



# SUSTAINABILITY REPORT



Dear customers, dear partners, dear colleagues!

It all began 90 years ago with locally grown peppermint and chamomile. We would like to **thank all of you** for sharing our passion for plants every day since then. Your great ideas and tireless commitment have helped us take an even more sustainable approach to our work.

We are not there yet, but we are looking forward to embarking on that path with you – and to the next 90 years!

## SUSTAINABILITY AT THE MARTIN BAUER GROUP



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# PASSION AND EXPERTISE

The two main ingredients in all our products



## TEAS

We are tea experts who develop, blend and refine all types of tea – black, green, rooibos, mate – and a remarkably varied range of herbal and fruit teas.

Our specialists design tailored **product concepts**, picking up on current trends and creating new ones. We create sophisticated blends for classic tea bags, pyramid bags, pods, capsules, and loose teas in fine, special and coarse cuts, utilizing our expertise with **various leaf sizes**.

Our blends are suitable for both **hot and cold infusions** and can be enriched as required with extra ingredients such as vitamins, trace elements and minerals.

- ▮ HERBAL AND FRUIT TEAS
- ▮ MEDICINAL TEAS
- ▮ BLACK AND GREEN TEAS
- ▮ DECAFFEINATED TEAS

- FOR
- ▮ TEAS
  - ▮ BEVERAGES



## BOTANICAL EXTRACTS FOR FOOD AND BEVERAGES

Our diverse portfolio features more than 550 different tea, herb and fruit extracts, with each one providing a special touch – be it a distinctive taste, a beautiful color, or added functional benefits.

We develop our **high-quality extracts** to specific requirements from conventional or organic botanical raw materials, producing them as dried extracts or as pastes that dissolve in hot or cold water, or as our **“Strong Infusions,”** freshly brewed leaf teas or botanicals – not made from concentrate – for premium products. Our **FTNF natural tea flavors** give a unique taste to many different products.

- ▮ TEAS, HERBAL AND FRUIT EXTRACTS
- ▮ STRONG INFUSIONS
- ▮ TEA FLAVORINGS

- FOR
- ▮ BEVERAGES
  - ▮ CONFECTIONERY AND ICE CREAM
  - ▮ BAKED GOODS AND CEREALS
  - ▮ DAIRY PRODUCTS
  - ▮ BABY FOOD



## BOTANICAL EXTRACTS, RAW MATERIALS AND POWDERS FOR ANIMAL NUTRITION

Our natural ingredients support animal health and wellbeing.

Our botanical extracts, raw materials and powders play an important part in providing animals with a balanced and healthful diet. They have various functions such as stimulating the appetite, aiding digestion, providing natural color, or acting as an antioxidant or stabilizing agent.

- ▮ BOTANICAL EXTRACTS
- ▮ BOTANICAL RAW MATERIALS
- ▮ BOTANICAL POWDERS

- FOR
- ▮ PET FOOD
  - ▮ ANIMAL FEED
  - ▮ AQUA FEEDS



## BOTANICAL RAW MATERIALS AND POWDERS

Our portfolio includes over 200 carefully selected botanicals.

We process our botanicals into **high-quality powders** in different grain sizes, with various bulk and tapped densities. Each powder has a unique function: it can offer health benefits, give a dash of beautiful color, or add exciting flavors.

We offer a large selection of classic botanical powders for a wide range of different applications. Upon request, they can include **GMP-certified** ingredients or organic ingredients.

- FOR
- ▮ BAKED GOODS AND CEREALS
  - ▮ CONFECTIONERY AND ICE CREAM
  - ▮ DIETARY SUPPLEMENTS
  - ▮ ALCOHOLIC BEVERAGES
  - ▮ DAIRY PRODUCTS

# IT'S OUR BUSINESS TO KNOW

Anyone processing foodstuffs bears a great responsibility. To ensure our products are safe, we work according to exacting standards, and regularly subject ourselves to independent monitoring, as well as carrying out our own daily checks.

## KEY FACT

We use 100 analytical instruments to monitor our product quality.

The Martin Bauer Group stands for delicious and high-quality natural products. Each of them has very precise **specifications**. We seek outstanding qualities and properties for our products in their origin, cultivation, and harvesting.

Quality management is our most important task. It starts in the countries where our botanicals are sourced and continues throughout every step in their processing and transportation right up to the moment they are enjoyed by our customers. Our consistent **quality and safety concept** allows us to live up to the great responsibility we bear.

Our customers have high expectations of us. Strict product monitoring has enabled us to gain their trust and continue to be worthy of it. PhytoLab, an independent, accredited laboratory for plant analysis that is affiliated with the nature network, monitors our product quality. **Each day** the laboratory assesses **200 samples** and gives clear information about the quality and purity of our products.

# SEALS OF APPROVAL

Our commitment to sustainable product quality is certified by the following quality seals. This is what they say about our products:



The **EU ORGANIC LABEL** is displayed on organically produced foodstuffs that fulfil the EU Eco Regulation and are not produced, for example, using synthetic pesticides or genetically modified organisms. Foodstuffs with this label do not use synthetic ingredients. A total of **228 of our supply partners** have been awarded the EU Organic Label.



**FAIR FOR LIFE** has some of the most comprehensive and demanding criteria of any quality standard, including fair working and living conditions for primary producers, environmental protection, fair trade, following local traditions, and respect for customers. **Four of our supply partners** have Fair for Life certification.



The **FAIRTRADE** seal is given to manufacturers who secure safe working conditions and fair, long-term trading relations. Small farmers receive guaranteed prices for their produce that cover costs even when world market prices are unstable. **Thirty-seven of our supply partners** have Fairtrade certification.



The **FAIRWILD** certification standard champions the fair and sustainable collection and trading of wild plants. **The Martin Bauer Group had an advisory role in the development of the standard.** It governs when plants can be collected and when they should be given time to recuperate, and what parts of a plant can be taken and should not be taken in order to avoid irreparable damage. The standard also ensures collectors are paid a fair wage, as these people are often among the poorest in their region. **Seven of our supply partners** have FairWild certification.

## KEY FACT

These six certification partners and others regularly check our adherence to their standards.



The **RAINFOREST ALLIANCE** standard for sustainable agriculture is awarded to producers that protect natural resources and biodiversity and that focus on improving livelihoods and human wellbeing. The standard requires continual improvement on the journey to more sustainable agriculture. **In 2018 the Rainforest Alliance merged with the UTZ sustainable farming program. Sixty-four of our supply partners** have Rainforest Alliance certification.



The **UTZ** program stands for socially responsible and environmentally friendly products. It enables farmers to learn better cultivation methods, improve their working conditions, and take better care of their families and the environment. It also ensures supply chain transparency. **All products sourced according to the Martin Bauer Group's mabagrown standard can also display UTZ certification** (for more information see page 46). **Sixteen of our supply partners** are UTZ certified.

# SAYS WHO?

In this report, the Martin Bauer Group presents all its facts and figures relating to sustainability.

### MB-HOLDING

LEGAL FORM: GmbH & Co. KG  
LOCATION: Vestenbergsgreuth, Germany  
NO. OF EMPLOYEES: 40  
MAIN OPERATIONS: Management of the Group

100%

### MARTIN BAUER GROUP

NO. OF EMPLOYEES: 2,300  
2019 REVENUE: > €500 million  
MAIN OPERATIONS:  
Expertise in teas, extracts and botanicals

### AFFILIATED COMPANIES:

- Martin Bauer GmbH & Co. KG, Germany
- Plantextrakt GmbH & Co. KG, Germany
- Martin Bauer Services GmbH & Co. KG, Germany
- Martin Bauer Argentina S.A.
- Martin Bauer Hayleys (Pvt.) Ltd., Sri Lanka\*
- Martin Bauer SpA, Italy
- MB Med S.r.l., Italy
- Martin Bauer Japan K.K.
- Martin Bauer Plant Extracts (China) Co., Ltd, China\*
- Martin Bauer Polska Sp. z o.o.
- Martin Bauer A.S., Turkey
- Martin Bauer, Inc., U.S.A.
- BI Nutraceuticals, Inc., U.S.A.
- Plantafarm S.A., Spain
- Strong Brews LLC, U.S.A.\*

\* Majority holding

### FINZELBERG

Active botanical ingredients

100%

### PHYTOLAB

Safety in laboratory and regulatory services for herbal products

100%

### EUROPLANT GROUP

Innovation in herbal products for pharmacies

100%

# BY THE NUMBERS

200

BOTANICALS FROM MORE THAN

80

COUNTRIES

> 550

PLANT EXTRACTS

> 6,500

HERBAL AND FRUIT TEA BLENDS

> 2,300

EMPLOYEES WORLDWIDE

> 20

LOCATIONS

90

YEARS OF EXPERIENCE

> € 500

MILLION IN REVENUE IN 2019

# WHERE WE CAME FROM

# AND WHERE WE ARE GOING



**1930**

Aged 28, Martin Bauer, a farmer's son from Vestenbergsgreuth in Bavaria, founds his own company: **Martin Bauer, Heilpflanzen-Anbau und Verarbeitung**. The Bauer family hand picks peppermint, chamomile, lemon balm and marigolds. Demand soon outstrips what the family can pick on their own.

That same decade, the company acquires a **tobacco-cutting machine**, allowing it to produce special cuts for pharmacies. These are delivered in person, usually by bike.

**1950s**

In the post-war period, the company becomes a **vegetable and herb wholesaler**. At this time, herbal teas are a popular and inexpensive beverage.

Bauer's daughter Sofie marries **Hans Wedel**, who joins the company in 1952. This dynamic, far-sighted entrepreneur transforms the wholesale business into a manufacturing company. From 1956 onwards, **Martin Bauer** dedicates his time to local politics, becoming mayor of Vestenbergsgreuth.

**1960s**

At this time, the **teabag** becomes the new norm. Hans Wedel responds to the trend by adapting production methods. The newly developed **cutting machines** finely cut 10,000 kg of herbs every day, and the company gets established as the world's leading producer of herbal and fruit teas.

The company's own fields can no longer keep up with demand, so Hans Wedel personally tours **Eastern Europe** on the search for suitable supply partners. Some of the business relations established during that time continue to this day.

**1970s**

Medicinal and herbal teas expand the range. The company's expertise in the production and laboratory analysis of medicinal herbs grows rapidly.

**1980s**

An **extraction facility** starts operation in Vestenbergsgreuth, producing plant extracts for the food industry.

From 1986 it also produces phytopharmaceutical extracts and decaffeinated black tea. In 1989, plant-based pharmaceutical company **Finzelberg** joins the Martin Bauer Group.

**1990s**

We open additional **locations** in Europe and grow globally. By entering the Eastern European market we lay the foundations for today's Europlant Group. At this time, the company also begins focusing on the U.S. market.

**PhytoLab** is formed as a spinoff from the Martin Bauer laboratory. Today it is an accredited, independent laboratory specializing in the analysis of dried plants.

**2010s**

Martin Bauer enters the Latin American and Asian markets. We build a large extraction facility in **China**.

**TODAY**

The **Martin Bauer Group** maintains its global reputation as a producer of the very best botanical ingredients for teas, food, beverages, and animal nutrition.

# WHAT MAKES US THRIVE

Roots provide plants with water and nutrients and anchor them to the ground. Our roots as a family business do the same thing. They are a source of strength and inspiration, connecting each new generation with Martin Bauer's founding idea.



Our founder, **Martin Bauer**, was a man of action, with a passion for herbs. He collected wild herbs and cultivated special varieties himself: **Franconian Mitcham peppermint**, and **Franconian chamomile**. For the rest of his life he retained vivid memories of the scent that hung in the air over the village when the peppermint was being processed.

## TAKING

### RESPONSIBILITY

Martin Bauer's dream was to create something **meaningful and lasting** for the future. Today, in the third and fourth generations of this family business, we feel equally **committed to that idea**. It is our goal to continue to develop the company and leave it **even stronger** for the next generation.

### FOR FUTURE GENERATIONS

Naturally, we take responsibility for all our business activities, and act as sustainably as possible. We do not think in terms of business quarters, but in terms of **generations**. We always gauge the long-term impact that our activities are likely to have. The revenue we generate is invested back in our company. We **create new things** that may not pay off in the short term but that will prove to be a success after several years. Our actions are prudent, and focus on **continuous development**, even in times of upheaval and change.

## OUR VALUES

### WE CARE

- ▮ People are our focus.
- ▮ We are driven by passion for our products.
- ▮ We pull together – achieving more by working as a single, committed team.

### WE ARE CONSCIENTIOUS AND CAPABLE

- ▮ We consciously accept our responsibility to business partners.
- ▮ Our name stands for expertise, and we see that as an obligation to deliver. We are constantly expanding our knowhow, through further training and lifelong learning.

### WE ARE SUSTAINABLE AND FAIR

- ▮ Our business strategy is sustainable and value-oriented.
- ▮ We use resources responsibly.
- ▮ We ensure the entire supply chain is fair, all the way back to the countries where we source our natural ingredients.

### WE ARE GOOD PARTNERS AND GOOD PERFORMERS

- ▮ We always work in a spirit of mutual respect and esteem – for colleagues and for business partners.
- ▮ We regard challenges as opportunities to develop and grow, together.
- ▮ Every day we endeavor to do our best.

“These values have been our guiding light since we were founded in 1930. They have led us through all the company's transitions and have made us what we are today. Together, we are keeping these values alive.”

**Adolf Wedel**  
Managing Director of MB-Holding |  
3rd generation of the founding family



# A LOVE OF NATURE

Martin Bauer has a global reputation for providing the best botanical ingredients for tea, food and beverages, and animal nutrition.

