



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICIES & TARGETS

BUSINESS YEAR

2021- 2022



Unit 12 Garrick Road Industrial Estate,
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OUR COMMITMENT TO CARE:

SOCIAL & ENVIRONMENTAL RESPONSIBILITY AT THE BREAD FACTORY

At The Bread Factory, we believe being socially and environmentally responsible makes good business sense. We are committed to creating exceptional bread, pastries and cakes constantly listening to the surrounding environment in which they're made and the people who make them. We are unique as a manufacturer as we are still craft bakers at heart, producing our breads, pastries and cakes by hand—without additives and preservatives—to help promote a healthier lifestyle for all. Through focusing on the way we interact with our employees, our suppliers, our customers and the physical environment, we believe we can make a positive difference to the world around us as well as to our business performance.

The Bread Factory is proudly a values-led business. All our staff undergo an induction and immersive welcome day when they join the company, and from the start they are introduced to our core values—People, Passion, Quality, Innovation, Service and Care. We have worked tirelessly to ensure our business practices align with our values, and our people are engaged with, and live these values daily. Our values are, put simply, part of everything we do. These six values not only have helped people join our industry, but it is also an important way for us to preserve our craft.

In 2016, we took the decision of formalising our social and environmental responsibility work. Since then, we have been committed to investing in activities to ensure the waste we generate is handled as effectively as possible, with emphasis on reducing, reusing, and recycling wherever possible.

We launched 'The Bread Room' (where our employees can access any excess breads to take home) and implemented this thinking into our new product development process, which led to the launch of our award-winning Wasteless Sourdough (which utilises leftover breads from the day before to make into fresh bread the following day), and our Cheese Crackers (which use cheddar offcuts otherwise destined for the bin). We recycle 100% of our cardboard usage too.

We care about our local economy by sourcing locally wherever we can; we aim to encourage smaller artisan suppliers to grow by working with us and are committed to supporting our local community and help those less fortunate into work.



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SOCIAL RESPONSIBILITY

GENERAL WORKPLACE PRACTICES

LEGAL COMPLIANCE

We will always adhere to all applicable and relevant laws and regulations set forth in the UK. We conduct all business activities in good faith and operate in an honest and ethical manner. All personnel are instructed to and are expected to comply with these policies, in addition to any other internal workplace rules and policies set out in their terms of employment.

WORKING WITH STAKEHOLDERS

We acknowledge that our business practices have both direct and indirect impact on those affected by our operations. We have made it our standard practice for all business decisions to take into account the interests of all stakeholders including, but not limited to, customers, employees, suppliers, directors, shareholders, the community, the media, regulation agencies, and government agencies.

DIVERSITY IN THE WORKPLACE

We operate in a global environment and understand our employees come from a variety of backgrounds, cultures and regions. We employ people from over 40 nations highlighting our commitment to diversity in the workplace. Employees are asked to give appropriate consideration to these when performing duties.

At The Bread Factory (TBF) our aim is to attract and select the best possible candidates, in an equal and inclusive way that is consistent with employment legislation and good practice. We are committed to providing equal opportunities in employment and to avoiding unlawful discrimination in employment and against customers. This policy is intended to assist the organisation to put this commitment into practice. Compliance with this policy should also ensure that employees do not commit unlawful acts of discrimination.

On 5th April 2020 The Bread Factory employed 327 Men and 147 Women, a total of 474 employees. We also had 479 employees who were furloughed at this time. We place significant emphasis on the value of our people in the success of our business and we recognise that diversity within our workforce contributes to that success. This report summarises our Gender Pay Gap i.e. the difference in the average earnings between men and women across all roles. Where we have men and women doing the same jobs, their rates of pay are the same.



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At TBF our mean gender pay gap is 14%. This is lower than the current national mean pay gap (15.5%) and lower than that for the manufacturing sector (16.3%). Our median gender pay gap is 8% which is also lower than the national median gap of 8.9%.

