

SUSTAINABILITY COUNTS!

The 2023 MartinBauer Sustainability Magazine
Create transparency. Achieve climate goals. Safeguard your business.

Sustainability is a challenge that has gained relevance for daily business operations with unprecedented speed and intensity. Just a few years ago, sustainability was often just one topic among many. Today, it's essential to recognize and harness the potential of sustainable practices. **Sustainability is a strategic imperative – and for us it always has been.**

THIS IS WHAT COUNTS

The decade of sustainability has begun

The world has shown that it is time to act, to accelerate change. As crises mount around the world, the pressure increases to get things done and there are much greater expectations on companies. Sustainability isn't a trend; it is the key to stability and business growth. To benefit from the opportunities available we must accept the challenge and take action.

The time is now!

WHAT COUNTS FOR BUSINESS SUCCESS

Sustainability represents an opportunity for healthy, stable growth.

Climate change, pandemics, resource shortages, and wartime disruption to supply chains – sustainability is not just the ethical choice, it's an economic and existential issue too. It's about being resilient and competitive, with a stable footing. Achieving business goals involves facing up to new strategic risks, making use of the market potential and innovative power of sustainable practices, and finding ways to be more transparent.

Like digitalization, sustainability has become a decisive factor for change.

Contents

About us **6–10**

Roots, core business, intentions, and partners

Sustainability strategy and goals **11–19**

Materiality 13

Focus 14

Goals 15

Go Zero 17

Focus areas **21–37**

Climate & Biodiversity 22

Resilient Supply Chains 26

Health & Diversity 30

Transparency 33

mabagrown **39–42**

Sustainable supply chain management

Further information **43–44**

GRI report

About us

“We are a family business, and nature is our most important supply partner. That’s why we are deeply committed to sustainable practices and consider them a core element of our business operations. Our goal is to be an **industry pioneer in effective sustainability.**”



Anne Wedel-Klein
CEO, the nature network
4th generation of the family business

Our roots

SUSTAINABLE FOR MORE THAN 90 YEARS

the nature network



MartinBauer

LEADING THE BOTANICAL WAY.

Refinement of plants for the tea, beverage, food, animal feed and pharmaceutical industries



Finzelberg

DELIVERING BOTANICAL EFFICACY.

Extraction and preparation of plant ingredients for the pharmaceutical and nutritional supplement industries



PhytoLab

SAFEGUARDING BOTANICAL QUALITY.

Laboratory analysis and regulatory expertise to ensure the quality of plant products

As members of the nature network, we give our customers around the world access to the natural power of botanicals. To do that, we combine the expertise of our business departments and the skills and experience of our more than 4,000 employees. **Together, we have been taking a responsible approach to nature and communities since 1930.**

Our company

Leading the botanical way

We are MartinBauer: a family-owned company with **20** production and distribution sites on **4** continents. We source and refine more than **200** botanicals in over **80** countries and generate annual sales of **€ 550,000,000**. We have **2,400** employees and more than **300,000** contributors to our value creation chain. We are committed to becoming **CLIMATE-NEUTRAL** by **2030** – along our supply chains too!

What we do

Our service: We have the most diverse portfolio in the world – with more than 200 botanicals from 80 different countries.

Our expertise: For decades we have been refining botanicals into teas, powders, extracts, tinctures and more.

For safe, healthy, functional products in the tea, beverage, food, animal feed and pharmaceutical industries.

We bring you the natural power of botanicals

From seed to finished solution, we master all the complexities in the supply chain, creating sustainable products and services for our customers.



Seeds,
sowing



Cultivation,
harvest



Drying,
cleaning



Transportation,
logistics



Processing,
refining



Quality
assurance



Application
development



Sales

Our partners*

We are united by the desire to become more sustainable more quickly. To achieve that, we bring together the best ideas. Together, we develop, test and share solutions to help shape fundamental change.