It all began 90 years ago at a small farm in southern Germany. Today – after various business developments and success stories – we have more than 20 sites on four continents. We can look back with pride at our achievements, and look forward into the future with confidence.

## BRINGING OUT THE BEST

Our range includes more than 6,500 varieties of herbal and fruit tea blends, and more than 550 plant extracts. Thanks to careful processing, the natural ingredients retain their taste and quality. Each ingredient provides an important element – be it a distinctive taste, an appealing color, or added functional benefits for the health and wellbeing of humans and animals.

## AN INSPIRATIONAL TEAM

We have a team of over 2,300 employees who speak more than ten different languages. Thanks to this passionate and enthusiastic global team, customers can count on high quality, innovative power, a flair for trends, and our many years' expertise.

## NATURAL AND SUSTAINABLE

Working for the good of people and nature lies at the heart of what we do and is a fundamental part of our identity. We always consider the needs of our customers, employees, supply partners, and society. Sustainability is one of our core principles: we wish to pass on an intact world to future generations.



# SHARING KNOWLEDGE

The Martin Bauer Group is committed to sharing its knowledge and experience. In our globalized world, we can only come up with long-term, sustainable solutions if we work with others. We collaborate with the following organizations, among others:



### AMERICAN BOTANICAL COUNCIL

is an independent nonprofit organization addressing research and educational issues related to herbs, teas, and medicinal plants. It provides information to consumers, physicians, researchers, educators, businesses, and the media.



### AMERICAN HERBAL PRODUCTS ASSOCIATION (AHPA)

is the national trade association and voice of the herbal and botanical products industry in the United States. Its 350 members are growers, processors, manufacturers and marketers of herbs and herbal products.



### B.A.U.M. (Bundesdeutscher Arbeitskreis für umweltbewusstes Management e.V.)

is Europe's largest corporate network for sustainable economic activity. It has more than 500 members. Each year it awards an environment and sustainability prize, the Umwelt- und Nachhaltigkeitspreis. The Martin Bauer Group has been a member of B.A.U.M. since 2019.



### CHINA BEVERAGE INDUSTRY ASSOCIATION (CBIA)

represents the interests of more than 500 companies and institutions in the Chinese beverage industry. The Martin Bauer Group has been a member of CBIA since 2013.

### DEUTSCHER TEE- UND KRÄUTERTEE VERBAND

is currently being formed from a merger between the Deutscher Teeverband e.V. and the Wirtschaftsvereinigung Kräuter- und Fruchtee e. V. The new association will be a network of companies that import, manufacture, package, or market tea. The Martin Bauer Group is a founding member of the Wirtschaftsvereinigung Kräuter- und Fruchtee.

### TEA AND HERBAL ASSOCIATION OF CANADA (THAC)

is the leading voice of the Canadian tea industry, representing its interests, and providing PR & communication to consumers and researchers on all things tea and herbal.



### TEA AND HERBAL INFUSIONS EUROPE (THIE)

is a European association representing the interests of producers and traders of teas and herbal extracts. THIE was formed from the European Tea Committee (ETC) and the European Herbal Infusions Association (EHIA). Its focus is on communicating with European policymakers on issues relating to tea and herbal infusions, especially quality assurance, food safety, the relevant legislation, nutrition, and cooperation with tea-producing countries. The Martin Bauer Group is a founding member of THIE.



### TEA ASSOCIATION OF THE U.S.A. INC.

has represented the U.S. tea industry for 120 years. It has around 100 members, covering 85 to 90 percent of the U.S. market.



### UNION FOR ETHICAL BIOTRADE (UEBT)

is a non-profit association whose member companies are committed to sourcing with respect for people and biodiversity. UEBT began in 2007 as a United Nations initiative to advance business contributions to the Sustainable Development Goals. The Martin Bauer Group has been a member of UEBT since 2014.



# A FEW WORDS

For us, becoming more sustainable means addressing grand goals on a daily basis.

“For the nature network, sustainability has always been a fundamental principle and not a trend – an attitude and not an end in itself. Sustainability is not achieved for nothing, nor is it achieved for free! It’s about taking action, but it’s also about what is achievable.”

**Albert Ferstl**  
Managing Director of MB-Holding



“One of our corporate values is to act sustainably in all that we do. That has given us a leading position within our industry, and this leading role is what drives us to continually come up with sustainable innovations.”

**Sebastian Sieben**  
CEO of Martin Bauer Group Europe



“Sustainability rhymes with persuasion: personally, and professionally. It’s the opposite of a rhetorical stance, it’s the lifeline to our tomorrow, as people, and as an enterprise. Martin Bauer has not only endorsed this vision but morphed it into policy, modus operandi, a pervasive corporate culture, and – what matters most – daily focus and endeavors.”

**Ennio Ranaboldo**  
CEO of Martin Bauer Group North America



# OUR SUSTAINABILITY STRATEGY



# GREAT NEEDS

Our planet faces serious economic, social and environmental challenges. In order to meet those challenges, we must achieve important goals by the year 2030. These goals are known as the Sustainable Development Goals (SDGs).

The 17 Sustainable Development Goals represent a unique opportunity to eradicate extreme poverty and preserve our ecosystems. The SDGs were adopted by 193 countries of the United Nations in September 2015.

The Martin Bauer Group is committed to **implementing** the SDGs. They give us good orientation for our own goals and initiatives, allowing us to tweak their content and make them more effective. As part of our reporting on sustainability, we continually **check** whether our goals correspond with the SDGs.

In an initial step, we have selected **six SDGs** that reflect the areas where our business activity has the greatest impact.

We are using the **SDG Compass** to hone our sustainability strategy. The Compass was developed by the Global Reporting Initiative (GRI), the UN Global Compact, and the World Business Council for Sustainable Development (WBCSD).

## OUR MAIN GOALS

- 2** ZERO HUNGER



**2 | Zero hunger**  
Achieve food security and improved nutrition, and promote sustainable agriculture
- 8** DECENT WORK AND ECONOMIC GROWTH



**8 | Decent work and economic growth**  
Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
- 12** RESPONSIBLE CONSUMPTION AND PRODUCTION



**12 | Responsible consumption and production**  
Ensure sustainable consumption and production patterns
- 13** CLIMATE ACTION



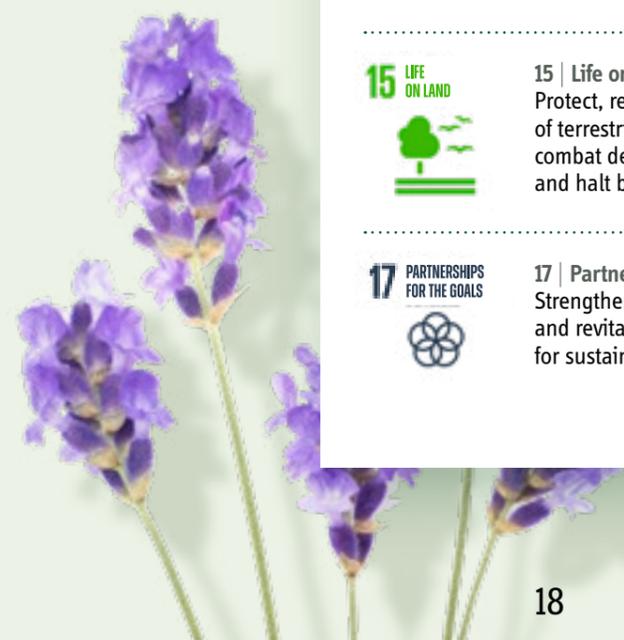
**13 | Climate action**  
Take urgent action to combat climate change and its impacts
- 15** LIFE ON LAND



**15 | Life on land**  
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss
- 17** PARTNERSHIPS FOR THE GOALS



**17 | Partnerships for the goals**  
Strengthen the means of implementation and revitalize the global partnership for sustainable development



# SHOWING THE WAY

Doing business in harmony with nature and humankind has been one of our basic principles ever since Martin Bauer started the company 90 years ago. Since then, we have achieved much along our entire value chain. Our sustainability strategy has taken us on a journey that has shown us what we have achieved and given us a clear view of what challenges await.

## KEY FACT

We consulted 30 carefully selected stakeholders who together have more than 650 years of professional experience.

### 1 STATUS QUO ANALYSIS

We conducted an **analysis to assess our current status** in regard to sustainable action. Our finding: sustainable business practices are a **natural part of daily life** at the Martin Bauer Group. However, we still face important challenges in our future work.

### 3 MARKET AND CONTEXT ANALYSIS

What **trends** can be observed in our markets? What are the current and future demands within our sector? How is the topic of sustainability **advancing**? In order to find answers to these questions, we drew on a diverse range of studies, analyses and regulations from which we were able to distill various insights.

### 4 SUSTAINABILITY STRATEGY

We aim to drive forward new **solutions** for sustainable development and to successfully advance our business, responsibly and economically. With that goal in mind, we have honed our sustainability strategy on the basis of the analyses. This led to the creation of our four **core pillars**. (More on this on [page 22](#))

### 2 STAKEHOLDER SURVEY

Intensive discussions with stakeholders is another tradition in our family business. To help form our sustainability strategy, we held more than 30 discussions, mostly **personal conversations** with individuals. The survey allowed us to gain comprehensive **insight** and perspectives from outside the business, and to develop a shared understanding of our **priorities** and challenges. We hope to continue and intensify these discussions.

Our most important stakeholder groups

- ▮ Customers
- ▮ Supply partners
- ▮ Industry experts
- ▮ NGOs
- ▮ Regional decision-makers
- ▮ Employees
- ▮ Potential employees

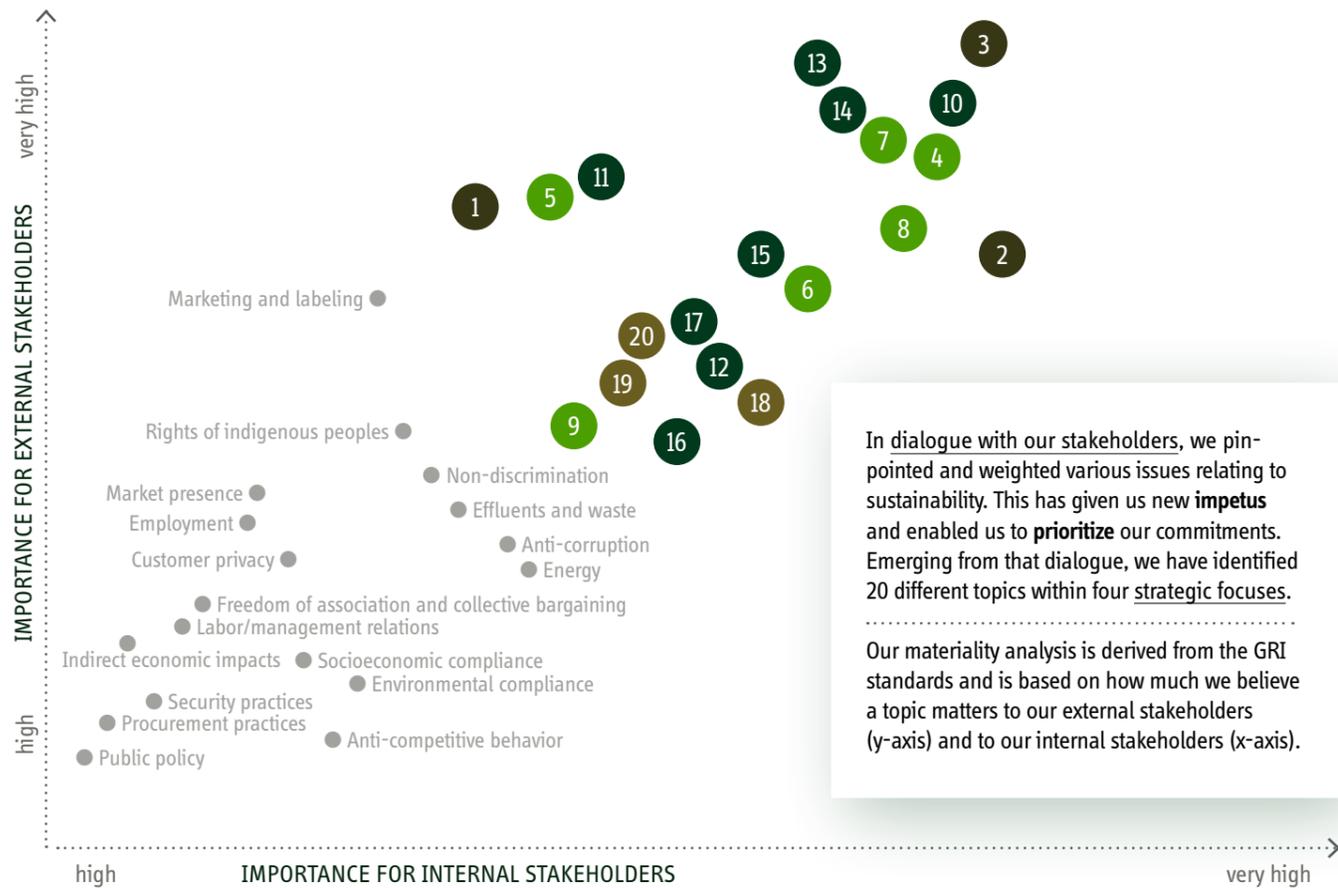
### 5 GOALS AND MEASURES

We subsequently **defined goals and measures** that we hope will **heighten our positive influence** on nature and humankind and minimize any negative impacts of our actions.