REPORTING CONCERNS

We encourage all concerns with regards to any operations or practices that violates laws or regulations to be raised promptly through the appropriate channels. We treat all reports seriously and will ensure that all investigations will be handled fairly by an impartial member of staff, preserving anonymity wherever possible. We have established an employee forum in which a group of representatives sit with our managing director on a monthly basis to discuss all employee's needs

GENERAL EMPLOYEE PRACTICES

EQUAL OPPORTUNITIES

We are committed to the policy of equal opportunities at The Bread Factory. Applicants and employees will be treated without discrimination based on their race, religion, colour, national origin, age, sex, disability, or another other factors.

CHILD LABOUR / FORCED LABOUR

We do not use any form of forced, involuntary or child labour. (The term 'child' refers to those younger than the legal minimum age for full-time labour in the UK, currently 16 if in part-time education or training, otherwise 18).

HEALTH & SAFETY

Health and Safety in the workplace is s a key priority for us. Personnel are expected to follow our internal workplace safety rules and policies and alongside the correct health and safety laws and regulations.

We have BRC Global Food Standards – Grade A and AA Certified (since 2013, audited annually) and we have introduced AFR (Accident Frequency Rate) Metrics to assess and improve our workplace.



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TRAINING & PERSONAL DEVELOPMENT

We encourage our employees to reach their full potential and are committed to making sure our employees receive the training and development to achieve this progression. Employees will receive all statutory training such as Health and Safety and Food Safety, where relevant. This year we have launched our Shaping

Leaders programme in association with the University of Birmingham to ensure our whole Management team have the tools they need to succeed, and our Growing Bakers program where we train up new bakers to bring skilled craftsmen and women into the industry. So far, we have run 43 apprenticeship programs within the business, with another 20 anticipated within the coming months.

We employ people from over 40 nations highlighting our commitment to diversity in the workplace. We have run 173 variable workshops. Based on our core values, we have set different workshops to talk about our employees, passion, service, quality, innovation, and care. We are running a Shaping Leaders program with 43 managers across the business in association with the University of Birmingham.

COMMUNICATION WITH EMPLOYEES

We encourage two-way communication throughout our business and recognise that effective communication is needed to engage employees and make them aware of the current working environment and policies. We understand that communication comes in many different forms and we should utilise all available methods to achieve our goals.

WORKPLACE CLIMATE

Our goal is to create a safe, healthy and ultimately productive work environment for all. No employee should be subject to discrimination or harassment or any action that creates a hostile work environment. Care is one of our core values and our Senior Management Team are leading by example to embed it into our business practices.

We have invested heavily in our people's growth and development (140 employees went through a People Values workshop that focused on Equality & Diversity, and Modern-day slavery). We allow all employees to take home our products daily free of charge. We open meetings with a 'Happy Moment' – each person will share his last happy moment with the group. We reward our people with value awards as a thank you for living our values.



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EMPLOYEE HANDBOOK

We make our policies and procedures accessible to all staff. An employee handbook is issued to every member of staff that communicates our policies and terms of employment. All policies and procedures are reviewed regularly and updates, if any, are communicated to staff. We care about our employees, and one of our key values being people, we aim to have a happy work force, one that lives to its peak potential. To ensure the happiness and development of our people we do weekly tours with senior management around all areas of production and packing so that we can listen to employees' ideas for improvements or challenges they face. During these years, we have established an employee forum in which a group of representatives sit with our managing director on a monthly basis to discuss their needs. We have regularly implemented ideas that come from our people.

OUR SUPPLIERS

Working with suppliers who share our sound ethical policies in their practices, products, and their own suppliers is central to our business. We want to produce the best products we can with confidence that there is sustainable traceability from source. In our eyes, operating responsibly, and operating successfully go hand-in-hand. We recognise the benefits of a code of conduct as a method to publicly exert our policies and practices while providing acknowledge and traceability through our supply chain.

Our current policies are to source ethically and locally, where possible. To make sure we use the best ingredients we can. To compete in the marketplace and utilise suppliers in good faith. To not accept bribes, gifts, or similar extra payments in the line of work. To issue clear payment guidelines and traceable PO numbers for each invoice.

As part of our work to become better our targets for the next year are to implement a clear code of conduct that has been established in line with this document with the goal of creating awareness of social & environmental responsibility. We need to continue working with our suppliers to gain suppliers support for our code of conduct to ensure our standards are applied throughout our supply chain.