Strategy and goals

“Sustainability has become a core economic task. To avoid struggling to keep up with the growing demands and increased expectations in this area, companies **must urgently develop a strategic roadmap.**”



Sebastian Sieben
CEO, European Hub

Strategy

A COMPLETE OVERVIEW

Our sustainability strategy is at the heart of everything we do.

Our strategy decides our actions. It helps us effectively integrate sustainable practices into our core business. The strategy consists of clear goals and objectives that we wish to achieve in the course of this decade. And anyone who knows us will also know that **we always keep our promises.**



Materiality

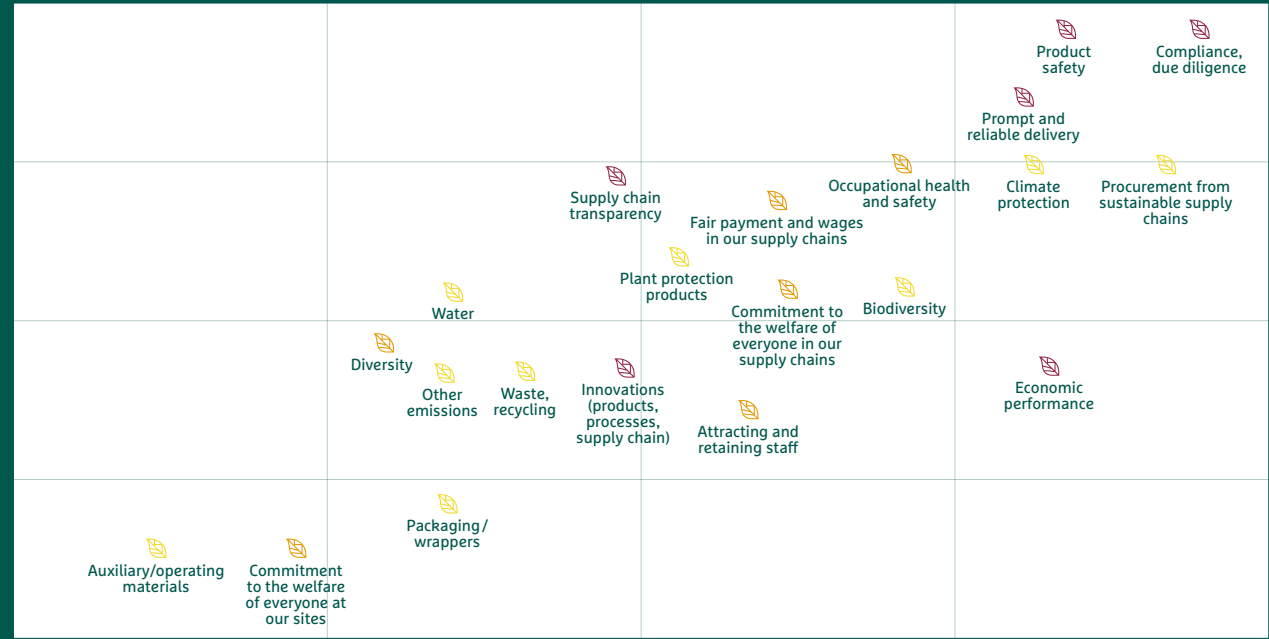
Our sustainability strategy begins with a simple question:

What really matters to us?

The answer to that question takes into account the expectations and perspectives of our stakeholders, our main subject areas, the risks, and the opportunities. It creates the right basis for active, targeted approaches.