# WHAT REALLY MATTERS

A sustainable approach allows us to fulfill our obligation to the planet, and it also represents an economic opportunity, as more and more consumers care about where products come from and how they are made. Our strategy therefore reflects the heightened expectations of our stakeholders.



In dialogue with our stakeholders, we pinpointed and weighted various issues relating to sustainability. This has given us new **impetus** and enabled us to **prioritize** our commitments. Emerging from that dialogue, we have identified 20 different topics within four **strategic focuses**.

Our materiality analysis is derived from the GRI standards and is based on how much we believe a topic matters to our external stakeholders (y-axis) and to our internal stakeholders (x-axis).

- VALUE CREATION**
  - 1 Economic performance
  - 2 Product safety
  - 3 Customer health and safety
- NATURE**
  - 4 Resources and materials
  - 5 Water
  - 6 Biodiversity
  - 7 Nature and soil conservation
  - 8 Chemical pesticides
  - 9 Emissions
- SUPPLY CHAIN**
  - 10 Traceability
  - 11 Human rights
  - 12 Forced/compulsory labor
  - 13 Child labor
  - 14 Working conditions
  - 15 Local community
  - 16 Suppliers' social standards
  - 17 Suppliers' ecological standards
- EMPLOYEES & COMMUNITY**
  - 18 Education and training
  - 19 Diversity and equal rights
  - 20 Occupational health and safety

# HAVING AN EFFECT

We do not rest on our laurels. We are convinced that our commitment to sustainability is essential: it ensures the integrity of our value chain and limits the associated risks. Only in this way can our company thrive.

**It is our responsibility to be as sustainable as possible in all our actions and approaches. As a company with strong local roots and a global reach, we aim to promote sustainability at every level.**

### OUR STRATEGIC APPROACH

Our botanical raw materials come from more than 80 different countries. That means we can make a quantifiable, broad-ranging **contribution to development** in the places where we do business. Our specially developed sourcing standard **mabagrown** underscores our commitment to this goal.

As our supply chains start in the countries where we source our raw materials, that is where we wish to initiate targeted **projects** to improve **social and environmental conditions**.

Getting sustainable behavior established in every department at a company can be a **long process**. We have put energy and conviction behind our decision to work toward realizing the **Sustainable Development Goals**.

Our understanding of who we are, and the expectations of our customers and employees are clearly expressed in our **four "core pillars"**:

- VALUE CREATION
- NATURE
- SUPPLY CHAIN
- EMPLOYEES & COMMUNITY

"We are absolutely committed to sustainable practices. Our revised strategy enshrines sustainable action even more deeply and effectively within our company."

**Anne Wedel-Klein**  
Member of the Management Board of MB-Holding | Responsible for sustainability | 4th generation of the founding family



### KEY FACT

Since 2019, a four-person team has been working to promote sustainability within the Group.



# OUR CORE PILLARS



## VALUE CREATION

We strive for long-term, value-adding growth, allowing us to be a reliable partner for our customers, suppliers, and employees and to offer a secure, long-term perspective. We work closely and respectfully with all the partners in our value chain and always adhere to laws and standards. Our company is economically successful and will be passed on to the next generation even stronger than it was before.

We are advancing in the following areas:

- Compliance
- Standards and certification
- Procurement strategy
- Strategy for adapting to climate change

[Our goals > p. 25](#)



## NATURE

We act responsibly and considerately toward nature and our environment. Our business practices preserve resources so that they will still be around for future generations. We are significantly reducing our ecological footprint.

We are advancing in the following areas:

- Saving resources
- Energy efficiency
- Climate-relevant emissions
- Biodiversity and soil preservation

[Our goals > p. 30](#)



## SUPPLY CHAIN

We are working to sustainably source raw materials and ensure the greatest possible transparency in the supply chain. We implement social and environmental projects to improve working and living conditions in local communities. We aim to increase the number of sustainable supply chains.

We are advancing in the following areas:

- Sustainable botanical raw materials
- Transparent supply chains
- Involvement in local communities

[Our goals > p. 41](#)



## EMPLOYEES & COMMUNITY

We are expanding our commitment to our employees and to society. We offer a positive working environment, actively promoting education and training, reconciliation of work and family life, diversity, and equal opportunities. We actively support local people at our locations to help ensure a strong and vibrant community.

We are advancing in the following areas:

- Training and development
- Health and safety
- Diversity and equal opportunities

[Our goals > p. 54](#)

# THE GOALS

## OF OUR SUSTAINABILITY STRATEGY

GOAL	WHAT WE ARE DOING	TIME FRAME
To systematically monitor our sustainable development and continually develop our key indicators	<ul style="list-style-type: none"> <li>■ We select appropriate <b>key indicators</b> to assess our sustainability commitment.</li> <li>■ We use a <b>key indicator system</b> for regular data collection.</li> <li>■ We are gradually expanding our data collection to include <b>sites abroad</b>.</li> </ul>	SINCE 2017
To regularly report on our activities according to established sustainability standards	<ul style="list-style-type: none"> <li>■ <b>Our reporting</b> is in line with the <u>Global Reporting Initiative (GRI)</u> and the <u>Sustainability Code (Deutscher Nachhaltigkeitskodex – DNK)</u>.</li> <li>■ <b>Our reporting</b> is in line with the <u>UN Global Compact</u> and we integrate the <u>UN Sustainable Development Goals</u> in our communications on sustainability.</li> </ul>	FROM 2020
To expand dialogue with our stakeholders and use that to enhance our sustainability strategy	<ul style="list-style-type: none"> <li>■ <b>We will inform</b> customers, employees and other stakeholders about our goals and the measures that have been implemented.</li> <li>■ We will hold <b>roundtable discussions</b> on selected topics.</li> <li>■ <b>We will involve</b> our employees in the implementation and further development of our strategy.</li> </ul>	FROM 2020





CORE PILLAR

# VALUE CREATION



## OUR GOALS

WITHIN THE VALUE CREATION CORE PILLAR

GOAL	WHAT WE ARE DOING	TIME FRAME
To identify the opportunities and risks associated with climate change	<ul style="list-style-type: none"> <li>■ We will analyze the <b>impact of climate change</b> on our business model and botanicals supply.</li> <li>■ We will develop a strategy for managing the challenges and opportunities associated with climate change, and implement concrete <b>measures</b>.</li> </ul>	<p>ON-GOING</p> <p>FROM 2020</p>
To secure a reliable supply of natural ingredients	<ul style="list-style-type: none"> <li>■ We are <b>spreading risk</b> by sourcing our materials from various geographical regions, carrying out selective breeding, and pursuing other R&amp;D methods.</li> <li>■ We are strengthening our <b>partnerships</b> by signing long-term contracts.</li> <li>■ We safely and appropriately <b>store large quantities</b> to allow us to meet our delivery commitments.</li> </ul>	<p>ON-GOING</p>
To support and promote our suppliers, helping them to secure their livelihood	<ul style="list-style-type: none"> <li>■ <b>We offer advice</b> on cultivation in order to optimize yield.</li> <li>■ We are initiating <b>breeding programs</b> and cultivating optimal varieties.</li> <li>■ <b>We offer advice</b> on tackling weeds, and provide assistance with the gentle processing of harvested crops.</li> </ul>	<p>ON-GOING</p>
To enhance our compliance management	<ul style="list-style-type: none"> <li>■ We will further enhance our <b>compliance</b> management.</li> <li>■ We will hold <b>training sessions</b> on the topic of compliance.</li> </ul>	<p>FROM 2020</p>

# ON THE **SAFE** SIDE

We want our products to be healthy for humans and animals. To that end, we have developed an integrated management system to ensure the safety of our products.

Our products and services must comply with national and international laws, with regulations and certification standards, as well as with the needs of our customers.

We aim to live up to all these demands at all times, in a way that is transparent and open to scrutiny.

## OUR MONITORING SYSTEM IS BASED ON THE FOLLOWING STANDARDS AND APPROACHES:

- Hazard analysis and critical control points (HACCP)
- Certification schemes:
  - Food Safety System Certification 22000, CGMPs as per 21 CFR Part 117 (FSMA)
- Quality risk management:
  - EU GMP Parts I & II; German Medicinal Products Act Section 13 "Manufacturing authorization"
- Food defense system (TACCP)
- Food fraud system (VACCP)
- FAMI-QS
- GMP+
- Various product certifications

## ETHICAL BUSINESS PRACTICE

Our business practice is founded on the **Ethical Trading Initiative's** Base Code. We are a registered member of **SEDEX** and regularly undergo self-assessments. In addition, for several years now we have been audited by the **SMETA** methodology. **SMETA** stands for Sedex Members Ethical Trade Audit. As well as considering ethical, social and other sustainability aspects, a SMETA audit scrutinizes occupational health and safety, and environmental management.

# GLOBAL **CHANGES**

The consequences of climate change will also have an impact on the natural resources we use in our products. The better we understand the challenges and opportunities of climate change, the more effectively we can address them.

## CHALLENGES AND OPPORTUNITIES OF CLIMATE CHANGE

### OPPORTUNITIES:

- Possible to cultivate new plant species
- Longer growing seasons
- Earlier and/or more frequent harvest times per year
- Increased yields

### CHALLENGES:

- Reduced crop quality
- Reduced harvest or crop failure
- Farmland becomes infertile
- Competition for cropland from other crops needed for food, feed, and energy production
- Increasing prices for raw materials
- Diminished workforce due to rural flight
- Social instability in growing regions

## BECOMING MORE RESILIENT

We are assessing the impact of climate change on product quality, product security, and product availability. On the basis of that, we are pursuing a robust **strategy to enable us to adapt**. We are implementing targeted measures that will make our business **more resilient** to climate change. We are sourcing our botanicals from various geographical regions across the world and are safely and appropriately storing large quantities to allow us to meet our delivery commitments.

## HELPING SUPPLIERS ADAPT

We are working with our supply partners to initiate adaptive measures. The precise measures selected will depend on the actual **conditions on site**. We are helping our partners to make **effective use** of their knowledge about crop cycles and rainfall distribution, and advise them on the best varieties, sowing dates, and crop rotation. We must stand shoulder to shoulder with well-trained suppliers if we are to minimize the risks of climate change and make use of the opportunities.

## WHAT WILL THE FUTURE BRING?

What challenges await us, and how will we respond to them? Our **risk management system** helps us to identify important risks at an early stage and make sure we are **prepared** to tackle negative consequences with concrete measures. Crucially, our risk management system provides the right information at the right time. It gives us a good overview and a high degree of transparency. It allows us to **maneuver easily** and to stay in control of processes at all times.



# DOING IT TOGETHER

We have set a course for the future of our raw material sourcing. We invest strategically in selected supply partners and are already cooperating closely with them today on the important topics of tomorrow.

## WHAT WE ARE ACHIEVING

- We are establishing reliable partnerships with suppliers of our most important ingredients.
- We are assisting our suppliers to devise and implement strategic development measures.
- We are growing in concert with our partners.

## HOW OUR PARTNERS

### BENEFIT

- They have a guaranteed market.
- They benefit from our business strategy knowledge and experience.
- They have access to liquid funds and can invest in the further development of their business.



## KEY FACT

In 2019 we processed 85,000 metric tons of botanical raw materials.

“Access to the best botanical raw materials is a top priority. We are safeguarding that access by sustainably investing in our partners.”

**Martin A. Wedel**  
Member of the Management Board of MB-Holding | Responsible for backward integration | 4th generation of the founding family



CORE PILLAR

# NATURE



# OUR GOALS

## IN THE NATURE CORE PILLAR

GOAL	WHAT WE ARE DOING	TIME FRAME
To strive toward making our company climate neutral and to produce a feasibility study to that end	<ul style="list-style-type: none"> <li>We will calculate our <b>corporate carbon footprint</b> according to established standards and will develop key indicators for regular monitoring.</li> <li>We will devise a plan to <b>reduce greenhouse gases</b> and energy consumption, and launch concrete projects.</li> <li>We will draw up a <b>carbon offset scheme</b> for our greenhouse gas emissions, integrated into our own supply chain projects where possible.</li> <li>We will develop a feasibility study for our goal of achieving <b>carbon neutrality</b> and initiate additional project steps.</li> </ul>	BY 2023
To develop a system to identify product-related carbon footprints	<ul style="list-style-type: none"> <li>We will calculate our product carbon footprint for selected <b>products</b>, according to established standards.</li> </ul>	BY 2021
To help our suppliers implement climate protection measures	<ul style="list-style-type: none"> <li>We will develop a concept for overseeing climate-relevant emissions in our <b>supply chains</b>.</li> <li>We will develop measures in <b>cooperation with our supply partners</b> for saving resources, using energy and water efficiently, and avoiding waste; and we will assist them in implementing those measures.</li> </ul>	BY 2021 ON-GOING
To develop a sustainable transportation strategy	<ul style="list-style-type: none"> <li>We will analyze the <b>travel patterns</b> of our employees and consider ways in which they could be improved.</li> <li>We will develop a concept for the use of bicycles and <b>e-bikes</b>.</li> <li>We will develop a concept to reduce the ecological impact of our <b>fleet</b>, our <b>company cars</b>, and <b>business trips</b>.</li> </ul>	BY 2021
To conserve and enhance biodiversity	<ul style="list-style-type: none"> <li>We will continue to ensure that:                             <ul style="list-style-type: none"> <li>Our supply chains remain free of genetically modified plants</li> <li>Cropland is not created through forest clearance</li> <li>Laws and licensing rules relating to products collected in the wild are adhered to</li> </ul> </li> <li>We will continue to advise our suppliers on sustainable modes of production and ways to conserve <b>biodiversity</b>.</li> <li>We will give advice on choice of crop variety, seeds, crop rotation, soil fertility, fertilizer, and avoiding pesticides.</li> </ul>	ON-GOING

# OUR MOST VALUABLE RESOURCE

Natural resources are the foundation of all our products. That means that the prosperity of the Martin Bauer Group is directly linked to the diversity, availability and good health of the plant kingdom.



