



PANKU RESPONSIBLE SOURCING STANDARDS GUIDE

This document sets out our Panku Responsible Sourcing Guide and Standards and applies to all Suppliers providing goods and services to the Panku (including suppliers to any of the Panku brands and/or to any Panku partners or Franchises), in all locations around of the world (unless specified otherwise)

Purpose

As a leading international, multi-channel food and restaurant business, providing sushi and Japanese food to the world's leading retailers and food service providers, we recognise the responsibility we have to provide low impact products that are kind to both planet and people, now and into the future.

Sustainability at Panku is about *better food for everyone, The Japanese Way*. For us, this means being a business that our customers, suppliers, and local communities can trust to source products with integrity, to ensure good working conditions, and to be a fair business partner.

The suppliers we chose to work with are instrumental in making this happen. We can only achieve our sustainability goals by working together with forward thinking suppliers, who share our commitment to sustainability and continuous improvement.

This document outlines the general minimum sustainability standards and expectations that all suppliers must meet, as well as more detailed product related Sustainable Sourcing Priorities and Preferences that we are working towards as a business as part of our overall Sustainability Policies and targets.

We acknowledge that becoming a more sustainable business is an ongoing and often complex journey, and we do not have all the answers nor the means to address everything at once. By setting out our sustainability standards and priorities we hope to accelerate the pace of positive change within our own business and to encourage businesses across our value chain to do the same.

Our Expectations of Suppliers

At Panku, we look to develop strong relationships with forward looking responsible suppliers, who are committed to minimizing their environmental impacts, respecting human rights, improving animal welfare, and promoting good working conditions.

Our customers, consumers, and teams have forever-expanding expectations of what it means to be a good and sustainable business and our suppliers are central to our success in meeting these expectations. Additionally, we recognize that many of our most significant impacts as a business occur in our supply chain, which is why we have this specific guide for suppliers to help them address these impacts.

To be of genuine value, we need our Supplier Sourcing Standards Guide to be much more than a set of minimum standards on a piece of paper. We therefore require that suppliers commit to proactively supporting us in achieving our sustainability targets and following the spirit of the principles set out in this Guide.

In return we will work together with our suppliers, providing guidance and support where necessary to help suppliers understand our requirements, and the type of processes and practices that need to be in place to uphold our standards. We will have open communication and a continuous improvement



approach – recognizing that we do not have all the answers to achieve all our ambitions just yet, and that we are on this journey together.

General Requirements

- We require that all suppliers familiarize themselves and comply with all relevant Panku sustainability policies, targets and documents listed within this guide and then complete the Supplier Declaration form within 14 days of receipt.
- The guide sets out the minimum, not maximum, defined social, ethical and environmental standards that we require suppliers to follow as part of their Supplier agreement
- At the very least, suppliers must respect, uphold, and comply with all relevant local, national and international environmental, animal welfare, human rights and worker laws, regulations and industry standards. In case of conflict between local legal provisions and our standards, the most stringent standard will apply
- All Key Commodity Suppliers must work with us, support us and be able to demonstrate how they are upholding each one of the [10 Principles of the UN Global Compact](#) (New suppliers must provide details of any actions taken in support of each Principle as part of tender responses, as per the Global Compact Recommendations for Businesses. Existing Suppliers will be asked to demonstrate compliance and/or improved performance as part of annual Performance reviews)
- All suppliers must meet or exceed our minimum standards, across environmental and welfare issues, human rights and working conditions and must take responsibility for communicating and making sure that their own suppliers abide by these standards as well
- In Section 2 below, under the three Pillars of Planet, People and Products we have set out our main impact areas, and our sustainability targets, minimum standards, and sourcing preferences to help articulate our expectations of suppliers and our sustainability ambitions for the months and years ahead.