Very high

Importance for external stakeholders



Importance for internal stakeholders

Very high

 Environment  Social  Governance

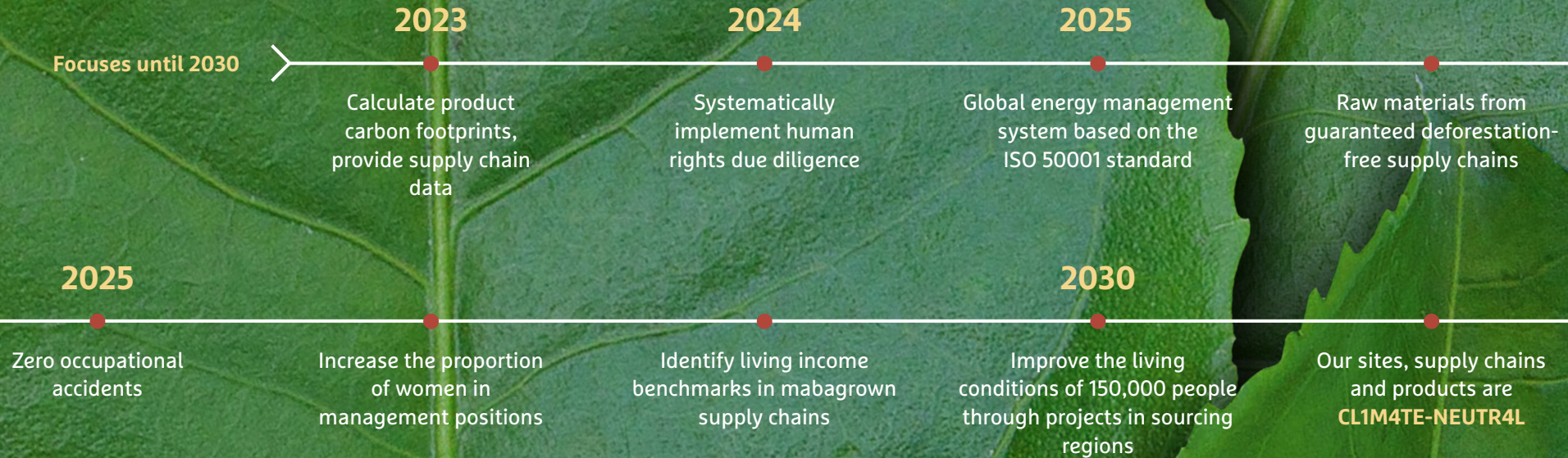
Focus

We have condensed our material topics down to 4 focus areas where we can make the greatest contribution to saving resources and securing a bright future.



Goals *

Specific, measurable, transparent



Sustainable Development Goals

Our contribution

Focus on 7 SDGs

We expressly support the attainment of the UN Sustainable Development Goals (SDGs) and our company's sustainability initiatives make a contribution toward achieving all of them. Given our specific core business and product portfolio, we focus in particular on 7 of the 17 SDGs. That gives us the opportunity to make a **substantial contribution to achieving the SDGs and to sustainable development.**



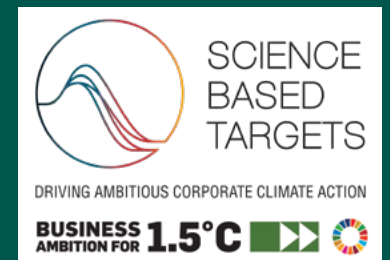
Go Zero

Global climate neutrality from 2030

As a family business that thinks in terms of generations, we consistently pursue an ambitious climate strategy.

Time is running out to limit global warming to a maximum of 1.5°C above pre-industrial levels. Now it is even more important than ever to achieve measurable results. With its **Go Zero 2030** target, MartinBauer is committed to:

- **Reduce** our **CO₂e-emissions by 55%** compared to 2020
- Incorporate our **entire value creation chain** in our measures
- Achieve climate neutrality in **Scopes 1, 2 and 3** by 2030
- Have our progress assessed by the independent Science Based Targets initiative (**SBTi**)



Go Zero

Elements in our climate strategy

Third CCF

In 2022, we calculated our corporate carbon footprint (CCF) for the third year in a row. The CCF includes all our CO₂e emissions in Scopes 1, 2 and 3. It is drawn up in accordance with the Greenhouse Gas Protocol and certified by TÜV Rheinland. Our global CO₂e emissions in 2022 were 231,982 tonnes, which is 6 percent less than in the previous year.

CO₂ equivalents (CO₂e):

CO₂e is a measure that makes the effects of different greenhouse gases comparable – e.g. carbon dioxide and methane.