### WHAT IS BIODIVERSITY?

- Diverse range of biospheres
- A rich wealth of species
- Genetic diversity within species

### WHY SHOULD WE CONSERVE BIODIVERSITY?

**Food security:** We humans eat up to 5,000 different food plants. Biodiversity is crucial for the survival of human populations around the world.

**Natural resources:** We humans use as many as 30,000 medicinal and aromatic plants. Biodiversity ensures these resources will continue to be available.

**Balance:** Biodiversity keeps ecosystems healthy. If one species in a healthy, biodiverse ecosystem is lost, another species can fill its role without the entire system becoming endangered.

**Inspiration:** The richer the wealth of species, the more we can learn from nature for our own advancement.

## BED AND BREAKFAST FOR BEES

We are not the only species that loves herbs and medicinal plants – bees and other pollinators do too. In the agricultural landscapes of the modern age, bees and other insects often have to fly a long way on their search for nectar and pollen. Fields with chamomile, fennel, mallow and/or echinacea are an oasis of nectar-rich flowers and nutritious pollen. Here, pollinators can find what they need to fill their pantries, enabling them to survive.

In 2019, we sowed an additional 8,000 m<sup>2</sup> of **bee pasture** at our Vestenbergsgreuth site. We selected a mix of various annual and perennial wild herbs that keep the pasture well stocked with tempting bee treats from April to November. In 2014 our large **bee hotel** opened by the waste water treatment plant, offering comfortable accommodation to countless wild bees and bumblebees.

“The cultivation and wild collection of herbs open up many opportunities for conserving and enhancing biodiversity.”

**Andrea Rommeler** helps farmers and wild collectors to recognize, conserve and enhance biodiversity.





## IT'S GOOD TO BE DIFFERENT

Biodiversity used to be normal throughout the ecosystems of this planet, but now it is under threat, with species disappearing at an alarming rate. That is why we are working hand in hand with our mabagrown-certified partners, contract farmers, and wild collectors to conserve and enhance biodiversity.

### BIODIVERSITY IN FARMING

The way that cropland is worked has a decisive impact on biodiversity. We therefore maintain close personal contact with our growers and offer them targeted advice.

Since 2015 we have been developing individualized **biodiversity action plans** (BAPs) for each of our mabagrown partners. These are updated regularly. The BAPs highlight what our contract farmers are doing to conserve and enhance biodiversity – quite a lot, as it turns out.

Our herbs are often cultivated on small fields. As a perennial crop, they provide a rich soil life, as well as shelter for birds and small animals. In addition, their rich variety of blossoms provide food and a natural habitat for countless pollinators. Neighboring fields and farmers also benefit.

### BIODIVERSITY IN WILD COLLECTING

Nature's treasure troves are vast, but they are not inexhaustible. That is why we draw up a sustainability report for every mabagrown collection area. This "Resource Assessment" (RA) must be presented before our mabagrown partners can begin collecting.

The RA examines the natural resource and evaluates the risks. Where does the plant grow? In what quantities? How is it collected? How do the collectors live? How many of these plants can be collected without endangering the species or leading to a decline in its numbers?

Next, a "Management Plan" (MP) is created to ensure responsible and sustainable use of the natural resources. The collectors are registered and trained. Area maps are drawn up and the quantities collected are recorded.

In many countries, the collecting of wild plants is not monitored or regulated. With its regular assessments, supervision and monitoring, our mabagrown standard is doing important and **pioneering work**.

# ENERGY

It is becoming increasingly important to use energy efficiently and to obtain it from renewable sources. The Martin Bauer Group keeps a close eye on its consumption – including in the modernization of production facilities, the construction of new buildings, the operation of its fleet, and in its logistics processes.\*

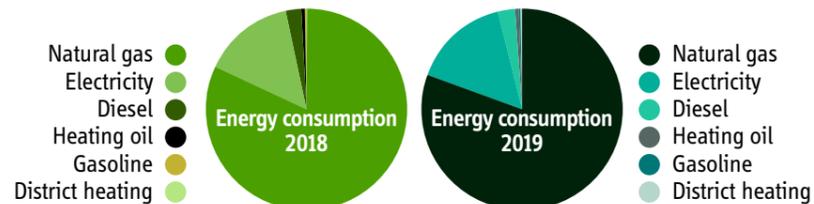
## OUR ENERGY CONSUMPTION

We use natural gas, electricity, diesel, heating oil, gasoline and district heating to manufacture our high-quality products and run and maintain our sites. Our total energy consumption in 2019 was around 134,024 MWh, a slight reduction on the previous year. The savings effects from our energy management program, added to production fluctuations, led to lower energy consumption than in 2018 – with savings of 5,133 MWh. We cannot currently calculate the amount of energy used in our transportation and supply chain but are working on being able to do so.

### Consumption in MWh for each energy source in 2018 and 2019

Energy source	2018	2019
Natural gas	114,375	108,238
Electricity	20,322	20,719
Diesel	3,556	3,645
Heating oil	593	1,046
Gasoline	269	333
District heating**	42	43
<b>Total</b>	<b>139,157</b>	<b>134,024</b>

\*\* From the biogas CHP at the Demantsfürth site



Consumption in MWh for each energy source in 2018 and 2019

## OUR ENERGY MANAGEMENT

The German sites of the Martin Bauer Group have been **certified** to ISO 50001 since 2014. We document how we use and reuse energy, and evaluate the efficiency of our energy use. Our **multi-site** energy management system enables us to systematically identify **potential for improvement** and to leverage that with targeted measures.

### Measures and savings in recent years

Measure	Site	Saving
<b>Achieved</b> hydraulic balance in the heating system	Vestenbergsreuth	235 MWh/a
<b>Made use of</b> residual heat from the compressor	Vestenbergsreuth	168 MWh/a
<b>Installed</b> a heat recovery system in the ventilation system of one of the production facilities	Kleinostheim	43 MWh/a
<b>Decommissioned</b> drying room for plant-based pharmaceuticals	Alveslohe	25 MWh/a
<b>Added</b> insulation in roof areas	Vestenbergsreuth	25 MWh/a
<b>Replaced</b> two electric water boilers with heat exchangers that use the heat generated from production processes	Vestenbergsreuth	20 MWh/a
Lighting <b>converted</b> to LED technology	Alveslohe	10 MWh/a

# EMISSIONS

We explore all possibilities for reducing our emissions. Our long-term goal is to become carbon neutral and to keep our greenhouse gas emissions to a minimum.\*

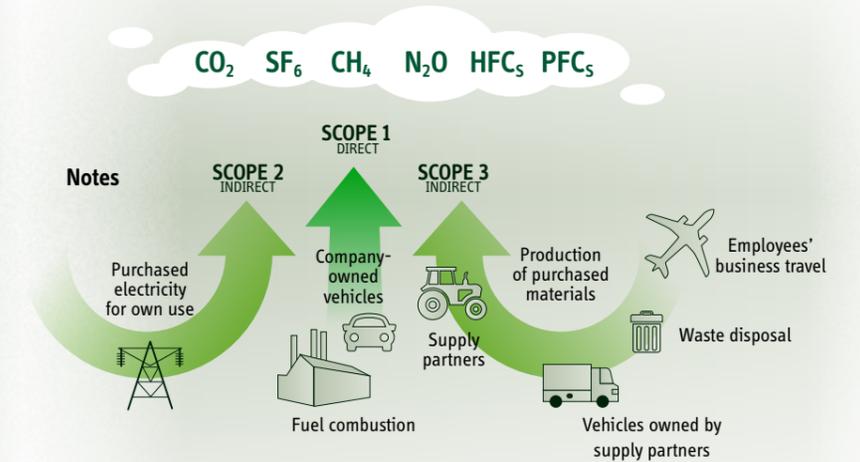
We have set ourselves the goal of calculating our “corporate carbon footprint” – the carbon footprint for all of a company’s business activities – by 2023.

We will base this on the GHG Protocol Corporate Accounting and Reporting Standard. The **analysis** will consider all our direct greenhouse gas emissions (Scope 1), indirect emissions from electricity use (Scope 2), and our indirect emissions resulting from value chain activities (Scope 3). We can then use the analysis to devise further **measures** for saving and offsetting CO<sub>2</sub> emissions and to test the feasibility of our long-term goal to become carbon neutral.

In this package of measures, we will also consider our **supply chains**. Since energy consumption outside the Martin Bauer Group cannot currently be quantified due to a lack of available data, it is not yet possible to calculate the greenhouse gas emissions in our supply chains. However, since the cultivation and drying of our natural ingredients leads to considerable emissions of greenhouse gases, we will work with our supply partners to reduce climate-relevant emissions in our supply chains also. This will allow us to make a further contribution to protecting our climate.

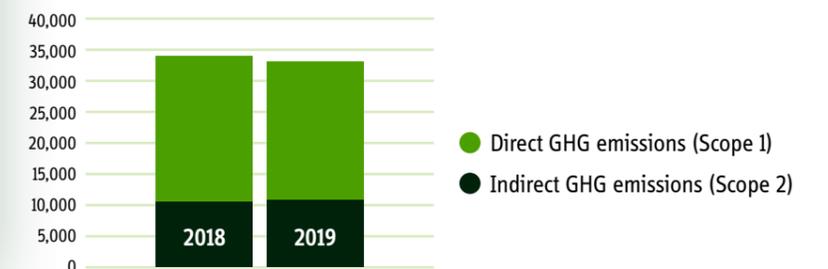
In 2019 our CO<sub>2</sub> emissions were 33,630 metric tons of CO<sub>2</sub> equivalents, a slight reduction on the previous year. Production fluctuations and further improvements to our heating network led to reduced natural gas consumption (Scope 1) and thus to a 900 metric ton reduction in CO<sub>2</sub> emissions.

CO<sub>2</sub> emissions in the three areas (Scopes 1 through 3) make up the overall carbon footprint of our company.



### Direct and indirect energy-related greenhouse gas emissions in metric tons of CO<sub>2</sub> equivalents

GHG emissions	2018	2019	Notes
Scope 1	24,304 t	23,226 t	According to the Kyoto Protocol, greenhouse gases are: carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF <sub>6</sub> ).
Scope 2	10,205 t	10,404 t	
<b>Total</b>	<b>34,509 t</b>	<b>33,630 t</b>	Scope 1 covers direct emissions from heating oil, fuels, process gases, coolants. Scope 2 covers indirect emissions associated with the use of electricity, gas and district heating.



\* The facts and figures on pages 34 to 35 relate to the Martin Bauer Group’s sites in Germany (Vestenbergsreuth, Alveslohe, Kleinostheim, Demantsfürth, Gerhardshofen).

# WATER

Alongside our natural ingredients, water is the key resource that we need to make our products. We use this valuable resource sparingly and responsibly.\*

Naturally, water plays a decisive role in the cultivation of our ingredients. But we also use water to refine our products – for example, for extraction, cooling, cleaning, and hygiene purposes. We also need it as drinking water for the staff members at all our sites.

## WHAT WE ARE DOING

- We use fresh, potable water whenever this is necessary for reasons of hygiene or product quality.
- Where possible, we reuse water within a circulation system.
- We have introduced water-saving methods in our operations. That includes in our production, but also in our sanitary facilities – for example, through the use of water-saving faucets.
- We strictly monitor the quality of the waste water that we discharge.

We used 361,941 m<sup>3</sup> of water in 2019, a slight increase on the previous year. To reduce well water consumption, during spikes in use we had to access the municipal supply for use in our liquid extracts, which contributed to the increase.

In 2019 around 5,700 m<sup>3</sup> more waste water was disposed of via the municipal waste water disposal system, and around 10,500 m<sup>3</sup> less was directed into the company's own waste water treatment system at the Vestenbergsgreuth site. This is primarily due to production fluctuations.

## Fresh water and waste water in m<sup>3</sup>

Water withdrawal according to source	2018	2019
<b>Total</b>	<b>357,032</b>	<b>361,941</b>
■ Ground water (well)	199,878	182,415
■ Municipal water supply	157,154	179,526

Waste water according to place of discharge	2018	2019
<b>Total</b>	<b>252,402</b>	<b>247,587</b>
■ Municipal waste water disposal (indirect discharge)	142,745	148,467
■ Plant's own waste water treatment (direct discharge)	109,657	99,120



## WASTE WATER TREATMENT

In 2012 we inaugurated a waste water treatment facility at our Vestenbergsgreuth site. This facility treats our process waste water, making it clean enough to discharge safely (according to legal requirements).

There are two main steps to the treatment process:

1. Anaerobic treatment through the exclusion of oxygen
2. Biological treatment through membrane activation

Step 1 produces biogas, which we use to generate electricity and heat in a CHP unit or a boiler. We use that energy to operate the facility, thus reducing CO<sub>2</sub> emissions and saving operating costs.

# WASTE

Avoiding, recycling and disposing of waste – we aim to use materials as efficiently as we can and to produce as little waste as possible.\*

## WHAT WE ARE DOING

- We are examining options for avoiding waste.
- Where possible, we reuse packaging.
- We are examining options for reutilizing or recycling waste if the material cannot be reused.
- The plant waste in the farm operations at our sites has a very useful function – as natural fertilizer for the cropland.
- Our residual waste is disposed of correctly by certified service companies.
- We run a recycling depot at our Vestenbergsgreuth site.