Measuring and Monitoring Performance

- Suppliers should be aware that their sustainability performance will be formally assessed as part of all new contract negotiations and as part of annual supply chain review and performance processes.
- To help us better understand the cumulative impact of our supply chain, to track progress against targets and to assess supplier performance, suppliers are expected to provide sustainability related data applicable to their business operations to the Panku team when requested.
- We reserve the right to monitor our suppliers' compliance with these standards through selfassessment, due diligence reviews and audits.
- As part of the contract with Panku, suppliers are expected to establish management systems for delivering compliance and to maintain records demonstrating this.
- Suppliers must take appropriate steps to ensure that:



- The guide and standards are communicated to all relevant employees and indirect suppliers
- There is regular engagement with relevant management teams and indirect suppliers about the need for compliance
- Processes and systems are in place to provide means for workers and indirect suppliers to report or discuss non-compliance confidentially
- Any non-compliance or drop in expected performance is reported to Panku so that we can work together to create a time-measured plan to correct the situation as quickly as possible
- Written records are maintained and that any supplier sub-contractors and companies in their own supply chain, which are in any way involved with Panku are provided with the guide and confirm, in turn, their own compliance
- Panku representatives (including third party auditors) are provided with relevant supplier documentation, and where appropriate, with access to any supplier management and workers to determine compliance and progress against the guide

Communication, Challenges and Violations

- The Panku minimum standards form a non-negotiable part of the relationship between the Panku and all its suppliers. We will not tolerate severe or repeated violations of these standards and Panku reserves the right to take appropriate actions including terminations of contracts. A breach of the minimum standards would be considered a material breach of our contractual agreement and could in some circumstances result in immediate termination of a contract.
- While we have strict minimum standards, we also want and need suppliers to come to us with any genuine challenges or concerns, so we can be aware of any issues, try to overcome them and work together to raise standards across our industry.
- We require that suppliers communicate any concerns or issues relating to the achievement of our minimum standards to us as soon as is feasibly possible. We recognize that international supply chains are complex, and that external factors cannot always be controlled, despite best efforts to do so. We also recognize that overcoming sustainability challenges is part and parcel of improving standards and performance. In the first instance, if possible (and depending on the type and level of breach) Panku will look to work with the supplier to agree a timebound remedial action plan to raise performance to an acceptable level as soon as possible
- Where required Panku can offer supplier specific training sessions or support to help suppliers better understand and achieve the sustainability requirements set out in this guide. Suppliers are asked to get in touch with the Sustainability team as soon as feasibly possible should you require any further guidance or clarity or help

Planet

Green House Gas and Energy Use

Our Carbon and Energy Ambitions

- We will aim to set our greenhouse gas emissions reduction target in due course. At present, we are in the process of obtaining better quality data on our emissions across our value chain. Once we have a footprint in place, we will then assess the best method to implementing a suitable target that is both ambitious and aligned to Group growth plans



- Integrating carbon and energy use reduction into all business decisions
- Net Zero Commitment by 2050

Our Carbon and Energy Minimum Standards

- To assist us in better understanding our own environmental footprint, suppliers must support Panku Sustainability and Purchasing Teams by providing relevant energy and emissions data as required
- When purchasing any new electrical equipment and appliances, Panku will follow recommended energy efficient procurement practices as recommended by [Energy Saving Trust](#) and Energy Star and will only purchase equipment that is shown to be efficient over the course of its lifetime. This means, only purchasing equipment or appliances listed on the [Energy Technology List](#) (where that category exists) and /or appliances with an energy rating of A-C (or equivalent if not yet rated using the new 2020 labelling system)

Our Carbon and Energy Supplier Preferences

- Panku will give preference to suppliers that measure and monitor their own energy use and have plans and processes in place to reduce their energy consumption and emissions (both within their own operations and along their supply chain)
- Panku will give preference to suppliers whose products are produced using renewable energy
- Panku will give preference to suppliers that have Climate Change targets that align with the Paris Agreement and the Science Based Target Initiative
- Preference will be given to suppliers and franchises that use (either buy or lease) products, equipment and appliances that are durable, reliable, have relatively lower embodied carbon than other similar products, that are energy efficient, and that minimize their energy and water use over the lifetime of their use (as per Energy Technology List, Energy Saving Trust and Energy Star recommendations). We also encourage our retail business partners to do the same when purchasing equipment.