Scope 3 emissions

Scope 3 emissions make up 71% of our total CO₂e emissions, and most of those come from the procurement of raw materials. We therefore actively incorporate our raw materials partners into our Go Zero strategy, as a crucial element. We obtain detailed and comparable information about their CO₂e emissions via, for example, the Cool Farm Tool provided by the Cool Farm Alliance. In this way, we are getting closer to achieving our goal of a low-emissions supply chain.

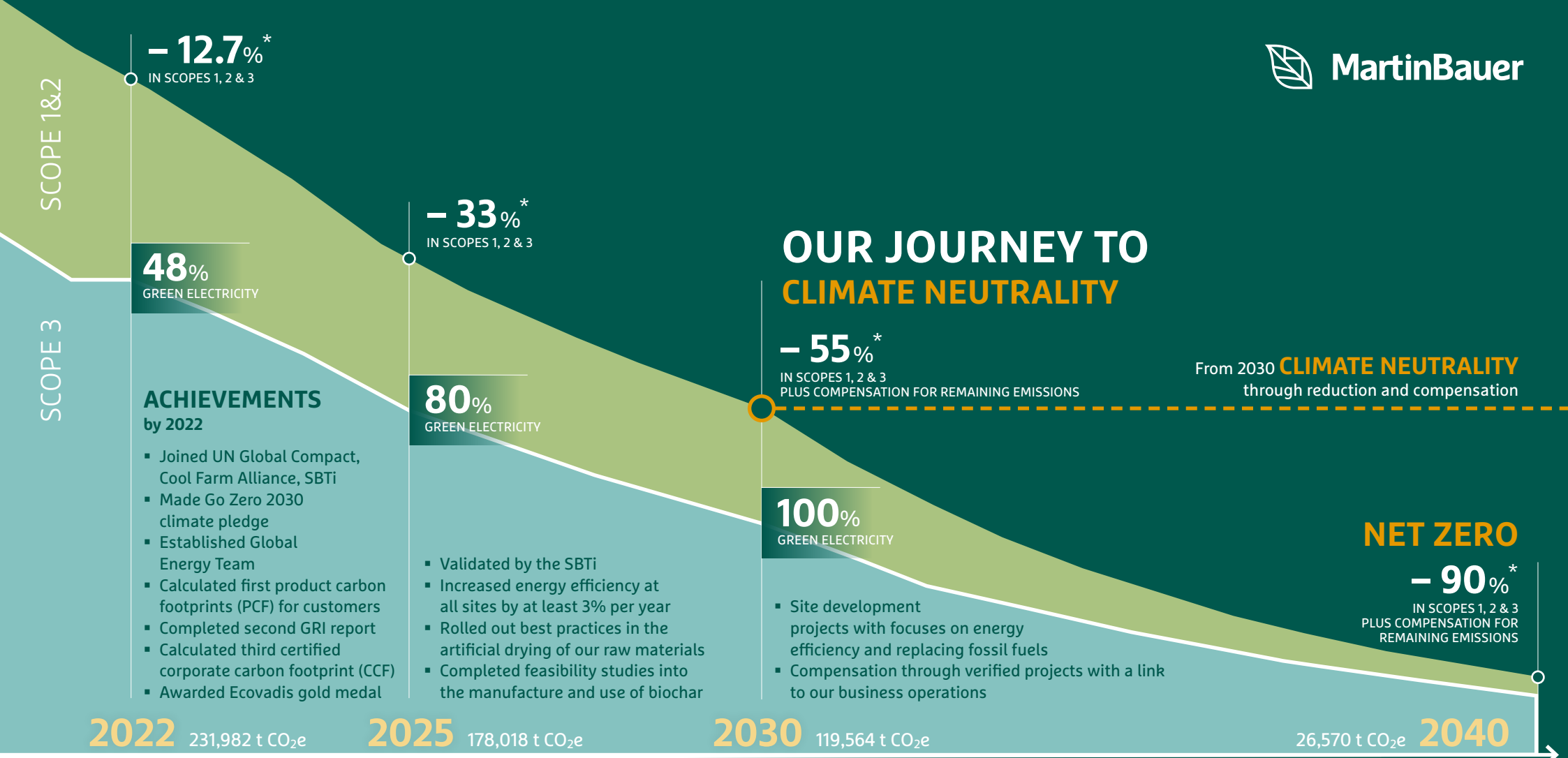
Elements in our climate strategy

Science Based Targets

We apply the highest possible standards to our climate protection endeavors – the science-based standards of the SBTi. In 2023 we presented our long-term targets to the SBTi for validation. Our climate targets are not only in line with the Net Zero Standard but also with the FLAG (forest, land and agriculture) standard for companies in land-intensive sectors (such as food producers).

Go Zero roadmap

We have already embarked on the journey to climate neutrality with numerous measures at our sites and in our supply chains. These include improving energy efficiency, using renewable energy sources, and reducing resource consumption. The Net Zero Standard involves a 90% reduction in our CO₂e emissions compared to the base year (2020) by 2040 and 10% compensation for unavoidable CO₂e emissions. We will only employ the compensation strategy in projects whose effectiveness we have personally assessed and that are relevant to our own business.



Focus areas

Sustainability is not a finishing line that we can pat ourselves on the back for crossing and then just go home. Rather, it is an ongoing process that brings constant new challenges and surprises. Within our focus areas we look back at what we have already achieved. Which of the goals we set ourselves have we reached? What can we be proud of? But we do not intend to rest on our laurels. The most important question is: **What can we do next?**





Climate & Biodiversity

PROGRESS COUNTS

A strategy for effective change: announce, implement, monitor

Today it's not enough just to announce ambitious goals. What counts is whether the implemented measures actually bear fruit. All climate strategies must be developed step by step and continually monitored to ensure that they achieve the right results: do they actually work?

For corporate sustainability with a genuine impact.



33,716

tonnes CO₂e emissions –
company-wide savings