In 2019 our sites generated 30,964 metric tons of non-hazardous waste and eight metric tons of hazardous waste. In both cases that represents a reduction on the previous year, which is a result of production fluctuations. The increased amount of waste being sent to landfill was due to the construction waste that was generated during demolition and rebuilding measures at the Vestenbergsgreuth site.

## Our waste in metric tons according to type and disposal method

Type of waste and disposal method	2018	2019
<b>Non-hazardous waste</b>		
<b>Total</b>	<b>33,823</b>	<b>30,964</b>
■ Recycling	688	636
■ Composting	31,392	28,076
■ Incineration	1,665	1,876
■ Landfill	78	376
<b>Hazardous waste</b>		
<b>Total</b>	<b>11</b>	<b>8</b>
■ Incineration	11	8
■ Landfill	0	0



\* The facts and figures on pages 36 to 37 relate to the Martin Bauer Group's sites in Germany (Vestenbergsgreuth, Alveslohe, Kleinostheim, Demantsfürth, Gerhardshofen).

# WHAT WE ARE DOING TO **SAVE** ENERGY

Visible successes are the best motivation to keep working toward saving energy and reducing our CO<sub>2</sub> emissions. We have made a good start.



## PREHEATED

In the production of our extracts the same thing happens as when you cook in the kitchen at home – large quantities of heat are generated. This heat is too valuable to simply be lost, unused.

At our Vestenbergsgreuth site we use **heat exchangers** to transport that heat back into our heating network. The incidental heat generated by the compressors in our compressed air system also feeds into the network via our heat recovery system.

Our **heating network** makes heat available where it is needed, for example to heat our premises. We also have a heat recovery system there – using the warm exhaust air from the ventilators to preheat the incoming air.

We use an **economizer** in our steam generation processes. This uses the residual heat from exhaust gases to preheat feed water, thus saving energy. At our Kleinostheim site we have installed a heat pump that takes heat energy from waste water so that it can be used in our heating system.

## NICE AND DRY

**Energy is needed to dry fresh botanicals. Depending on season and country of origin, it is not always possible to allow them to dry naturally in the sun.**

Particularly in developing and newly industrialized countries, the machines used to dry herbs are often rather old and out of date, meaning that they are not very energy efficient.

We worked with our Hungarian partner to plan and develop a modern **biomass thermal plant** for drying chamomile, fennel and other natural ingredients. It is primarily fueled by wood chips and is almost entirely carbon neutral. The Martin Bauer Group funded this investment.

# HOW MUCH ENERGY DOES **COLD BREW** SAVE?



## THAT'S COOL

**If you want to drink tea, you have to boil water, and that uses energy. The water must be boiled so that the tea is safe to drink and can develop its full flavor – until now, that is. We have come up with an alternative that is both innovative and sustainable.**

Our cold brew tea is infused using cold water. This is a simple process that also saves energy. As the tea steeps, the herbal essences gradually pass into the cool water, developing complex aromas and a delightfully refreshing taste. Our product development experts have created our very own blends that are currently enjoying great popularity in Europe, the United States, South America, Asia, and New Zealand.



CORE PILLAR

# SUPPLY CHAIN



## OUR GOALS

### IN THE SUPPLY CHAIN CORE PILLAR

GOAL	WHAT WE ARE DOING	TIME FRAME
To continuously increase the proportion of sustainably produced ingredients we use	<ul style="list-style-type: none"> <li>■ We are looking for additional suppliers that can comply with our standards, and are working to ensure <b>more</b> of our supply chains are sustainably certified.</li> <li>■ We are <b>expanding</b> our <b>portfolio</b> of <u>mabagrown</u>-certified botanicals.</li> </ul>	ON-GOING
To expand our social commitment in regions where we source our ingredients	<ul style="list-style-type: none"> <li>■ We are improving <b>occupational health and safety</b> through knowledge transfer and targeted advice.</li> <li>■ We try to ensure that the workers in our supply chains have a decent place to live, enough to eat, and adequate <b>healthcare</b>.</li> <li>■ We are working to make jobs in herb cultivation and wild collection more attractive by improving working conditions, and giving these kinds of occupations a better image.</li> <li>■ We acknowledge that <b>children and young people</b> are an important part of the local community, and involve them in our social <u>projects</u>.</li> </ul>	ON-GOING
To continue to fight child labor and forced and compulsory labor in our supply chains, and to challenge human rights violations	<ul style="list-style-type: none"> <li>■ We have developed a Supplier Code of Conduct and monitor adherence to it.</li> <li>■ We <b>train</b> employees and suppliers to recognize exploitative child labor and take action against it.</li> </ul>	ON-GOING
To increase transparency in mabagrown supply chains	<ul style="list-style-type: none"> <li>■ We regularly monitor all suppliers to check compliance with the mabagrown standard.</li> <li>■ We are continuing to develop the standard.</li> <li>■ We are implementing a monitoring and evaluation system and developing it further.</li> </ul>	ON-GOING

# FROM THE BEGINNING

Everything begins with the right ingredients. How do we keep up with our commitment to deliver the highest quality?

The Martin Bauer Group's Procurement department ensures that the ingredients for our natural products are available in exactly the right quantity and quality. That is how we have gained an excellent reputation for always delivering what our customers need.

All of our botanicals must come from supply partners that our Procurement department can trust. Where possible, we purchase directly from the producers. Our relationships of trust are based on our strict quality standards, fair treatment, and personal contact – but also on the fact that we are prepared to commit to long-term contracts and guarantee to purchase our partners' produce, if the quality is right. We believe that partners should be able to rely on one another, and where there is mutual trust, they can. This belief is confirmed in our excellent business relations, many of which have lasted for decades.

## OUR PROCUREMENT STRATEGY

The procurement of natural products will always be affected by the weather and the quality of the harvest. Our procurement strategy minimizes the associated risks.

- We procure botanicals from various regions across the globe.
- We choose cultivation areas where cross-contamination is less likely.
- We ensure traceability – where possible, all the way back to the field.
- We work with our supply partners to improve quality, providing them with targeted advice.
- We are looking ahead and addressing the likely challenges and opportunities of climate change in advance.

## KEY FACT

For our ten most important botanicals, 56 % of the amount we buy is already certified according to sustainability standards.\*



\* These sustainability standards include the EU Organic Label, USDA Organic, Fair for Life, FAIRTRADE, FAIRWILD, mabagrown, Rainforest Alliance, and UTZ.

## OUR TEN MOST IMPORTANT BOTANICALS

Rank	Botanical	Origin Countries	Sustainability Percentage
1	Tea ( <i>Camellia sinensis</i> )	Argentina, China, India, Indonesia, Kenya	52% sustainably sourced*
2	Hibiscus	Burkina Faso, Egypt, Nigeria, Senegal, Sudan	22% sustainably sourced*
3	Peppermint	Egypt, Germany, Poland, Serbia, USA	78% sustainably sourced*
4	Chamomile	Croatia, Egypt, Germany, Mexico, Poland, Serbia	77% sustainably sourced*
5	Fennel	Austria, Bulgaria, China, Germany, Hungary, Serbia, Turkey	56% sustainably sourced*
6	Apple	Albania, Bulgaria, Georgia, Germany, Turkey	55% sustainably sourced*
7	Rosehip	Bulgaria, Chile, China, Georgia, Lesotho	89% sustainably sourced*
8	Lemongrass	Egypt, Paraguay, Thailand	68% sustainably sourced*
9	Licorice root	Georgia, Kazakhstan	61% sustainably sourced*
10	Orange peel	Egypt, Georgia, Paraguay, Senegal	69% sustainably sourced*

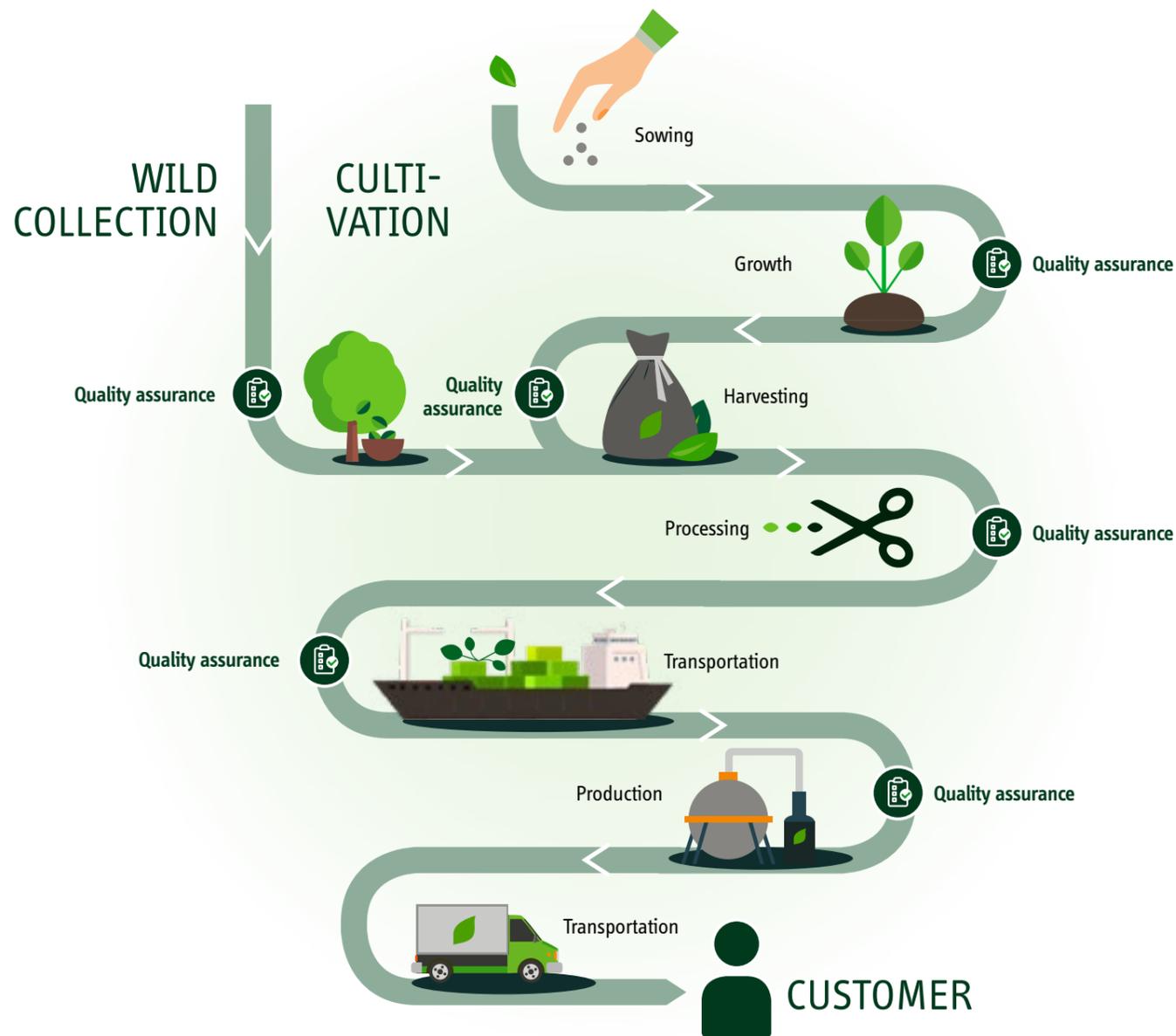
“Responsible conduct towards our 400 supply partners around the world is firmly integrated into our procurement processes.”

**Alfred Zink**  
Managing Director of Procurement at the Martin Bauer Group



# OUR VALUE CHAIN

When the Martin Bauer Group talks about quality, we aren't just talking about the individual processing steps, but about the entire value creation chain: with botanicals at one end, and at the other the consumers who enjoy the finished product, and whose safety and wellbeing are our top priority. Nothing seems more obvious than ensuring good quality, but achieving that is actually a complex task involving many different elements.



# A FAIR CHANCE

At Martin Bauer, our primary concern is for high quality and safe, reliable products. With mabagrown, our own sustainable sourcing standard, we guarantee both from the very beginning.



## WHAT DOES MABAGROWN MEAN?

**Safe**  
By actively **influencing** the cultivation and collection of plants on site we are able to minimize product quality risks. We can avoid the risk of pesticide residues and prevent an ingredient from being contaminated on the field, during harvesting, in storage, or during transportation.

**Lasting availability**  
By building up reliable partnerships in sourcing countries, we are able to bolster our supply partners in the medium and long term. Thanks to our **foresighted procurement** and **warehousing approaches** we are able to keep the required quantities of our ingredients readily available for longer periods.

**Sustainable**  
By using natural resources sparingly and protecting **biodiversity**, we are securing the foundations of our future procurement. We work with the **people** in our supply chains in a spirit of mutual respect and fairness, and our projects on the ground support local communities.

**High quality**  
We consistently do our best to ensure the high quality of our natural ingredients – in the **breeding** of new varieties, in the **cultivation** of ingredients, and in the support offered by our experienced **agricultural consultants**. We continue to keep a close eye on all further steps of the way – drying, processing, storing and transporting – because we know that all these steps add up to a first-class product.

**mabagrown quality depends on optimal conditions in the countries where we source our ingredients, and on the commitment of our supply partners, small holders and collectors. Therefore, we purchase mabagrown raw material from long-term supply partners and not via intermediaries.**

Our supply chain is consistently guided by the criteria of the mabagrown standard, from the field or collecting areas all the way to our clients' premises. Each link in the chain is documented, without gaps.

