

# Environmental, Social & Governance

2023 Progress Report

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**BAGEL**  **BRANDS**





## **ABOUT THIS REPORT**

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Welcome to the Bagel Brands' Environmental, Social & Governance (ESG) journey.

This report is a summary of previous commitments, progress to date and work done to develop the ESG strategy for the future. Moving forward, this report will be published on an annual basis with updates on strategic vision, priorities, goals, commitments and progress as it relates to ESG initiatives.

## EXECUTIVE SUMMARY

At Bagel Brands, we believe a better breakfast sets you up for a better day. We bake fresh-baked bagels and delicious bagel egg sandwiches to ensure better days for all our guests. Our ESG strategy is an extension of our mission to deliver a brighter day.



On our ESG journey, we will focus on three pillars:  
**PEOPLE, PLANET AND PRODUCT**



We are committed to providing the most craveable breakfast prepared with simple, high-quality ingredients that you can feel good about eating.

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We recognize our daily operations have an impact on the environment, and we are committed to minimize our carbon footprint.

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Our focus is to be a leader in female leadership development in the industry and provide an equitable, inclusive and diverse workplace.

# ABOUT US

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## BAGEL BRANDS CORPORATION

- Privately owned by JAB Holding Company since 2014, Bagel Brands is part of Panera Brands. Comprised of Panera Bread, Caribou Coffee and Bagel Brands, Panera Brands companies are independently-operated and united in their mission to be force multipliers for good for their guests, communities, the planet and shareholders they serve.
- Bagel Brands employs 200 support center team members and 7,000 team members in company-owned bakery operations.



- In 1995, the Einstein Bros. Bagels brand was created by Boston Market after it acquired multiple bagel shops to fall under the newly established brand. Today, with a national footprint, the inventive bagel shop is known for finding new ways to deliver the most craveable breakfast on a bagel.
- 678 total locations, 48% company-owned, 8% franchisee, 44% license, 45 states



- Established in 1983, Bruegger's was acquired by Bagel Brands in 2017. With a regional footprint, Bruegger's continues to deliver an authentic New York style boiled bagel, as it has from the beginning.
- 181 total locations, 73% company-owned, 26% franchisee, 1% license, 22 states



- Founded in 1989, Noah's has been part of the Bagel Brands portfolio since 1996. With locations solely in California, Noah's serves bagels with New York roots and California soul.
- 55 locations, 100% company-owned, California only