We work with British mills, such as Shipton Mill and Dove's Farm, to provide flour for our products. We are committed to using only whole Free-Range eggs in our products and are working towards a long-term goal only using of all British and Free-Range eggs in all of our products.



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OUR COMMUNITY & OUR EMPLOYEES

We understand that we are in a relationship with our community, and it is our duty to care. We place a strong emphasis on engaging our community stakeholders and are always looking and listening for new ways we can support and contribute.

CHARITIES, SPONSORSHIP & DONATIONS

We have a long-standing commitment to give back to society and have identified supporting charities as a primary focus. We also recognise that donations are not limited to financial aid, and that staff time, inventory, and expertise are equally valuable resources.

As part of our policies, we develop sustainable partnerships that create shared value with charities. We try to support charities through all resources we have to offer. We have been developing community links and provide on-going support for investment. We communicate our successes to encourage wider understanding and encourage awareness.

We set our targets for next year: To find new ways we can contribute to our community stakeholders. During the pandemic, we have teamed up with care homes & sheltered accommodation. In June 2021 we were recognized by Magnolia Court Care home (<https://www.barchester.com/home/magnolia-court-care-home/gallery>) on their volunteer appreciation week for our support over the last 12 months. We have also teamed up with UNITAS – Onside Youth Zone, One Stone Grove, Barnet Women's Group, Burnt Oak Food Bank, The Grub Club Brent, The Emergency Food Bank at Ansar Youth Project (AYP) and The Felix Project. Overall, we supply hundreds of loaves weekly. We also teamed up with NHS Afternoon tea: Afternoon Cream Tea at University College Hospital London to raise money for COVID workers in the NHS. We have also delivered over 50,000 meals (in partnership with The Conduit Club) and thousands of loaves of bread to four London hospitals during the height of the pandemic. We bake leftover dough and send it to local farmers to use for animal feed.

As part of working with and for the community, we partnered with the six different schools to allow their students to develop an artisan sourdough into our range, with money from every loaf sold returned to the school's bursary fund to help train the bakers of tomorrow.

We have installed screens in our canteens to ensure all employees are aware of our actions and our social and environmental responsibilities, in addition to encouraging participation.



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EMPLOYEE WELLBEING & INVOLMENT

We realise that in this modern world a workplace is also a community, and we must be flexible and strategic in supporting our employees and providing them with opportunities for engagement and finding additional meaning at work

Our current policy is to engage our employees and support their interests, both in a work capacity and outside of work, and to be an open employer and look for ways we can benefit our community through employment practices.

Our targets for next year are to find new ways we can encourage engagement, and to formalise our employee time donation policy and to start tracking donated hours.

During the past years, we ran an apprentice program, Growing Bakers, to make sure our team receives growth, development and the necessary experience to become great bakers. For this we have launched 20 brand new apprenticeship places, to help people gain experience and learn about the baking industry. By the end of the apprenticeship the students have the right skills, qualifications and knowledge, and after the qualification we offer them a job.



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ENVIRONMENTAL RESPONSIBILITY

OUR ENVIRONMENTAL PRACTICES

PROTECTING THE ENVIRONMENT

We are committed to protecting the environment and undertake regular reviews of our practices to keep our adverse effect on the environment to a minimum. We recognize there are many factors that contribute to protecting the environment and have set forth key policies and initiatives to ensure that this becomes an integral element of our business practices.

CARBON FOOTPRINT

We recognise that the activities of our organisation have an impact on the environment. We are committed to minimising our negative impacts and furthering our positive impacts. Although we have many good practices in place from our current procedures, we are looking to formalize our Carbon Footprint monitoring by tracking key metrics with regards to our energy usage and fuels consumed.

The Bread Factory's electricity and gas invoices have been entered into a fully managed energy database up to 28th February 2021, and data quality checks have been carried out for data completeness and accuracy. All transport information has also been entered into the energy database up to 28th February 2021. There were a small number of instances, equating to 2.8% of the total reported electricity and gas consumption, where it was necessary to calculate some estimated consumption to achieve 100% data coverage. Consumption data relating to business travel in leased company cars has not been collected as this travel was minimal through the reporting year due to the COVID-19 pandemic.