# TAKING IT TO THE NEXT LEVEL

In 2011 we set ourselves a bold objective. We wanted to give our customers more than just a handful of sustainably certified products. It was our mission to create a whole array of teas and herbal products whose ingredients are all sustainably sourced.

Since there were no suitable sustainability standards for herbal and fruit teas at that time, we developed our own. And mabagrown remains a pioneer to this day. We continually improve our quality, safety, and sustainability approach, enhancing the mabagrown standard for the benefit of our customers.

## THE STORY OF OUR SUCCESS

### 2011/12

- We develop our mabagrown standard.
- We convince our partners to join the program.
- We put the appropriate structures in place.

### 2012

- We introduce mabagrown with selected supply partners and deliver the first mabagrown products to our customers.

### 2014

- The Martin Bauer Group becomes a fully approved and audited member of UEBT (more on [page 15](#)).

### 2014/15

- We develop the standard further in collaboration with UEBT and UTZ.
- We introduce a new assessment system.
- We introduce additional criteria.
- We place higher demands on documentation and auditors.
- mabagrown premium is launched.



### FROM 2015

- The Martin Bauer Group contributes expert advice to the creation of the UTZ herbal tea program.

- The Martin Bauer Group becomes the first producer to offer a comprehensive range of herbal and fruit teas with the UTZ label.

### 2015-19

- With our mabagrown premium we contribute to the implementation of more than 60 sustainability projects with 26 partners in 18 different countries.



“For me, mabagrown means three things: that we consistently and sustainably stand up for the quality and safety of our valuable products; that we fulfill our responsibility to the ecosystems in the places where we source our botanicals; and that we do our best for the people in our supply chains, offering concrete solutions to improve their daily lives.”

**Markus Wehr**  
Head of Strategic Procurement,  
Herbs and Fruits and mabagrown

# WHERE QUALITY BEGINS

mabagrown quality is the result of many hands working hard every day. It calls on everyone in the supply chain to do their utmost.



## OUR THREE-STEP SYSTEM FOR SUPPLY CHAIN MANAGEMENT

To ensure that our botanicals fulfill the strict mabagrown criteria, we test them on three levels.

### Locally

Our supply partners in the region use a **monitoring system** to continually check whether the smallholders and wild collectors fulfill the mabagrown requirements.

### Regionally

A specially trained team of Martin Bauer Group auditors regularly performs multi-day **audits** of supply partners in the regions where we source our ingredients.

### Independent external monitoring

The mabagrown standard and compliance with it are regularly checked by an independent inspection body. Our management system is regularly inspected and random samples taken from suppliers in the countries where we source our ingredients.

**We like to visit our supply and cultivation partners in person to ensure that the quality of the natural ingredients, the working processes, and the management are all as good as we want them to be.**

**We use our visits to get acquainted with production conditions, to train our suppliers, and to work with them to further the special quality of mabagrown products.** Direct, personal contact with the people in our supply chains over many years has enabled us to develop a close and trusting relationship.

## KEY FACT

**In 2019, more than 70 supply partners had mabagrown certification.**

**THE MABAGROWN AUDIT**

The auditors check how our suppliers work and do business. They visit the areas where plants are cultivated or collected, inspect the company premises, interview employees, and scrutinize the documents. Each visit is fully documented.

Where necessary, binding improvement measures are agreed after the audit, usually to be implemented within the next three months. We do not accept any human rights violations, forced labor, compulsory labor or exploitative child labor from our suppliers. These are all grounds for exclusion from the mabagrown standard.

**MABAGROWN**

**AGRICULTURAL CONSULTANTS**

We stay in close contact with our supply partners not only during harvest time but during the sowing and growing seasons, too. Our international team of agricultural consultants give **concrete advice** on all questions relating to cultivation and harvesting and conduct **intensive training sessions**. Working together, we not only optimize yield, we also improve quality and safety, and find the best ways to fulfill our customers' requirements.



# WORKING TOGETHER

We initiate concrete projects that improve working conditions and quality of life for the people who cultivate or collect our natural ingredients. In so doing, we share knowledge that can bring about positive change.

## WHAT'S THE BUZZ?

**A mabagrown premium project: bees help 104 families boost their income**

San Pedro is in an economically underdeveloped part of Paraguay with **few sources of income** for the people that live there. We worked with smallholders, wild collectors and the Traditional Medicinals Foundation to learn about the needs of the local community and the challenges it faces. This enabled us to carefully consider how their living situation might be improved.

Everyone involved wanted a substantive and **long-term solution** that would uphold the community's independence. Our attention was drawn to **honey production** as an additional source of income. Keeping bees gives local families extra income and **secures their livelihoods** as smallholders and wild collectors.

In 2018 we began introducing the participating families to beekeeping, hive management, and the relevant first aid measures. In October of that year, delivery of the hives and bee colonies began. Our project team visited the site weekly in order to give the best possible support during this critical initial period. In the meantime, a committed **beekeeping** community has grown up, whose members share their experiences, help one another, and take beginners under their wing. Thanks to its great success we **extended** the project until 2021.

**WHERE**

Paraguay

**WHEN**

2018 – present

**MABAGROWN PRODUCTS**

Wild collection: Orange and lemon peel  
Cultivation: Lemongrass and lemon verbena

**PROJECT PARTNER**

Traditional Medicinals Foundation (TMF), our local supply partner

**KEY FACT**

**More than 60 sustainability projects have been implemented with mabagrown premium since 2014.**



# IN BLOOM

Two ecological demonstration farms are giving employment to 1,000 people. Education centers are being set up, offering education and training to 5,000 smallholders, 50 percent of whom are women. The initiative is co-financed by DEG.

In Zimbabwe, fertile soil and remarkably different climate zones create ideal conditions for agriculture, but because of political upheavals many farms in Zimbabwe are lying idle, and the country is often dependent on food imports.

We worked with Organic Africa Holdings (OAH) to monitor the conditions under which our herbs, spices, medicinal plants and aromatic plants are grown in Zimbabwe. We established two ecological demonstration farms in two different parts of the country with very different climates. The greater part of the cropland is intended for growing food crops and regenerating the soil.

A total of 1,000 people have found gainful employment at the farms. Since each farm also has an education center we have been able to educate 5,000 smallholders, wild collectors and agricultural workers, imparting the basics of ecological agriculture and sustainable plant collection. In the training sessions, they also learn methods for growing their own food that are adapted to climate change.

Around 50 percent of the training participants are women, who are able to use what they have learned to feed and care for their families. Thus, a total of around 30,000 people are benefiting from the project.

**WHERE**

- Zimbabwe

**WHEN**

- 2015 – 2019

**MABAGROWN PRODUCTS**

- Cultivation: Nettle, chili, safflower, hibiscus, spearmint, dandelion, lemon balm, peppermint, marigold, thyme, lemongrass

**PROJECT PARTNERS**

- Organic Africa Holdings (OAH), Deutsche Investitions- und Entwicklungsgesellschaft (DEG)



# GOOD HEALTH

A series of measures are improving the health and medical care of our farm workers. This is a mabagrown and Fairtrade Premium project.

**WHERE**

- Egypt

**WHEN**

- Since 2016

**WHAT**

- Medical center established, with an annual investment in healthcare (€40,000)
- Initiated a hepatitis C campaign directed at all employees
- Annual provision of funds for school materials (70% of total costs)
- Annual vacation trips offered to employees in turn
- Two water treatment facilities installed
- Soccer field laid out
- Acquisition of bee colonies

**MABAGROWN PRODUCTS**

- Cultivation: Aniseed, fennel, chamomile, spearmint, peppermint, lemongrass

**PROJECT PARTNER**

- Our local supply partner



**KEY FACT**

We are promoting ecological agriculture in Africa within an SDG Compact with the German federal government.

## WHAT GOES AROUND COMES AROUND

A school project is turning schoolchildren and their teachers into recycling experts who can pass on what they have learned to others in their communities.



**WHERE**  
Paraguay

**WHEN**  
2015 - 2017

**WHAT**  
Workshops on the topic of waste and recycling

■ New refuse containers installed in schools to allow for waste separation

■ Provision of informational material, T-shirts, caps

■ Schoolchildren and teachers encouraged to pass on their new knowledge

**MABAGROWN PRODUCTS**

■ Wild collection: Orange and lemon peel  
■ Cultivation: Lemongrass and lemon verbena

**PROJECT PARTNER**

■ Our local supply partner

## A FEATHER IN THEIR CAP

Reconstructed bird platforms provide nesting sites for black-headed herons, little egrets, reed cormorants, and African darters.



**WHERE**  
South Africa

**WHEN**  
2017

**WHAT**  
Reconstruction of bird platforms

■ Transportation of materials and employees to the workplace

**MABAGROWN PRODUCTS**

■ Organic cultivation: Orange blossoms

**PROJECT PARTNER**

■ Our local supply partner

## ONE, TWO, TREE!

To mark Arbor Day we provided 1,000 saplings and helped a team from EARTH University to plant them.



**WHERE**  
Paraguay

**WHEN**  
2017 - present

**WHAT**  
For the third year in a row, our partner assembled a 200-strong team of schoolchildren, teachers and small-holders to plant trees on Arbor Day, an occasion in May when one million trees are planted around the world.

■ Each year, the participants plant saplings on cropland and on open spaces within the community.

■ We provide T-shirts, caps, and drinking water for participants as well as the 1,000 seedlings.

**MABAGROWN PRODUCTS**

■ Wild collection: Orange and lemon peel  
■ Cultivation: Lemongrass and lemon verbena

**PROJECT PARTNER**

■ Our local supply partner



CORE PILLAR

# EMPLOYEES & COMMUNITY



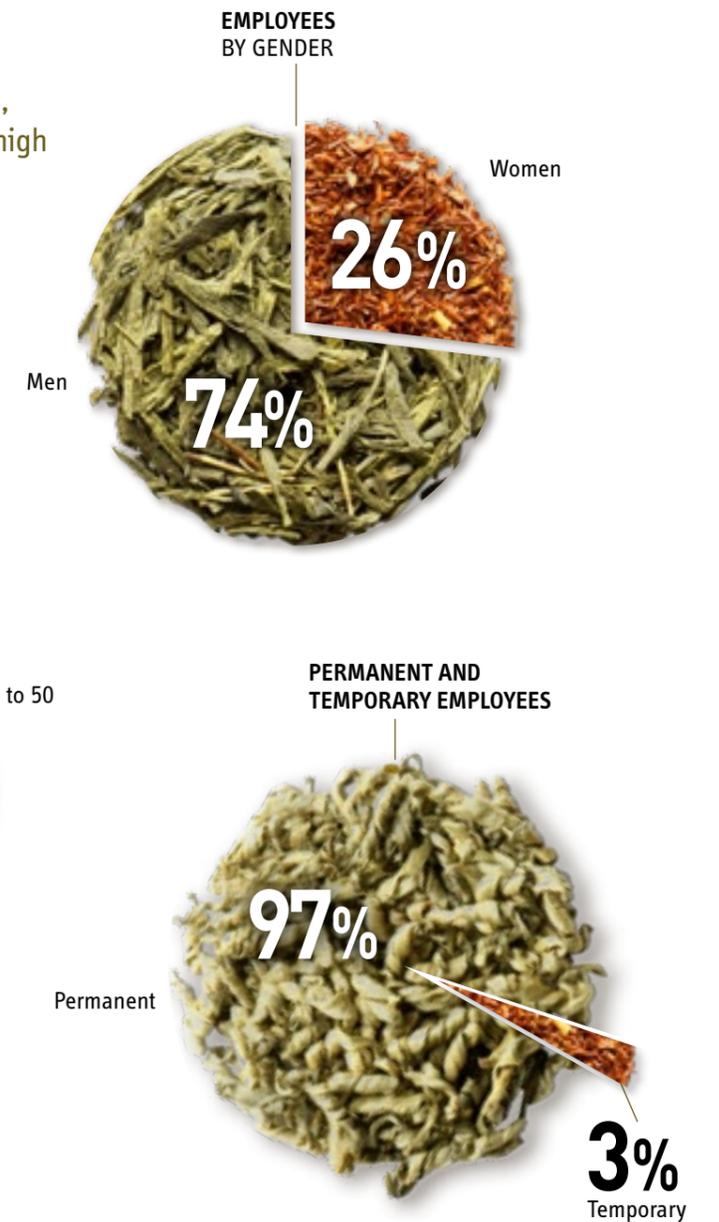
# OUR GOALS

## IN THE EMPLOYEES AND COMMUNITY CORE PILLAR

GOAL	WHAT WE ARE DOING	TIME FRAME
To promote and support sustainable action on the part of our employees	<ul style="list-style-type: none"> <li>We will <b>involve</b> our employees in the sustainable development of our company.</li> <li>We will run campaigns to make employees more aware of sustainability issues and <b>motivate</b> them to participate.</li> </ul>	FROM 2020
To promote diversity and equal opportunities	<ul style="list-style-type: none"> <li>We have signed the <b>Diversity Charter</b> and are working to create a work environment free of prejudice where each individual is respected.</li> <li>We do not accept wage discrimination and remunerate employees <b>regardless of gender</b>.</li> </ul>	ONGOING
To improve the health and safety of our employees	<ul style="list-style-type: none"> <li>We are expanding our company <b>health management</b> program.</li> <li>We are expanding our training program with the goal of <b>preventing accidents</b>.</li> <li>We are developing a program to make managers and employees more aware of <b>occupational health and safety</b> issues.</li> </ul>	FROM 2020 BY 2021
To enhance skills through initial and further education and training	<ul style="list-style-type: none"> <li>We are optimizing our staff development concept.</li> <li>We support employees who are working and studying at the same time.</li> <li>We consistently offer a wide range of <b>training positions</b> and take on those trainees who perform well.</li> <li>We offer our trainees projects that fit with their needs (e.g. <b>junior company JUMP</b>).</li> <li>We are integrating the topic of sustainability in our education and training.</li> <li>We are extending the range of courses on offer at the <b>MB Academy</b>, particularly in the areas of digital learning and agile learning.</li> </ul>	ONGOING FROM 2020
To support local communities at our sites	<ul style="list-style-type: none"> <li>We are precisely defining our <b>donation</b> and sponsoring concept and will launch it throughout the entire Martin Bauer Group.</li> <li>We are developing a corporate volunteering concept.</li> </ul>	FROM 2020

# TEAM PLAYERS

Martin Bauer's success is thanks to the passion, expertise and creativity of our employees. The high quality of our products is their achievement.\*



Our team players in numbers

	Total	Male	Female
Full-time employees	907	82 %	18 %
Part-time employees	166	31 %	69 %
Permanent employees	1,044	74 %	26 %
Temporary employees	29	93 %	7 %
On parental leave	23	35 %	65 %
New hires	113	73 %	27 %
Exits	78	77 %	23 %
Trainees	42	88 %	12 %
Trainees studying part-time	8	50 %	50 %

\* The facts and figures on page 55 relate to the Martin Bauer Group's locations in Germany (Vestenbergsgreuth, Alveslohe, Kleinostheim, Demantsfürth, and Gerhardshofen).