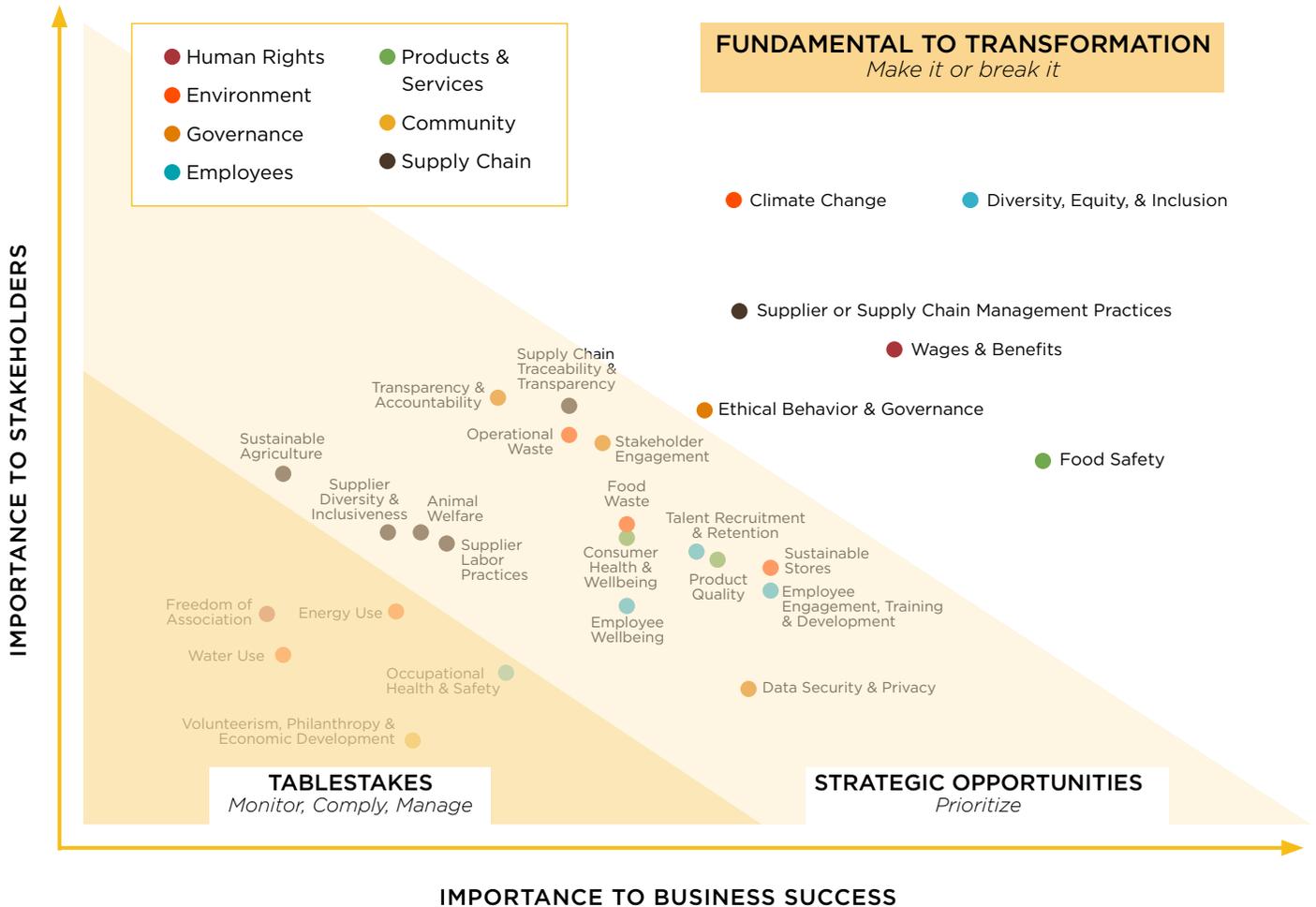
- Founded in 1987, Manhattan Bagel joined the Bagel Brands portfolio in 2000. Delivering an authentic New York style boiled bagel, the brand resides primarily in the Northeast.
- 67 locations, 100% franchisee owned, 6 states

*Open locations as of October 2023.*

# OUR ESG STRATEGY: MATERIALITY APPROACH AND STAKEHOLDER ENGAGEMENT

In 2022, we conducted an in-depth materiality assessment to identify the areas where Bagel Brands should focus on addressing environmental, social and governance issues. As part of this process, internal and external stakeholders were interviewed, with representation from senior leadership across functional areas, industry groups, investors, franchisee and supplier partners, as well as non-governmental ESG experts.

Critical “Make it or break it” areas are where we chose to focus.



# OUR ESG STRATEGY: ESG PILLARS AND AREAS OF FOCUS

Based on the materiality assessment, three pillars were established and areas of focus within each.



## PRIORITY & STRATEGIC ISSUES

- Quality & Safety

## OTHER MATERIAL ISSUES

- Supplier & Supply Chain Management Practices
  - Animal Welfare
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## PRIORITY & STRATEGIC ISSUES

- Climate Change

## OTHER MATERIAL ISSUES

- Operational Waste
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## PRIORITY & STRATEGIC ISSUES

- Diversity, Equity & Inclusion

## OTHER MATERIAL ISSUES

- Employee Well-being
- Wages & Benefits

# ESG COMMITMENTS & PROGRESS TO DATE



## ANIMAL WELFARE

In recent years, we have made several Animal Welfare commitments. We are proud to report that most commitments have been achieved.