in 2 years



Case study

Tackling CO₂ hotspots

Reducing raw material emissions directly at the source

Our Go Zero campaign has led to effective reductions in CO₂e emissions in our supply chains – working with our partner in Georgia, for example. Findings from a viability study allowed us to introduce targeted investments in a wide range of measures. We introduced a circular economy system of using organic waste as fuel or compost; we installed photovoltaic panels on roofs and open spaces; we established natural drying systems; and we began using renewable energies for artificial drying processes. The result has been a 47% reduction in the product carbon footprint of the products delivered to us. **Effective climate protection involving supply partners is possible!**



Climate & Biodiversity

Achievements by 2022 *

Climate protection

- Calculated **third** CCF in accordance with the GHG Protocol and had it certified by TÜV Rheinland
- Reduced CO₂e emissions by **33,716** tonnes (12.7%) from 2020 to 2022
- Pledged to achieve the **1.5°C** target by **2030** and the **Net Zero** goal by **2040** (target submitted to SBTi)

Raw materials from sustainable supply chains

- Cultivated more than **31,000** hectares of land sustainably and in a way that saves resources
- Produced and processed almost **17,000** tonnes of fruits and botanicals that satisfy the rigorous mabagrown criteria
- Procured **94%** of our *Camellia sinensis* from sustainably certified supply chains

Next goals and measures *

- We consistently follow our Go Zero action plan, in order to reduce our CO₂e emissions in Scopes **1, 2** and **3** by **55%** by **2030** compared to the base year of 2020
- We calculate a corporate carbon footprint **every year** and report on our progress to the SBTi and the general public

- We help our raw materials partners and customers gain product certifications
- We actively assist our raw materials partners in their expansion of certified product lines and climate production measures by offering training sessions and workshops



Climate & Biodiversity

Achievements by 2022 *

Biodiversity in our supply chains

- Evaluated **92** wild collection supply chains through resource assessments and drew up separate management plans to protect biodiversity
- Fostered biological diversity in cultivation practices with **110** supply chain-specific biodiversity action plans
- Contracted raw materials partners into deforestation-free production