# KEEP ON LEARNING

For the Martin Bauer Group, high-quality education and training is an important investment in the future. Our career paths are sustainable too: many of our employees stay with us for decades or even their entire career.\*



## FURTHER TRAINING AND KNOWLEDGE TRANSFER

We offer our employees targeted training opportunities so that they can continue to develop their personal and professional skills within the Martin Bauer Group.

At the **MB Academy** we offer a program of more than 30 seminars on topics like stress management and showing respect for oneself and others at work. In 2019 we invested an average of 14 hours in the training of each employee. Of those, ten hours are required by law and four hours are voluntary.

Our **Insider Live** lecture series encourages employees to talk about their views and experiences with one another, improving the transfer of knowledge. In the lectures, employees share their expertise in specific areas with interested colleagues from across the company.

## OUR VOCATIONAL TRAINING PROGRAM

We focus primarily on our home-grown talent when nurturing the next generation of skilled workers. In 2018, 97 young people were learning the ropes as part of our vocational training program. We offer a varied learning and working environment and give our trainees a great start in twelve different occupations.

Our trainees contribute fully to the activities in their designated area of the company. In each department, an experienced staff member takes on the role of **mentor**. That person is there to answer questions and help solve problems. Our trainees are thankful for this high degree of personal supervision and assistance, and praise the positive atmosphere at the company. We familiarize all our trainees with our values and principles from the very start.

### “JUMP,” OUR JUNIOR COMPANY

Here, trainees complete intensive training, learning by doing. They work independently, learning to organize their time effectively and to think like an entrepreneur. In this way they gain first-hand experience of what it is to run a business.

JUMP (Junior-Unternehmen mit Power – Junior company with power) takes care of providing employees with tea from the Greuther Teeladen. Also, on one day each Advent it organizes a **fund-raising drive** (more on page 60).

# A GOOD PLACE TO WORK

Healthcare and effective occupational health and safety have a top priority at the Martin Bauer Group. This is true of our production facilities and our offices.\*

## OUR OCCUPATIONAL SAFETY STRATEGY

- Comprehensive safety briefings and instruction
- Safety management of external companies
- Job hazard analyses for all positions
- Regular health and safety inspections
- Establishing the causes of any accidents in the workplace so as to avoid accidents in future
- The next step:** Launching an awareness program aimed at all management staff and employees

Occupational safety, key figures	Office workers		Production workers	
	♂	♀	♂	♀
Number of accidents in the workplace reported per 1,000 workers	0.00	3.82	51.69	0.00
Number of commuting accidents reported per 1,000 workers	4.22	3.82	5.35	0.00
Days lost due to accidents in the workplace	0.01%	0.08%	0.39%	0.00%
Absence rate	5.28%			
Work-related fatalities	0			

## EMERGENCY RELIEF

A serious accident, a long illness, flooding or fire can quickly plunge the affected person into an emergency situation. The Martin Bauer Group's Social Fund offers quick and straightforward assistance when its employees are hit by such existential challenges.

Since 2011 the Social Fund has been fed by the fractions of cents that arise when wages and salaries are adapted to collective agreements. These tiny contributions from every individual in the company add up to an impressive sum – which the Martin Bauer Group doubles by matching each contribution with a donation.

## OUR OCCUPATIONAL HEALTH MANAGEMENT STRATEGY

- Facilitate ergonomic workspaces
- Physical exercise opportunities, e.g. yoga, hiking, soccer, Pilates, back therapy program
- Promotion of healthy eating, e.g. fruit available free of charge in the cafeteria
- Education and raising awareness, e.g. an annual “health week” with talks and taster courses

### KEY FACT

Our trainees have excellent chances of being hired.

\* The facts and figures on page 56-57 relate to the Martin Bauer Group's locations in Germany (Vestenbergsgreuth, Alveslohe, Kleinostheim, Demantsfürth, and Gerhardshofen).

**WOMEN IN CHARGE**

Companies that have both men and women in the top jobs perform better. That is why Martin Bauer has the explicit goal of placing more women in management positions.

Since 2018 we have been building up a **network** and a **mentoring** program for women in management and have developed targeted **further training** for women.

**VALUES LUNCH**

Our values and principles are not just meant to be written down, they are intended to form a central part of everyday life in the company.

Each month, the management board members take turns to invite eight to ten **employees** from anywhere in the entire company to a shared lunch where they discuss current issues relating to our corporate values and principles.

**CAREER AND FAMILY**

So that our employees can successfully reconcile work and family life, we offer flexible working time options and the opportunity to work from home.

At the Vestenbergsgreuth site, we have reserved a number of spaces at the local **daycare center** for children of our employees. We also **contribute to the costs of daycare** for employees' children aged two and under.

**STAFF DAYS**

**AND FAMILY DAYS**

Our staff days are an opportunity for employees to interact in a relaxed atmosphere, sharing their knowledge and experience with one another as they do so.

When opening new sites, we invite the employees' **families** to take a peek behind the scenes and find out more about what we do.



# HELPING HANDS

We support many small projects that make the locations where we do business more appealing places to live.



As a family business, we care about community and social cohesion, and it comes naturally to us to support that in any way we can. The social projects we are involved in are as varied as our departments, locations, and staff members. Our projects help people to master challenges and encourage them to get passionate about an idea and go the extra mile. Even our trainees know how to work independently and make their own special contribution.

## SOCIAL COMMITMENT

The numerous societies and charities at our locations contribute to improving quality of life. Of course, they require financial assistance to perform their important daily activities. We support initiatives in the areas of **education and schooling, social inclusion, intercultural exchange,** nature studies and nature conservation.

## SPORT AND CULTURE

Sport and culture invigorate and inspire us all. **They bring us together and help us get along.** For many years, we have sponsored sports clubs Greuther Fürth and TSV Vestenbergsgreuth and have provided funding to classical music festival Klassik am See and the open-air museum and stage at Fränkisches Freilandmuseum in Bad Windsheim.

## TRAINEES DO THEIR BIT

On one day in Advent each year, the trainees at the Vestenbergsgreuth site transform our office building into a sweet-smelling wafflery. They **bake as many as 600 waffles** to sell to their colleagues, with the proceeds going to a social project such as childhood cancer charity Elterninitiative krebskranker Kinder.

# WELCOME TO A WORLD OF HERBS!

Our herb garden in Aischgrund and the herb trail present herb-growing traditions and allow us to share our knowledge.

## KEY FACT

In 2019 the Martin Bauer Group donated more than €70,000 to civil society initiatives.

## HERB GARDEN

The Martin Bauer herb garden in Vestenbergsgreuth introduces the public to the world of herbs and medicinal plants. Visitors can learn about a hundred different plants with enchanting scents, beneficial effects, and evocative names like **spring adonis** and **lemon-scented thyme**. The garden is open daily and admission is free of charge.

Visitors can choose to explore the garden on their own, or take part in a **one-hour tour** with an herbalist from Greuth. The herbalists, who also care for the garden, are trained by the Martin Bauer Group. They show visitors **how balms are made** and **teas are blended**, as well as letting them sample herbal punch and other delicious plant-based treats. The herb garden was founded on the initiative of Hedi and Adolf Wedel.



## HERB TRAIL

The herb garden is also the starting point for the 24 km long herb trail. The trail connects Vestenbergsgreuth with the towns of Lonnerstadt and Uehlfeld, passing through the heart of the Franconian herb-growing region, established here for centuries. The trail leads through woods, meadows and typical Franconian villages, and passes by places of great natural beauty like the Egelsbach Weiherkette (a chain of ponds).

Large noticeboards between Mailach and Lonnerstadt inform walkers about the **origin, cultivation** and use of the plants grown here, such as echinacea and lemon balm. The boards give details about the herbs' active ingredients and **medicinal uses**. The herbal trail was established in cooperation with local herb farmers, countrywomen's associations, local governments, the Agriculture Office in Höchststadt, and Lokale Aktionsgruppe Aischgrund.

## GRI-INDEX

The Global Reporting Initiative (GRI) publishes the GRI Standards, the most-referred to standards around the globe for sustainability reporting by companies and organizations.

The GRI Index includes general disclosures (GRI 102) about the organization, and information about specific management approaches and their individual components (GRI 103). In addition, consideration is given to important topics such as economic aspects (GRI 200), environmental aspects (GRI 300), and social aspects (GRI 400).

This is the first Sustainability Report compiled by the Martin Bauer Group. We have based it on the GRI standards from 2018, which are still valid today, and have selected the “core option.” The specific standard disclosures relate to topics identified as very relevant in the materiality process. Unless noted otherwise, all disclosures relate to all companies belonging to the Group. We intend to expand our sustainability management system internationally so that we can improve the availability of data and the scope of our GRI reporting.

### GENERAL DISCLOSURES

Indicator	Topic	See page	Notes
<b>ORGANIZATIONAL PROFILE</b>			
102-1	Name of the organization	8	-
102-2	Activities, brands, products, and services	4, 5, 14	For more information, visit <a href="http://www.martin-bauer-group.com">www.martin-bauer-group.com</a> .
102-3	Location of headquarters	8, 71	-
102-4	Location of operations	8, 14, 34-37, 54-59	-
102-5	Ownership and legal form	8, 13, 71	-
102-6	Markets served	4, 5, 14	For more information, visit <a href="http://www.martin-bauer-group.com">www.martin-bauer-group.com</a> .
102-7	Scale of the organization	8, 9, 55	-
102-8	Information on employees and other workers	9, 55	-
102-9	Supply chain	9, 28, 33, 40-52	-
102-10	Significant changes to the organization and its supply chain	8	-
102-11	Precautionary principle or approach	6, 7, 25-27, 34-37, 42, 45-48	-
102-12	External initiatives	7, 15, 23, 26, 45-46, 49-52, 60	Nov. 2019: We signed an <a href="#">SDG Compact</a> to boost ecological and sustainable agriculture in Africa in partnership with the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Deutsche Investitions- und Entwicklungsgesellschaft (DEG).
102-13	Membership of associations	7, 15	-

Indicator	Topic	See page	Notes
<b>STRATEGY</b>			
102-14	Statement from senior decision-maker	13, 16, 21	-
102-15	Key impacts, risks, and opportunities	20, 21, 27, 28, 34-38, 45, 55, 57	Data on environmental and social impacts relate to German sites.
<b>ETHICS AND INTEGRITY</b>			
102-16	Values, principles, standards, and norms of behavior	13, 21, 22, 26, 41, 42, 45	See our Code of Conduct and Supplier Code of Conduct: <a href="http://www.martin-bauer-group.com/en/sustainability/">www.martin-bauer-group.com/en/sustainability/</a>
102-17	Mechanisms for advice and concerns about ethics	22, 25	See our Code of Conduct: <a href="http://www.martin-bauer-group.com/en/sustainability/">www.martin-bauer-group.com/en/sustainability/</a>
<b>GOVERNANCE</b>			
102-18	Governance structure	8, 13, 16, 21, 28	The governance structures and decision-making processes are defined within the remit of the legal entities named.
102-19	Delegating authority		Where necessary, delegating authority is clearly defined and forms a part of our management documentation and/or integrated management system.
102-20	Executive-level responsibility for economic, environmental, and social topics	13, 16, 21	Alongside the management of the Martin Bauer Group, Anne Wedel-Klein has also been responsible for sustainability since 2019 as a member of the management board of MB-Holding.
102-21	Consulting stakeholders on economic, environmental, and social topics	7, 15, 19, 20, 23	-
102-23	Chair of the highest governance body	13	-
102-29	Identifying and managing economic, environmental, and social impacts	19, 20, 23, 25, 30, 34-38, 41, 42, 45	-
102-31	Review of economic, environmental, and social topics	23, 25, 26, 30, 34-37, 47, 48	Reviewing via reporting, data evaluation/ KPI, audits of the company and the supply chain
102-32	Highest governance body's role in sustainability reporting	13, 16, 21, 67	-
<b>STAKEHOLDER ENGAGEMENT</b>			
102-40	List of stakeholder groups	19	Additional list: <b>External:</b> Customers, supply partners, industry experts, associations, NGOs, networks, regional decision-makers, suppliers, certifiers, the public, consumers, regulatory and approval bodies, financial partners, potential employees <b>Internal:</b> Employees, managers, works council, founding family