COMMITMENT	PROGRESS AS OF 12/2023
<ul style="list-style-type: none"> <li>Exclusive use of Cage Free Eggs in all egg sandwiches at Einstein Bros. Bagels and Noah’s NY Bagels by 2020</li> </ul>	<ul style="list-style-type: none"> <li>✔ Completed by 2017               <ul style="list-style-type: none"> <li>In 2023, converted more than 65% of products utilizing eggs as ingredients to Cage Free Eggs (products with egg ingredient represent ~2% of total sales)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Achieve a Cage Free Egg supply chain at Bruegger’s Bagels by 2026</li> </ul>	<ul style="list-style-type: none"> <li>✔ Completed in 2023 - exclusive use of Cage Free Eggs in all egg sandwiches</li> </ul>
<ul style="list-style-type: none"> <li>Source Chicken from suppliers that follow an animal welfare and humane slaughter program aligned with GAP 2 Chicken guidelines</li> </ul>	<ul style="list-style-type: none"> <li>✔ Completed in 2023</li> </ul>
<ul style="list-style-type: none"> <li>Source Turkey from suppliers that follow animal welfare and humane slaughter program aligned with the National Turkey Federation guidelines</li> </ul>	<ul style="list-style-type: none"> <li>✔ Completed in 2022</li> </ul>
<ul style="list-style-type: none"> <li>Source hogs from suppliers that follow animal welfare guidelines aligned with the Pork Quality Assurance Plus (PQA Plus) program</li> </ul>	<ul style="list-style-type: none"> <li>✔ Completed in 2022</li> </ul>
<ul style="list-style-type: none"> <li>Source Atlantic salmon supplied from companies that have a third- party certification focused on sustainable aquaculture and GLOBAL.GAP</li> </ul>	<ul style="list-style-type: none"> <li>✔ Completed in 2022</li> </ul>
<ul style="list-style-type: none"> <li>Eliminate gestation crates from pork supply chain. Commitment made in 2012 with 10 year goal.</li> </ul>	<ul style="list-style-type: none"> <li>✘ Since making this commitment, the U.S. pork industry hasn’t moved into pen/group housing systems as quickly as anticipated so it’s not feasible to achieve our goal by 2023. We are evaluating a realistic timeline in partnership with suppliers.</li> </ul>

# ESG COMMITMENTS & PROGRESS TO DATE



## SUPPLY CHAIN MANAGEMENT

In order to deliver on our ESG commitments, we must ensure our suppliers and vendors are doing the same. In the next two years, we will be focusing on holding our supply partners to our same ESG standards.

COMMITMENT	PROGRESS AS OF 12/2023
<ul style="list-style-type: none"> <li>Develop Supplier Code of Conduct, ensuring policies include addressing child labor, forced labor, discrimination, environmental consideration and other key areas that represent 80% of our business spend by end of 2023.</li> </ul>	 Completed in 2023
<ul style="list-style-type: none"> <li>Establish a baseline understanding of current contracted suppliers third party audit certification by end of 2023; establish requirements based on GFSI (Global Food Safety Initiative) standards by the end of 2024.</li> </ul>	 In Progress

# ESG COMMITMENTS & PROGRESS TO DATE



## CLIMATE CHANGE

Our goal is to make significant impact within Scope 1 and Scope 2 emissions for the next 4 years while compiling data for Scope 3 to begin tracking progress.

COMMITMENT	PROGRESS AS OF 12/2023
• Transition to energy-efficient lighting	 In Progress
• Power conservation	 In Progress
• Weatherize and improve insulation at storefronts	 In Progress
• Upgrade HVAC Systems	 In Progress
• File Plan by 2025 with Science Based Target to be carbon neutral by 2050.	 Not Started

# ESG COMMITMENTS & PROGRESS TO DATE



## FEMALE LEADERSHIP DEVELOPMENT

Our goal is to become an industry leader in female leadership development. One of Bagel Brands' advantages in driving gender diversity is our one-shift model that grants employees work-life balance.

We like to say, our team members can have breakfast with us and dinner with their family.

COMMITMENT	PROGRESS AS OF 12/2023
<ul style="list-style-type: none"> <li>• Provide equitable access to leadership development via hiring practices, annual talent assessment and targeted leadership development programs.</li> </ul>	<p> In Progress</p> <ul style="list-style-type: none"> <li>• 57% of bakery General Managers are female</li> <li>• At Support Center, female representation is over 50% in all management levels below Executive Leadership Team</li> <li>• Executive Leadership Team female representation is currently 44%</li> <li>• Bagel Leadership Academy is our high potential leadership development program. In 2022/23, 42% of graduates were female compared to 39% the year prior. The 2023/24 class is 31% female.</li> </ul>
<ul style="list-style-type: none"> <li>• Identified opportunity in District Manager gender diversity. Goal is to increase DM female representation to 45% by end of 2025.</li> </ul>	<p> In Progress</p>
<ul style="list-style-type: none"> <li>• Establish and promote Employee Resource Groups to increase cultural awareness and provide career development to diverse employees.</li> </ul>	<p> In Progress</p>