Energy

- Introduced energy management system based on the **ISO 50001** standard at all German sites and saved **12,568 MWh** from 2020 to 2022

Next goals and measures *

- We continuously run biodiversity projects and provide training and other measures to help our raw materials partners defend biological diversity
- We establish a monitoring system that should allow us to obtain our raw materials from guaranteed deforestation-free supply chains by **2025**

- By **2025** we will have switched to green electricity for **80%** of our electricity purchases worldwide
- We establish a global energy management system based on the **ISO 50001** standard



Resilient Supply Chains



ST4BILITY COUNTS

Proactive supply chain organization and protection

Extreme weather, climate change, rural poverty, labor migration – agricultural supply chains are confronted with multiple challenges. Building resilient supply chains begins with identifying supply shortfall risks and taking targeted measures to work against them. The possible measures are many and diverse, ranging from providing seeds to stabilizing grower communities. We develop solutions for a climate-adaptive agriculture and help make communities and natural environments stronger.

For healthy growth that can weather crises.

90,000
people helped in more than
100 supply chain projects
in 26 different countries



Resilient Supply Chains

Case study

Gaining ground

Intelligent development concepts for resilient production

We are taking successful approaches to making production more resilient – for example, with our turmeric and ginger supplier in Nepal. The creation of kitchen gardens has improved food security for local families, while soil health and plant protection have been heightened through the use of organic fertilizers and pesticides that they can produce themselves. Small farmers are now better adapted to climate change thanks to successfully implemented regenerative practices. They achieve higher yields and have control over their own production costs.

This way, we overcome risks at raw material sources and secure a robust supply.



Resilient Supply Chains

Achievements by 2022*

Prompt and reliable delivery

- Production and delivery guaranteed with **40,000 tonnes** of raw materials kept in stock
- Availability of strategically important products secured thanks to strategic investments in **7** raw materials partners
- Quality and supply secured through the supervised cultivation of wild plants (**7** different raw materials in **12** countries)

Implementation of due diligence system

- Established risk management system and measured country risks via **5** recognized indices
- Conducted automated risk classification for more than **2,000** suppliers
- Drew up a program of measures including preventative and corrective measures

Next goals and measures*

- We address potential supply risks such as climate change, rural flight and species loss with targeted measures including climate-adaptive agriculture, improvements in living conditions, sustainable collection methods, and the breeding and cultivation of wild species

- By **2024** we integrate supply chain due diligence requirements into the management systems at our sites and in our supply chains
- We increase awareness of due diligence requirements among the people at our sites and in our supply chains and run training courses on how to ensure those requirements are met



Resilient Supply Chains

Achievements by 2022*

Living conditions

- Improved living conditions for **90,000** people via more than **100** projects financed by the mabagrown fund (2015–22)

Fair payment and wages

- Diversified and improved household income through various projects
- Conducted pilot study into living income in cooperation with the NGO Practical Action

Regenerative agriculture and soil fertility

- Implemented **5** projects into the impact of regenerative agriculture on agro-ecosystems
- Introduced **2** projects to test innovative approaches in plant protection, e.g. using robots and drones

Next goals and measures*

- By **2030** our projects in supply regions will have reached another **150,000** people
- We improve the health of people in our supply chains and access to education for women and young people

- We further income diversification in our supply chains
- We continue to develop our calculation methodology for a living income in our mabagrown supply chains

- We establish a range of advice services to improve soil fertility in our supply chains through regenerative practices
- We conduct further tests and analyses in order to optimize plant protection



Health & Diversity

PEOPLE COUNT

Stronger together

Approximately 2,400 people work for MartinBauer around the globe. We have created a trusting and respectful atmosphere of committed individuals working together to carry out meaningful work and achieve great things. We inspire and nurture our employees, encourage them to take on responsibility, and equip them to face change with confidence. To do that we need a heterogeneous team and a healthy environment of learning and working together.