WASTE

As a manufacturer we recognise we deal with many inputs and outputs leading to avenues of unnecessary waste. We are committed to investing in activities to manage these and ensure waste generated is handled as efficiently as possible, with emphasis on reducing, reusing and recycling waste wherever possible.

Our key metrics are monthly comparison of recycled waste, year on year.

Our current policies are to put in place measures to promote reduction, re-use and recycling of waste. We ensure all hazardous waste is disposed of in accordance with local and national guidelines. We recycle all



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paper in the office and we keep production wastage below 0.1% by operating a just-in-time production method.

We bake leftover dough and send it to local farms for use as animal feeds. We recycle 100% of our cardboard. As part of helping the environment we drive awareness of waste amongst stakeholders. We commit to source and make efficient use of sustainable materials. We promote paperless communication and we retire our equipment responsibly by considering if the equipment or its components can be sold or donated to interested parties.

The targets for next year are to work towards "zero to landfill" for all waste streams, develop our waste management system to incorporate further waste streams and to add recycling awareness messages to encourage recycling on our external communications.

We work with Simply Waste Solutions by recording our full waste usage and improving our recycling levels. This is initially taking place through paper recycling and we are looking to roll it out across further categories this year. We have a dedicated cardboard recycling solution for excess packaging on-site.

Production wastage has been consistently maintained below target rate. We measure our work in process waste through our ERP system and then analyse the causes of it in order to reduce it. Through this process we identified we had a high level of croissant dough wastage of close to 100kg daily. We have taken the challenge of reducing it and are launching a new range of cakes (Babkas), which will be made from 50% of waste in the recipe.

We have paper recycling waste bins located throughout the office and have designated disposal bin for batteries and printer toners. Our e-mail signature includes a request to consider the environment before printing.

In 2020 we introduced EPOD to our Transport team. EPOD helps wasting paper by avoiding handling paperwork. It provides companies and customers greater visibility over the daily operations and speeds up other processes such as invoicing.

WATER

Water is a key ingredient in our products and processes, but we also understand that it is natural resource that is under pressure and that global water supplies will be insufficient in years to come. As a result managing our impact on water and advocating efficient water usage of this resource is an environmental priority for us.

We carry monthly comparisons of water usage, and we work with monthly Thames Water reports. We have annual analysis of water usage per production.



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Our current policies are to drive awareness of water scarcity in the future and to maintain our water systems to prevent unnecessary leaks or wastewater. We use grease traps and our interceptors are cleaned quarterly to ensure no waste products enter the watercourse.

Our target for next year is to research into how we can implement practices advised in the Carbon Trust Standard for Water.

To help reduce the water usage, we have installed auto-stop push taps in our factory bathrooms and we have installed two-button flush toilets to reduce water usage.

ENERGY

We recognize that responsible energy use is essential to reducing our carbon footprint and ensuring we operate a more efficient business. We are committed to identifying and implementing energy saving measures and practices wherever possible.

Our key metrics are our monthly comparison of energy usage (£ Sales per Kwh of energy use) and our annual analysis of energy intake per production. (SECR reports).

Our current policies are to use energy efficient LED light sources throughout the bakery. (In 2013 all our fluorescent lighting was replaced with LED equivalents).

To promote energy awareness throughout the business:

1. To support government energy policies and initiatives to help achieve UK's carbon emission reduction targets.
2. To comply with building regulations and sustainable design practices that minimise energy consumption. To follow the Carbon Trust's Bakery Industrial energy efficiency guidelines.
3. To utilise air circulation venting systems throughout our units, negating the need for AC.
4. To operate a hot-desk system where possible to keep computer numbers and usage to a minimum.
5. To keep machine use to a minimum in our artisan bakery.
6. To turn off lights in offices where natural light is adequate.
7. To make sure that lights are not left on at night.
8. To turn computers and monitors off at the end of the working day.
9. To buy energy efficient equipment whenever older equipment is retired.



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Our targets for next year are to investigate the use of energy recovery facilities in our bakery and to look into a sensor-based lighting system to reduce unnecessary light usage, and to review our Fleet Vehicle Electric (Vehicle Feasibility Investigations).