Indicator	Topic	See page	Notes
<b>STAKEHOLDER ENGAGEMENT</b>			
102-41	Collective bargaining agreements		Germany: All employees are subject to the regulations on collective bargaining agreements (Industry-wide collective agreement of the Landesverband Groß- und Außenhandel; association-specific collective agreement of BCE).
102-42	Identifying and selecting stakeholders	19, 20	Selected according to internal expertise and with the support of external consultants
102-43	Approach to stakeholder engagement	19, 20	We involved representatives of customer groups, associations and NGOs through written and oral surveys and through workshops.
102-44	Key topics and concerns raised	20	-
<b>REPORTING PRACTICE</b>			
102-46	Defining report content and topic boundaries	18-21	-
102-47	List of material topics	20-22	-
102-48	Restatements of information		This is the first sustainability report we have published.
102-49	Changes in reporting		This is the first sustainability report we have published.
102-50	Reporting period		Jan. to Dec. 2019
102-51	Date of most recent report		-
102-52	Reporting cycle	67	Annually, with an update report
102-53	Contact point for questions regarding the report	67	-
102-54	Claims of reporting in accordance with the GRI Standards	62, 67	-
102-55	GRI content index	62-69	-
102-5t	External assurance		Currently no external assurance

## SPECIFIC STANDARD DISCLOSURES: ECONOMY

<b>ECONOMIC PERFORMANCE</b>			
Indicator	Topic	See page	Notes
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	12, 13, 21, 22, 25-28	-
201-1	Direct economic value generated and distributed	9	-
201-2	Financial implications and other risks and opportunities due to climate change	27	-

Indicator	Topic	See page	Notes
<b>PROCUREMENT PRACTICES</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	13, 21, 22, 40-52	Our Supplier Code of Conduct defines the minimum requirements on social, environmental, ethical and human rights obligations and challenges that are to be met by all our suppliers. See: <a href="http://www.martin-bauer-group.com/en/sustainability/">www.martin-bauer-group.com/en/sustainability/</a>
<b>ANTI-CORRUPTION</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	20, 26, 41	Alongside other sustainability standards, our Code of Conduct gives guidelines on proper business conduct. See: <a href="http://www.martin-bauer-group.com/en/sustainability/">www.martin-bauer-group.com/en/sustainability/</a>

## SPECIFIC STANDARD DISCLOSURES: ENVIRONMENT

<b>MATERIALS</b>			
Indicator	Topic	See page	Notes
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	23, 30	Documentation and assessment according to our internal systems. Within our "Nature" core pillar, we have set ourselves the goal of establishing a KPI system with improved environmental and social KPI.
301-1	Materials used by weight or volume	9, 28, 43	Basic data have been provided. For reasons of confidentiality, and particularly because of the very wide range of our products and ingredients, no detailed data have been provided at this time.
<b>ENERGY</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	22, 30, 34	All German sites have an energy management system certified to ISO 50001.
302-1	Energy consumption within the organization	34	German sites only
302-4	Reduction of energy consumption	34, 30, 38, 39	German sites only
<b>WATER AND WASTE WATER</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	22, 36	Germany: Water consumption, the provision of fresh water, and the disposal of waste water are subject to official requirements, and the organization and technical processes are comprehensively determined. Options for optimizing water consumption and saving water are regularly explored and monitored.
303-3	Water withdrawal	36	German sites only
303-4	Water discharge	36	German sites only
303-5	Water consumption	36	German sites only

Indicator	Topic	See page	Notes
<b>BIODIVERSITY</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	<u>30-33</u>	Biodiversity is primarily a concern of our supply chain management, our agricultural consultancy, and our sustainable sourcing standard mabagrown. The Martin Bauer Group has its own specialists in this area.
304-2	Significant impacts of activities, products, and services on biodiversity	<u>30-33, 42, 45, 47, 49, 50</u>	-

### EMISSIONS

103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	<u>20, 22, 30, 35, 38</u>	Focus on climate-relevant emissions with the goal of becoming carbon neutral. For ways in which we are making our data analysis and optimization more professional, see our goals in the "Nature" core pillar.
305-1	Direct (Scope 1) GHG emissions	<u>35</u>	German sites only
305-2	Energy indirect (Scope 2) GHG emissions	<u>35</u>	German sites only
305-5	Reduction of GHG emissions	<u>30, 34, 35</u>	German sites only

### EFFLUENTS AND WASTE

103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	<u>22, 36, 37</u>	Germany: Waste management organized and implemented in accordance with the <i>Kreislaufwirtschaftsgesetz</i> (Circular Economy Act) and official regulations; waste water is dealt with in accordance with the <i>Wasserhaushaltsgesetz</i> (Federal Water Act) and our specific authorizations; part of the integrated management system
306-1	Water discharge by quality and destination	<u>36</u>	Germany: The amounts of various substances in the water are subject to regular internal and external monitoring according to official regulations.
306-2	Waste by type and disposal method	<u>37</u>	Germany: Waste is disposed of by certified specialized waste management companies only.
306-3	Significant spills		No significant incidents or accidents in the reporting period

### ENVIRONMENTAL COMPLIANCE

103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	<u>26</u>	Monitoring through regular inspection tours, internal and external audits, and technical and organizational measures (no explicit environmental audits to date; however, general aspects form part of the integrated management system and individual monitoring processes such as SEDEX/SMETA audits).
307-1	Non-compliance with environmental laws and regulations		At the date of publication, we know of no legal violations or of any related monetary penalties or fines, and none are pending.

Indicator	Topic	See page	Notes
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	<u>40-48</u>	Our sustainable sourcing standard mabagrown and its certification process require all suppliers included in the program to submit to an environmental assessment.
308-1	New suppliers that were screened using environmental criteria	<u>42, 47</u>	-

## SPECIFIC STANDARD DISCLOSURES: SOCIAL ISSUES

### EMPLOYMENT

103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	<u>54, 55, 58</u>	-
401-1	New employee hires and employee turnover	<u>55</u>	-
401-3	Parental leave	<u>55</u>	-

### LABOR/MANAGEMENT RELATIONS

103	Explanation of the material topic and its boundary. The management approach and its components.	<u>54-60</u>	Germany: Collective bargaining agreements in place; employee representation through the works council; agreements on various topics made between employer and employees
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### OCCUPATIONAL HEALTH AND SAFETY

103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	<u>26, 55, 57</u>	Germany: Health and safety organization, regulations, technical and organizational precautions and monitoring are carried out in accordance with health and safety legislation; an integrated management system is installed.
403-1	Occupational health and safety management system	<u>26, 57</u>	Germany: System in accordance with health and safety legislation; integrated management system
403-2	Hazard identification, risk assessment, and incident investigation	<u>26, 57</u>	Germany: Hazard identification and risk assessment within the integrated management system; occupational health and safety
403-3	Occupational health services	<u>57</u>	Germany: Responsibility of company physician
403-4	Worker participation, consultation, and communication on occupational health and safety	<u>57</u>	Germany: Via health and safety organization, company physician, works council, integrated management system
403-5	Worker training on occupational health and safety	<u>57</u>	Germany: Obligatory initial and regular training; further training options

Indicator	Topic	See page	Notes
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
403-6	Promotion of worker health	54, 56, 57	German sites only
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	26, 57	Germany: Extensive external and internal documentation and monitoring systems; integrated management system
403-8	Workers covered by an occupational health and safety management system	26, 57	German sites only; international locations are successively analyzed and integrated with regard to their existing health and safety organization
403-9	Work-related injuries	57	German sites only
403-10	Work-related ill health	57	German sites only
<b>TRAINING AND EDUCATION</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	54, 56, 57	Germany: Education promotion system; obligatory training; further training options
404-1	Average hours of training per year per employee	56	German sites only
404-2	Programs for upgrading employee skills and transition assistance programs	54, 56, 57	German sites only
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	54, 58	We are a signatory of the Diversity Charter. See: <a href="http://www.charta-der-vielfalt.de/en/signing-the-charter/signatory-data-base/list/">www.charta-der-vielfalt.de/en/signing-the-charter/signatory-data-base/list/</a> See our goal "To promote diversity and equal opportunities" and our program "Women in Charge"
404-1	Diversity of governance bodies and employees	54, 55	Germany: Numerical data will be expanded in the next report independently of the goals.
404-2	Ratio of basic salary and remuneration of women to men	54	Remuneration independent of gender, there is no wage discrimination
<b>NON-DISCRIMINATION</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	54	We promote diversity and equality of opportunity.
406-1	Incidents of discrimination and corrective actions taken	54	Not published for reasons of discretion and confidentiality

Indicator	Topic	See page	Notes
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	54	For details see our Code of Conduct and Supplier Code of Conduct: <a href="http://www.martin-bauer-group.com/en/sustainability/">www.martin-bauer-group.com/en/sustainability/</a>
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	54	No risks to the best of our knowledge
<b>CHILD LABOR</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	26, 42, 45, 54	For regulations, see the certification standards, the sustainable sourcing standard mabagrown, and individual regulations like our Code of Conduct and our Supplier Code of Conduct <a href="http://www.martin-bauer-group.com/en/sustainability/">www.martin-bauer-group.com/en/sustainability/</a>
408-1	Operations and suppliers at significant risk for incidents of child labor	54	No significant risk to the best of our knowledge
<b>FORCED OR COMPULSORY LABOR</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	26, 42, 45, 54	For regulations see the certification standards, the sustainable sourcing standard mabagrown, and individual regulations like our Code of Conduct and our Supplier Code of Conduct <a href="http://www.martin-bauer-group.com/en/sustainability/">www.martin-bauer-group.com/en/sustainability/</a>
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	54	No significant risk to the best of our knowledge
<b>SECURITY PRACTICES</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	26, 42, 45, 54	Germany: Obligatory employee training; trained internal auditors; mabagrown auditing system
410-1	Security personnel trained in human rights policies or procedures	26, 42, 45, 54	Germany: Primarily internal supply chain auditors
<b>HUMAN RIGHTS ASSESSMENT</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	26, 42, 45, 54	For regulations see the certification standards, the sustainable sourcing standard mabagrown, and individual regulations like our Code of Conduct and our Supplier Code of Conduct <a href="http://www.martin-bauer-group.com/en/sustainability/">www.martin-bauer-group.com/en/sustainability/</a>
412-1	Operations that have been subject to human rights reviews or impact assessments	8, 26, 54	No violations to the best of our knowledge
412-2	Employee training on human rights policies or procedures	56	Basic standard training about the system for employees

Indicator	Topic	See page	Notes
<b>LOCAL COMMUNITIES</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	7, 21, 22, 25, 28, 33, 40-52	Long-term trusting relationships and programs with suppliers
413-2	Operations with significant actual and potential negative impacts on local communities	33, 49-52	Comprehensive support programs for our suppliers' local communities
<b>SUPPLIER SOCIAL ASSESSMENT</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach.	7, 41, 42, 45-48	Internal and external auditing and certification systems
414-1	New suppliers that were screened using social criteria	7, 42, 47	All suppliers included in the mabagrown sourcing standard and/or in external certifications
414-2	Negative social impacts in the supply chain and actions taken	7, 42, 47	Findings from supplier audits and corrective action taken are not reported for reasons of discretion and confidentiality
<b>CUSTOMER HEALTH AND SAFETY</b>			
103	Explanation of the material topic and its boundary. The management approach and its components. Evaluation of the management approach	6, 7, 26, 42-48	Product quality and product safety have top priority in our company. They are assured by internal and external quality assurance processes and trained staff members.
416-1	Assessment of the health and safety impacts of product and service categories	6, 7, 26	All products are subject to comprehensive quality and monitoring regulations. The assessment of potential impacts is part of our quality management and risk management systems.

## ABOUT THIS REPORT

This **Martin Bauer Group Sustainability Report** is the first report to provide **comprehensive information about our sustainability commitment.**

### Reporting period

Our reporting on the environmental, social and economic aspects of sustainability relates to the 2019 business year (January through December). In 2021 we will provide an updated report for 2020.

### Scope

This report is aligned to our sustainability strategy and covers all companies belonging to the Martin Bauer Group. We have noted cases where we only have the figures for German sites of the Martin Bauer Group on the relevant pages. We will strive to expand our scope in the long term.

### Standards

This sustainability report follows the current standards of the Global Reporting Initiative (GRI). We selected the core option, which focuses on the communication of material aspects. These aspects relate to the major economic, environmental and social impacts that an organization may have and to aspects that significantly influence the assessments and decisions of stakeholders.

### Validity

In compiling this report, to the best of our knowledge we have drawn on up-to-date sources and verified information. However, we cannot exclude the possibility that small discrepancies may have occurred.

The four principles for defining report content:

**1. Stakeholder Inclusiveness:** We comprehensively included our stakeholders in the further development of our sustainability concept, considering their expectations and interests.

**2. Sustainability Context:** We sharpened our focus on the topic of sustainability and made the information we provide more precise. We clearly documented expectations, opportunities and risks.

**3. Materiality:** We held interviews and workshops to identify and prioritize aspects that have particular relevance for our stakeholders.

**4. Completeness:** The report covers all the material impacts of the Martin Bauer Group along its value chain. Data from all units was included, where available.

If you have any questions or comments about this report, please feel free to contact Almut Haase at [almut.haase@mb-holding.com](mailto:almut.haase@mb-holding.com), Phone +49 9163 88-645



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### [www.martin-bauer-group.com/sustainability](http://www.martin-bauer-group.com/sustainability)

This report is available on our website along with additional information.

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