For creative, sustainable outcomes from diverse, inclusive teams.



97.5
percent of our
employees with children
took parental leave.



Health & Diversity

Case study

Our mission: Zero accidents

Our safety programs in Germany

Avoiding accidents has always been a top priority for MartinBauer. Through technical and organizational measures we have continually reduced the number of occupational accidents resulting in more than 3 days' absence from work. The Safety First pilot program at extraction locations in Germany is also starting to have an impact. Evaluation of near-accidents has proven a particularly effective prevention measure. Intensive training at all levels of the company and active participation of staff has made occupational safety an integral part of daily routines. The number of accidents during extraction processes halved from 2019 to 2022. **Achieving zero accidents is within our grasp.**



Health & Diversity

Achievements by 2022*

Occupational health and safety

- 121 consecutive days without accident at German sites
- Sickness quota of 6.4% at German sites
- A wide range of sports courses, company health management programs, and bicycle leasing at German sites

Diversity

- Percentage of women at 26% in the company as whole and 28% in management (manufacturing industry)
- Balanced age structure of staff, with a slight emphasis on middle age

Next goals and measures*

- We implement the Safety First program, with the goal of reducing accidents at our German sites to zero by 2025
- We work to improve the health and safety of our employees

- At our German sites we offer flexible working time options, remote working, and the tea&she network for women in management
- We increase the number of women in upper management positions and maintain or increase their number at all managements levels (in line with the percentage of women in the company as a whole)
- We conduct an age structure analysis to mitigate the risks associated with demographic change



Transparency

D4T4 COUNT

Reliable key figures support credibility and strengthen our ability to act.

Sustainability is a complex, multi-faceted topic – rather like an equation with many unknown variables. Reliable data are essential for making informed decisions. They make the mammoth task of achieving sustainability much more manageable – they make it measurable and tangible and provide dependable evidence.

For the credible results and communications that our customers expect.



100

percent of our products can provide information about their environmental impact on the basis of a PCF.



Transparency

Case study

How much CO₂ is there in chamomile?

PCFs provide valuable insights into ways to reduce CO₂.

We source our chamomile from 10 different countries on 3 continents. On average, the PCE of 1 kilogram of chamomile is 2 kg of CO₂e. A comparison between raw materials partners in Egypt and Croatia illustrates the varying challenges and solutions. In Croatia we are making artificial drying more efficient and are gradually switching to renewable energy sources (40% reduction in CO₂e emissions, or 1,100 tonnes each year). In Egypt, irrigation with diesel-powered pumps is one of the main emissions sources. In this case, the solution lies in the installation of a solar-powered irrigation system (reduction of 2,200 tonnes of CO₂e each year). Both projects were scientifically supported by the University of Hohenheim. **Obtaining such information enables us to identify what action to take.**



Transparency

COMPLIANCE COUNTS

Structured risk management and transparent results

New legislation and heightened consumer expectations are increasing demands for environmental and regulatory compliance. We have introduced effective measures to ensure we adhere to the many and various laws, standards and compliance requirements – so that our customers remain on the safe side. They receive all the relevant information they need to make decisions, compile reports, or provide proof – all the way through to the last link in the value creation chain. **Our customers can face new legal obligations with confidence.**

100

percent of our suppliers have been assessed for risks in accordance with the German Supply Chain Act (LkSG).



Transparency

Case study

Reliable ingredients

The basis for all good products

The really important thing in a reliable supply chain is being able to trust not only in the individual participants along the chain but also in the reliability of their data. We put our faith in our way of doing things: our raw materials partners are carefully selected and scrutinized, we work closely together, and we exchange data transparently and seamlessly. That helps us to continually identify, assess and reduce risks. We implement requirements such as supply chain due diligence, with scientific support from Nuremberg Tech.

That bolsters legal certainty within trustworthy supply chains.