# ESG COMMITMENTS & PROGRESS TO DATE



## PROVIDE DIVERSE, EQUITABLE & INCLUSIVE WORKPLACE

We know as an organization that we are stronger with a people-focused culture rooted in diversity, equality and inclusion. This enhances our talent pool, allows us to learn and grow from different perspectives and connects us to the communities we serve.

COMMITMENT	PROGRESS AS OF 12/2023
<ul style="list-style-type: none"> <li>• Conduct annual “total rewards” review to ensure equity, market competitiveness and affordability of offerings i.e., pay, health benefits, paid leave, etc.</li> </ul>	<ul style="list-style-type: none"> <li>✔ Conducted annually. Pay is competitive and no discrepancies in racial or gender hourly pay.</li> <li>• Improved 2024 health benefit offerings by reducing deductibles across all plans and keeping premiums flat.</li> <li>• Launched Hinge Health benefit as extension of medical insurance; treatment for back and joint pain.</li> <li>• Introduced more preventive health offerings and employee commuter benefits.</li> <li>• Improved PTO offerings for Shift Leader population.</li> </ul>
<ul style="list-style-type: none"> <li>• Conduct a cost/benefit assessment of contributing to employee retirement savings.</li> </ul>	<ul style="list-style-type: none"> <li>✔ Rolled out company 401k contribution for all employees in 2023.</li> </ul>
<ul style="list-style-type: none"> <li>• Continuously explore and review additional resources that are available to employees to better support their mental and physical well-being.</li> </ul>	<ul style="list-style-type: none"> <li>✔ Offer Employee Assistance Program and Learn to Live resource; both confidentially help employees with mental health and wellness issues.</li> </ul>

# GOVERNANCE

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In order to progress within our identified environmental and social areas of focus, governance is critical.

Our ESG leadership team is committed to driving the environmental and social agenda, identifying opportunities, measuring results and communicating progress to our stakeholders. They are responsible for sound risk management and establishing corporate governance practices that will allow for successful policies and methods to measure progress.

In 2020, a Sustainability Collaboration Forum was established among JAB companies. The mission is to share best practices across our organizations within areas impacting environmental, social and governance topics. Read more about JAB’s ESG approach [here](#).

## ESG LEADERSHIP TEAM

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**JESSICA DEPETRO**  
Acting President &  
Chief Financial Officer

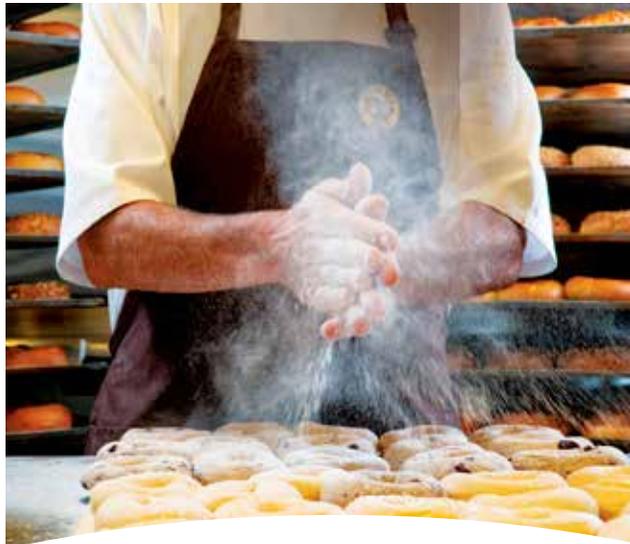
**IVONA ADKINS**  
Chief People Officer

**MIKE DAVIS**  
Chief Legal Officer

**HECTOR BRIONES**  
Chief Marketing Officer

**DEBBIE PAGLIAI**  
SVP, Supply Chain

**STEPHEN TURRENTINE**  
SVP, Operations



# BAGEL BRANDS