Food Waste

Our Food Waste Ambitions

- As we build data and knowledge regarding our GHG Scope 3 footprint, this also includes food waste data. We are aiming to set quantitative targets on food waste across kiosks, restaurants, and commissaries. Our ambition is to work towards reducing food waste in line with the UN Sustainable Development Goal 12.3
- In parallel, we will continue to implement effective impactful solutions to reduce our current food waste utilizing aspects of the food recovery hierarchy

Our Food Waste Minimum Standards

- To assist us in better understanding our own environmental footprint, suppliers must support Panku Sustainability and Purchasing Teams by providing relevant food waste data as required

Our Food Waste Supplier Preferences

- Panku will give preference to suppliers that have systems, processes, and targets in place to monitor, measure and reduce their food waste within and along their supply chain



People

Human Rights and Worker Standards

Our Human Rights and Worker Standards Targets

- The Stronger Together Modern Slavery Supply Chain Toolkit actions will be completed across all brands and all Tier 1 seafood suppliers by 2024 and all Tier 2 and 3 seafood suppliers by 2025

Our Human Rights and Worker Standards Minimum Standards

Supporting Continual Improvement

- We require that all suppliers work with us to better understand and address social and ethical supply chain risks. Suppliers must support Panku in providing data to respond to The Stronger Together Modern Slavery Supply Chain Toolkit
- All Seafood Suppliers must work with us to better understand and address social and ethical seafood specific supply chain risks. This means supporting Panku in providing data to respond to the following as relevant and as required:
 - The social requirements of The Global Tuna Alliance (GTA) Implementation Plans
 - The Sustainable Seafood Coalition's (SSC) Codes of Conduct
 - The Seafood Ethics Action Alliance Toolkit, as set out in our Sustainable Seafood Policy
 - The Social Responsibility Assessment (SRA) Tool for the Seafood Sector

Compliance with Law & HR Policies

- Suppliers must be committed to respecting human rights and supporting the goals of the UK's Modern Slavery Act and 10 Principles of the UN Global Compact
- Suppliers must adopt and implement human resources policies and procedures appropriate to their size and workforce, which are consistent with the requirements of national law
- Suppliers must ensure that any work performed is based on a recognized employment relationship established in compliance with national legislation and practice and international labour standards
- Suppliers must pay workers a fair wage and benefits and have a transparent process to ensure that workers fully understand the wages that they receive
- Suppliers must compensate all their workers by providing wages, overtime pay, all legally required benefits and paid leave which respectively meet or exceed the national legal minimum wage, and all applicable laws and regulations
- Suppliers must not make any deduction from wages as a disciplinary measure. Suppliers must not make any deductions from wages which are unauthorized and not provided for by national law
- Suppliers must ensure that working hours comply with national laws or benchmark industry standards or relevant international standards, whichever affords greater protection
- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively, without prior authorization from Suppliers' management, according to national law
- Suppliers should have due diligence processes in place to ensure that workers on their site do not pay any form of recruitment fees to any agents to gain employment



Agency / Indirect Workers

- Suppliers are responsible for the rights of all workers on their site whether they are directly employed or employed or engaged through a labour provider, agent or a contractor
- Suppliers must have a process to ensure that they have a record of all workers working at their site including those engaged through an agency, labour provider or contractor within three days of beginning employment or being on site
- Suppliers must meet any local laws relating to the use of agency / labour provider workers including to workers at their own Suppliers and sub- contractors, and to workers supplied by agencies, for example by including these standards in contractual or procedural agreements with third party employers
- Suppliers must have a clear written agreement with their labour provider to ensure that the welfare of workers is safeguarded (including their health and safety, payment and benefits terms, accommodation, non- discrimination), and must monitor adherence to this agreement

Forced Labour

- All work must be conducted on a voluntary basis, and not under threat of any penalty or sanctions
- Suppliers must ensure that workers are not required to make deposits/financial guarantees/payments to employers, labour providers or agencies to obtain work, and must not retain original copies of identity documents (such as passports, identity cards, etc.)
- Bonded/indentured labour is prohibited. Suppliers must respect the right of workers to terminate their employment after reasonable notice and to receive all owed salary
- Suppliers must respect the right of workers to leave the workplace after their shift
- There must be no forced, bonded, or involuntary prison labour

