normal purchasing practice, consistent with traditional factors like product safety, price, performance and availability.

To ensure effective designs are implemented and environmentally preferable packaging products are utilized, packaging buyers partner with suppliers that share the same desire and focus on reducing the environmental impact of packaging. While sourcing new packages or resourcing existing packages, either independently or formally working with Rich's Strategic Sourcing Group, **packaging buyers factor a supplier's commitment to sustainability, along with their current sustainability practices, into award decisions.** Buyers also consider the proximity of a package's manufacturing location to the point of packaging use in their sourcing decisions.

## EPP: Sourcing

At Rich Products, strategic sourcing is our disciplined approach to selecting vendors for the purchase of ingredients, packaging, and services. The sourcing process is objective and follows a structured approach that relies on fact-based information. We choose suppliers that offer the **best overall value** -- defined as delivering materials and services at **the lowest imaginable cost and the highest levels of quality, service, price and sustainability**.

During the strategic sourcing process there are multiple ways we enable Rich's Guiding Principles for Environmentally Preferred Purchasing:

- Data Gathering – understand what is currently being done at Rich's to establish the baseline of requirements
- Market Research – gather insights into industry trends
- Identify potential suppliers -- actively search for market leaders in sustainability that meet our technical requirements and include them in the sourcing process
- Decision Criteria -- customize each RFI to include questions that help us understand a supplier's capabilities regarding sustainability
- Award Decision – ensure that the impact of the supplier's environmental policy is considered when making the final award decision.

Rich's Guiding Principles for Environmentally Preferred Purchasing reinforce our philosophy that while a supplier might have the best overall price, the actual decision should be based on the best overall value, which includes factors related to sustainability.

## EPP: Ingredients

At Rich Products we understand the importance of sourcing ingredients that meet consumers' demands with respect to taste profile, appearance, consistent quality, and pricing.

**Rich's Ingredient Procurement Group works in conjunction with our Suppliers and our internal R & D and Operations associates to determine economically and environmentally sound means of buying and utilizing raw materials in our production facilities.**

When sourcing new or existing ingredients, we evaluate:

- Geographic source of raw materials
- Suppliers' processing techniques
- Production locations
- Transportation and storage of raw materials

Rich's Ingredient Buyers create a direct link between our suppliers, our production facilities, and our customers. By focusing on and developing long-term Preferred Supply Agreements with suppliers of key ingredients, Rich's ensures that we are sourcing raw materials with organizations that meet or exceed our expectations for sustainability. Through these Preferred Supply Agreements, utilizing our Strategic Sourcing Initiatives, and by frequent supplier visits and updates, we are able to ensure that our suppliers continue to meet our needs and the needs of our consumers, which include sustainability.

## EPP: Contract Manufacturing

Contract Manufacturers provide finished products ultimately used by customers of Rich Products Corp. **Rich's Contract Manufacturing Procurement manages the elements of ingredients, packaging, quality, transportation, human and food safety, as well as our sustainability criteria.** Gathering all this information allows us to select contract manufacturers that offer the best and consistent overall value.

Our selection process includes:

- Identification and understanding of how these manufacturers acquire and manage their raw material supply
- On site visits the production facilities
- Review of the production processes overall, with specific focus on products made for Rich's
- Review of the distribution network and its impact on energy consumption
- Determination of what happens with the product at the end of its useful life to explore opportunities for redesign, reuse or recycling.

Comprehensive review of the supplier's policies and procedures, including impact on the environment, are all part of the selection elements of sourcing goods via contract manufacturers. These steps help us communicate and drive the importance of delivering the best total value to Rich's and the evolution of our guiding principles and policies for Environmentally Preferred Purchasing.