Transparency

Achievements by 2022 *

GRI, UNGC, DNK, SBTi and Ecovadis reporting

- Compiled second GRI report
- Pledged to achieve the **1.5°C** target by **2030** and the **Net Zero** goal by **2040** (targets submitted to SBTi)
- Further improved Ecovadis gold rating: from **66** points in 2021 to **70** points in 2022

Preparation of supply chain data

- Complete transparency all the way back to the field with a comprehensive traceability system for all mabagrown raw materials partners since **2011**

Next goals and measures *

- We expand our sustainability reporting in line with the EU's Corporate Sustainability Reporting Directive (CSRD)
- We establish an IT-supported global sustainability reporting approach
- We submit our climate goals and plans to the SBTi for validation
- We draw up regular reports in line with the Global Reporting Initiative (GRI), UN Global Compact (UNGC), German Sustainability Code (DNK), SBTi and EcoVadis

- We launch “mabatrace,” a digital solution with ERP connection to enable us to exchange data in real time with our mabagrown raw materials partners



Transparency

Achievements by 2022 *

Calculate product carbon footprints

- Directly assessed CO₂e emissions of mabagrown raw materials partners using the Cool Farm Tool
- Evaluated product-specific and supplier-specific emissions factors for our raw materials
- Created database for calculating product carbon footprints (PCF) along our entire value creation chain
- Drew up the first product carbon footprint for customers

Next goals and measures *

- We establish an IT-supported system to calculate the product carbon footprints of our products
- We have our PCF methods in accordance with **ISO 14067** certified by TÜV Rheinland
- We collaborate with our customers on projects to further reduce the CO₂e emissions of our products

Product Carbon Footprint (PCF):

The PCF of our products includes all the greenhouse gas emissions that are created by the time the product leaves the MartinBauer factory gates headed to the customer – from the procured raw material through transportation all the way to the finished, packaged product. This is referred to as “cradle to gate.”

mabagrown

“Many years working with our sustainable sourcing standard mabagrown have demonstrated that global supply chains can be transparent, collaborative, fair and ecological.”



Alfred Zink
Managing Director of Procurement, European Hub

mabagrown

SOURCING COUNTS

Harnessing the full potential of supply chains

Customers who have opted for mabagrown know exactly what is in their products and in their supply chain. mabagrown has the industry's most rigorous quality and sustainability standards and scrutinizes production along every step of the way. You have control over your own value creation chain and can master any challenges you may face, even sudden changes. **mabagrown, our active, sustainable supply chain management system, prepares the ground for stability and healthy growth.**

The heart of our business

Active and sustainable supply chain management

Create transparency

- Full traceability
- Rigorous demands on product quality, compliance and sustainability
- Three-stage monitoring including assessment by independent third parties
- Use of established product seals
- High-quality data and measurable improvements

Achieve climate goals

- Accurate supply chain-specific data such as product carbon footprints
- Climate-friendly supply chain design via direct access to raw materials partners
- Best-practice experiences in implementing CO₂e reduction measures within the supply chain
- Positive impact made visible and appealing via inspiring impact stories

Safeguard your business

- Detailed supplier certification
- Holistic risk management provides insights relevant to the decision-making process
- Ensure availability of strategically important products and increase supply chain resilience
- Successful implementation thanks to high levels of trust in supply chains

mabagrown

**We know
the game.**

mabagrown

Active and sustainable
supply chain management

**You own
the game.**

More information

GRI reporting

Further information and comprehensive data can be found in our second GRI Report. The Global Reporting Initiative (GRI) has become the world's leading framework for sustainability reporting and its standards are applicable around the globe. On the basis of those standards, we provide information about the impact of our business, the economic, ecological and social effects of our activities, and our contribution to sustainable development.

The second GRI Report contains data and facts pertaining to the global MartinBauer sites in the time period from January 1 to December 31, 2022. The first GRI Report was published in 2020 and only addressed our German sites. The information in the two reports is therefore not directly comparable.

[VIEW THE REPORT HERE](#)

Publishing information

Reporting on our numerous sustainability topics is an ongoing task for us. We therefore welcome any feedback you may have. What do you like? What could we do better?

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