Child Labour

- Suppliers must not employ workers who are younger than the legal minimum age for employment applicable to the supplier, or the age of completion of compulsory education
- A supplier must not employ a person under the age of 15 in any circumstances and must implement robust age verification checks at all times to ensure this policy is upheld
- Suppliers must not recruit child labour nor exploit children in any way
- Suppliers must ensure that all work of persons under the age of 18 must be subject to an appropriate risk assessment and regular monitoring of health, working conditions, and hours of work

Discrimination and Equal Opportunity

- Suppliers must treat all workers with respect and dignity
- Suppliers must base the employment relationship on the principle of equal opportunity and fair treatment. They must not engage in, support, or tolerate discrimination in any area of employment
- Suppliers must prohibit harassment and unlawful discrimination in the workplace

Healthy and Safe Working Conditions

- Suppliers must provide safe and clean conditions for all workers on site in all work and residential facilities and must establish and must follow a clear set of procedures regulating occupational health and safety
- Suppliers must ensure that residential facilities for workers, where provided, are clean and safe. Workers' accommodation arrangements must not restrict workers' freedom of movement or of association



Bribery

- Suppliers must not offer/ give to, or receive from, Panku staff or agents or contractors working on our behalf, any gift or other benefit that could be considered a bribe. Panku employees are, in turn, required to refuse to accept, and not offer, any gift or service that could be construed as a bribe

Products

Sustainability is increasingly integrated into our buying practices, and we work closely with our suppliers and industry partners to continuously improve the traceability and transparency of our products. We have an overarching approach to Responsible Sourcing, which applies to everything that we buy, but have additional requirements for our key commodities as set out below and in our Sustainable Seafood Sourcing Policy.

Our Responsible Sourcing Targets

- 100% of tuna, salmon, shrimp, and surimi will be certified as responsibly, sustainably, and ethically sourced by end of 2023
- 100% of other key ingredients (All seafood, chicken, beef, rice, avocados, cooking oil, fish and animal feed) will be responsibly sourced or certified to 3rd party verified standards by end of 2025

Our Responsible Sourcing Minimum Standards

All Products:

- Suppliers must meet all Panku sourcing minimum requirements (as set out under our 3 pillars, Planet, People and Product)
- Suppliers must not source any illegally harvested or traded products, or products from controversial sources or illegal areas
- Suppliers must not source any products from protected species or species that are listed as critically endangered, endangered, or vulnerable to extinction according to IUCN red list of threatened species
- Suppliers will not knowingly cause, or risk causing, irreparable ecosystem or biodiversity damage
- Suppliers of our key commodities (all seafood, meat, fish & animal feed, packaging, soy, rice, cooking oil) must work with us and commit to demonstrating and verifying that all products will be deforestation and land conversion free by 2025
- Suppliers must ensure their operations do not negatively affect local community access to safe water
- Suppliers must make every reasonable effort to ensure that any wastewater or pollutants that have the potential to reach water bodies, such as rivers or lakes, will not have any adverse impact
- Suppliers must put in place appropriate systems, to minimise, handle, store, transport and dispose of materials, waste, and effluents in a legal and responsible manner
- Suppliers providing products must:
 - Only source free range eggs for all whole and liquid eggs (assuming avian flu outbreaks do not prevent this)
- Suppliers must share information regarding the origin of the products supplied to Panku, and the production methods used therein, to enable farm to fork supply chain mapping, product specific traceability and transparency, and adherence to relevant industry led Codes of Conduct and Standards as required



- All Suppliers must support Panku in improving performance/providing data/working towards the timely achievement of all requirements of:
 - Stronger Together Supply Chain Modern Slavery Toolkit Checklist
 - The Sustainable Restaurant Association, Food Made Good Framework
 - The Better Chicken Commitment

Seafood Products:

- Suppliers must complete a Seafood Risk Assessment for each new Seafood Product to enable Panku to determine if the product meets the Sustainable Seafood Coalition's (SSC) Sourcing Code of Conduct and whether that product can therefore be sourced. Suppliers will also need to complete the Risk Assessment on an annual basis to satisfy SSC ongoing requirements
- Panku will not tolerate any form of Illegal, Unreported or Unregulated (IUU) fishing in its supply chain and Suppliers must take responsibility to carry out due diligence checks and audits accordingly
- Panku will not work with suppliers involved in shark finning
- Suppliers must be able to provide documented evidence (including but not limited to valid certifications) to trace their product all the way along their supply chain back to source and must provide contact details of all suppliers and intermediary stages on request
- While suppliers may not be able to complete the Risk Assessment in full initially, as an absolute minimum they must provide the species scientific name, sourcing origin/Flag Nation, FAO sea location, catch/gear/production method, information about social and ethical performance and valid certificates for any up-to-date seafood sustainability standards
- Suppliers must not source any fish or seafood rated by the Marine Conservation Society (MCS) or Monterey Bay Aquarium Seafood Watch as Fish To Avoid / MCS Rating 5 (please see our Sustainable Seafood Policy for more details)
- Suppliers must only source farmed seafood that is certified as responsibly sourced by ASC, Global Gap, or BAP 4* (or other GSSI recognized independent certifying body)
- Suppliers must only source wild caught seafood that meets at least one of the below stipulations (with the stipulations at the top of the list being most preferred and those at the bottom being least preferred)
 - Is MSC certified
 - Is rated 1-3 by Marine Conservation Society (MCS) or Best Choice or Good Alternative by Monterey Bay Aquarium's Seafood Watch.
 - Is undergoing formal MSC Pre-Assessment
 - Is in a formally recognized Fishery Improvement Project (FIP) that is making demonstrable progress
 - Is a species that is not rated at all by the MCS, but sufficient evidence can be provided to verify their sustainability credentials as per the Sustainable Seafood's Code of Conduct
 - In exceptional circumstances products with a MCS rating of 4 (Needs Improvement) may be used in the short term, but only if pre agreed with the Panku Sustainability Team, to cover an unexpected/unforeseeable supply chain issue and where there is a documented plan to shift to a better alternative at the first opportune moment
- All Suppliers must support Panku in meeting stipulations set out in The Sustainable Seafood Coalition's Codes of Conduct
- Additionally, in the spirit of continuous improvement, all suppliers must also support Panku in improving performance/working towards the timely achievement of all requirements of:
 - Global Tuna Alliance Member Requirements
 - The Global Dialogue on Seafood Traceability (GDST) Standards
 - Seafood Ethics Action Alliance Toolkit

Our Responsible Sourcing Preferences



Preference will be given to suppliers that:

- Can demonstrate a commitment to the 10 Principles of the UN Global Compact
- Demonstrate knowledge and understanding and commitment to addressing sustainability issues, providing data and information as required to enable Panku to better understand its' impact and areas of influence
- Minimize the quantity of water and energy used in their operations
- Promote better management practices to minimize bycatch, protect, restore and prevent loss of biodiversity, natural habitats, soil health and ecosystems
- Source products locally or as close geographically as possible
- Do not source products (including animal and/or seafood feed) from known risk hot spots (Beef or soy from South America for example or Prawns from countries high on the Global Slavery Index Country Rating for Seafood Specific Risk)
- Can demonstrate and evidence good animal welfare practices and management
- Source cage free and /or free-range egg products, including any products where egg is a listed ingredient

Our Packaging Targets

- All primary plastic packaging (trays/bowls/boxes/lids/bags) will be 100% reusable, recyclable or compostable by 2025
- 30% average post-consumer recycled content across all plastic packaging by 2025
- All unnecessary and problematic plastic will be eliminated by 2025
- All fibre-based packaging will be 100% deforestation free & FSC/PEFC certified by 2030

Our Plastics, Packaging and Paper Minimum Standards

All Products:

- All Suppliers must provide Panku with timely product specific primary, secondary and tertiary packaging data as required to allow Panku to monitor its packaging impacts and any related tax burden

Plastic Products and Packaging:

- All Suppliers must support Panku in improving performance/working towards the timely achievement of all requirements of The Plastics Pact, UK
- Panku will not source Primary packaging made from types of plastic that cannot be (or are unlikely to be) recycled
- All primary packaging suppliers must support Panku and the respective brands in achieving our minimum recycled content requirements and targets

Paper, Timber and Fibre Products:

- Panku will not source any products from illegally harvested woods or wood fibres from controversial sources
- Any non- recycled content / virgin fibre used must be purchased from legal and independently certified sources



- General Office, copying and graphic paper must have 100% recycled content, to include only genuine recovered fibre (i.e. no virgin wood off cuts 'mill broke' unless solely from a recycled paper production line)

Our Plastics, Packaging and Paper Preferences

All Products:

Where relevant preference will be given to:

- Suppliers that can demonstrate a committed approach to the adoption of the **waste hierarchy** (prevent, reduce, reuse, recycle) and/or a **circular economy** in the products they supply and throughout their business
- Suppliers that strive to minimize the embodied impact of products, and that manage waste and resources in an environmentally responsible manner
- Products with higher **post-consumer recycled content** (the higher the % the better assuming normal functionality and quality is maintained). Pre-consumer waste-i.e., off cuts from virgin forests/plastic manufacturing off cuts or "mill broke" will *not* be given preference.
- Products and plastic types that are **genuinely recyclable** (black plastic trays and lined coffee cups for example are recyclable in theory but in practice few recycling facilities actually have the technical ability within economic constraints to do so)
- Products that are certified as **compostable** (not biodegradable) **ONLY** in circumstances where there are *known and controlled/contained* collection and processing facilities (food waste separation and commercial composting) in place to ensure composting happens at end of use. (For example, for compostable packaging at an airport site with composting bins and an industrial composting facility)
- Suppliers that can provide products with **clear messaging** (either on product or with innovative and sustainable labels etc) to help consumers do the right thing (reuse, recycle etc) at end of use
- Suppliers that **minimize the packaging/materials** that they use (through reducing the amount of packaging, minimizing packaging weight, rethinking packaging design offering reusable packaging / a reuse system, through packaging with recycled content, and through packaging that is recyclable at end of use, through reducing secondary and tertiary packaging not just primary)
- Raw materials and products sourced and manufactured **locally**, or as close to the country of sale where possible
- Raw materials and products extracted and/or produced using **renewable sources of energy**

Plastic Products and Packaging Preferences

- Preference will be given to products that seek to **eliminate unnecessary single use plastics** (e.g. Chop sticks / cutlery that is not individually wrapped in plastic packaging)

Paper, Timber, and Fibre Preferences

Preference will be given to products that are (in descending order of preference):

- **Not bleached**
- **Totally Chlorine Free** (TCF - when the paper concerned is bleached by using less harmful bleaching chemicals such as hydrogen peroxide instead of chlorine)



- **Elemental Chlorine Free** (ECF-when paper is bleached by using chlorine dioxide instead of using the environmentally less acceptable chlorine gas method of bleaching)

Preferences will be given to the following products:

- **Paper procured for Professional Purposes / Printed Publications** that has 75% or more recycled content, to include only genuine recovered fibres (i.e. no 'mill broke')
- **Tissue paper, napkins & blue/kitchen roll/paper towel** with 100% recycled content, to include only genuine recovered fibre
- **Cutlery and Chopsticks** made from wood/bamboo from certified responsible sources, that is ideally not treated with resin (as most compositing facilities will not accept treated wood) nor bleached/treated with harsh/toxic chemicals
- **Certified Paper** There are numerous certification schemes, standards and labels that classify the sustainability of paper according to its raw material content and manufacturing process (PEFC also covers social/labour supply side considerations). We give preference to supplies delivered through the **Forest Stewardship Council (FSC)** certification scheme and accept other national schemes under the framework of the **Programme for the Endorsement of Forest Certification (PEFC)**