In the past years we have been purchasing green energy from suppliers since 2014. Our team of engineers services our ovens regularly in accordance to the manufactures guidelines. We have installed a computerized maintenance supervision system to track all malfunctions and preventative measures taken. Our ovens, coolers and steamers are decaled on a quarterly basis.

MATERIALS

We understand that as a manufacturer we bring in many raw materials and we need to pay particular attention to the background of these ingredients to ensure they meet the relevant guidelines and standards.

DAIRY AND EGGS

Our key metrics is our Food Quality Assurance Schemes – Red Tractor, Free-Range, Freedom Foods.

Our current policies are to purchase whole Free-Range eggs to use in our products and to follow EU guidelines about GMO products and their usage.

Our targets for next year are to investigate if GMO is used in animal feed consumed by animals involved in our dairy and eggs supply and to link this with developing a policy and procurement standard for animal welfare for the dairy and eggs we purchase and the ability to trace the majority of our dairy and eggs back to source.

All our eggs are Free-Range, and we only use British eggs for all products made for Waitrose.

PAPER AND CARDBOARD

Our key metric is Forest & Paper Conservation Certifications – FSC, PEFC, EU Ecolabel.

Our current policies are to use paper from an environmentally certified supplier, that promotes sustainably managing forests, reclaimed timber or recycled paper practices. We utilise FSC certified paper on printed attachments and marketing materials where available and use the highest recycled content cardboard products for our packaging, where feasible. We recycle paper used in the office into dedicated green recycling bins.



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We have switched our paper choice for the office to an EU Ecolabel certified supply. (<http://ec.europa.eu/environment/ecolabel/>). EU Ecolabel is a label assigned to businesses that promote environmental excellence and have a reduced environmental impact throughout their life cycle, from the extraction of raw material through to production, use and disposal. Our targets for next year are to complete the switch of our office paper supply to EU Ecolabel products and to continue to investigate if our cardboard used for packaging purposes can contain higher % of recycled cardboard content as product quality improves.

Our cardboard packaging boxes are 80% recycled, and 20% virgin, supplied through Smurfit Kappa (<http://www.smurfitkappa.com/vHome/com/Sustainability>). We are currently unable to use 100% recycled cardboard as the material would produce cardboard dust when folded, contaminating the products and causing issues with the operation of the machinery. All our Paper/cardboard is FSC or PEFC certified. Easipac supplier uses 100% recycled materials. Our print suppliers, Kingfisher Press and Saxoprint are FSC certified.

PRODUCE

Our key metric is Eurofins valid-it registration from suppliers.

Our current policies are to source ethically and locally, where possible, to make sure we use the best ingredients we can and to follow EU guidelines about GMO products and their usage.

Our targets for next year are to look into ways we can ensure ingredients used that are associated with GMO are certified GMO free, and to look into what key metrics can be used to enumerate our ethical and local sourcing rates.

We work with British mills, such as Shipton Mill and Dove's Farm, to provide flour for our products.

HEALTH AND SAFETY

We recognize that health and safety management is an essential component of running a responsible business and that priority must be placed on protecting the wellbeing of our employees. As a food manufacturer this also extends to the products we produce to ensure that they can be consumed and enjoyed safely by all.

Key Metrics: BRC Accreditation – Global Food Standards



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Our current Policies are:

1. To provide Health & Safety guidelines to every employee in their employee handbook.
2. To meet all the requirements of the 1974 Health and Safety at Work Act.
3. To manage the health and safety risks occurring in the workplace.
4. To ensure safe handling of materials and ingredients avoiding contamination.
5. To prevent accidents as much as possible, and act appropriately if they do occur.
6. To ensure all employees are trained and competent to do their work safely.
7. To ensure all our products are produced according to food safety standards.
8. To provide traceability for all products from ingredients to finished product and to create product specifications for all products addressing food safety protocols.

Our target for next year is to look at how we can improve education and reporting rates of reportable accidents, and to investigate the viability of also reporting 'near misses' to help identify potential causes.

We have BRC Global Food Standards – Grade A and AA Certified (since 2013, audited annually) and we have introduced AFR (Accident Frequency Rate) Metrics to assess and improve our workplace.