

Sustainability report 2022

Leading the food color industry toward a better future

GROWING COLORS



1 PREFACE

It is essential to us that we create a better future for the generations to come. In our Sustainability Report 2021, we unveiled an ambitious roadmap to 2030 to ensure our plant-based EXBERRY® colors have the best possible impact on people and planet.

A year on, it is clear we are making good progress toward our goals. It takes time to embed sustainability into every aspect of our daily work culture, but the report has helped to galvanize the global GNT team and sent a message that everyone needs to play their part.

There have been several important developments since our first report. We have now introduced an official 'Policy on Sustainable Sourcing.' GNT has always had a vertically integrated supply chain, which provides us with the fruits, vegetables, and plants we use to make EXBERRY® colors. While we can ensure these crops are grown sustainably, there are other materials – from vegetable oils to packaging materials to electricity – that are outside our direct influence. Our new policy details our requirements to ensure suppliers meet our expectations both today and in the future.

We have also become the first Coloring Foods supplier to publish a Greenhouse Gas Verification Statement for our whole supply chain, covering scopes 1 to 3. The externally verified data showed EXBERRY® Coloring Foods' carbon footprint decreased by 19% between 2020 and 2021, which was largely down to our switch to green electricity. The statement is crucial for transparency, allowing us to provide comprehensive, benchmarked information to customers. The carbon footprint reduction also demonstrates that we have been in execution mode from day one of our sustainability plan.

We have expanded our operations in North America, with a new Customer Experience Center and warehouse at a 49-acre (20-hectare) facility near Charlotte, North Carolina. In 2023, we will start carrying out the final stages of ingredient production at the site to supply the North American market. It is not the most energy-intensive part of our process, but we have built the factory with a strong focus on energy efficiency. It will also help us to reduce packaging requirements as we can use larger containers to transport the goods to the US.

There have been many highlights in 2022. Unfortunately, there have also been major crises on a global scale. The escalation of the Russo-Ukrainian War has been tragic and has had far-reaching consequences. After the invasion in February, we immediately ended our business activities in Russia. Instead of Christmas gifts, we donated €40,000 to War Child Holland to support children leaving Ukraine.

The war has exacerbated the global energy crisis, caused shortages of materials, and increased costs. We were well equipped to cope with many of these challenges. In addition to our vertical integration, we always keep an average of 18 months' supply of stock. Nonetheless, we have still felt the impacts. The increase in energy costs has been painful, but it has given us further incentive to minimize usage levels.

We continue to address energy consumption through regular reports and meetings with staff. It is remarkable how much energy can be saved by emphasizing the need to take simple actions such as always switching off machines when not in use. This focus on energy efficiency has already reduced usage by more than 10% for some processes. We now have dedicated energy task forces at both our Heinsberg and Mierlo sites, which measure and organize our energy data to enable us to understand how we can further optimize our approach moving forward.

We continue to explore larger-scale improvements to our machines and factories, too. We ask ourselves: If you were to build a new factory today, what would you do differently? We identify the gold standard and then try to find ways to close the gap. We expect to invest more than €3,000,000 on these enhancements in 2023 alone.

Of course, we know we are still at the start of a very long journey. If you look at the Paris Agreement and other major sustainability plans, there is not yet a clear route to success. It's our task to find that route for food colors – and we are more determined than ever to succeed.

Dr. Hendrik Hoeck, Chief Executive Officer, GNT Group B.V.

Frederik Hoeck, Managing Director, GNT Group B.V.

2 SUMMARY

This is GNT Group B.V.'s second sustainability report. Because we want to report transparently on our sustainability information, we have aligned with the GRI 2021 criteria as much as possible. We are working toward reporting entirely in accordance with GRI 2021 in the future. Our vision is to deliver sustainable food colors for a brighter future and we have set an ambitious goal to lead the food color industry on sustainability. This is broken down into our four strategic sustainability topics: better for people, better agriculture, better operations, and better products. In 2022, GNT's total carbon footprint (scopes 1 & 2) amounted to 16 thousand metric tons of CO₂-equivalent emissions. Our carbon intensity was 13% lower than our base year of 2020 and water consumption per ton of product sold was down by 5%. With regard to health and safety, our lost-time incident (LTI) rate rose to 3.5, which is in line with the industry average but falls short of our ambition to be 25% below the industry benchmark. We have also published our Policy on Sustainable Sourcing, with 70% of our suppliers meeting its standards already. All of our contract farmers now comply with good agricultural practices and 66% can demonstrate a minimum of FSA bronze compliance. The various chapters in this report contain more detailed information.

The table below contains highlights from this year's report, along with links to click through to the corresponding chapters.

The lost-time incident rate is calculated by multiplying the number of reported accidents by 200,000 and dividing that figure by the number of employee hours worked.

FSA (Farm Sustainability Assessment) is an international standard on sustainable agriculture. It has three levels (bronze, silver, gold) and provides the farmer with insight on how sustainable their farming operations are.

KPI	FIGURE	SHORT DESCRIPTION	
Employees	466	466 employees worldwide in 11 countries	4.1
Factories	3	Mierlo, Netherlands Heinsberg, Germany Dallas, NC, USA	3.1
Team	Male: 65% Female: 35%	Different nationalities: 21	4.1
Lost-time incident rate	3.5	Number of accidents in a year leading to absence, standardized for 200,000 working hours. In 2020, the figure was 5.3. Our target is 2.7.	4.2
Employee satisfaction score	+44	Employee net promotor score	4.1
100% trained contract farmers	66% minimum FSA bronze	Percentage of contract farmers trained in sustainable agriculture	5.1
Complaint rate	0.9%	Average yearly complaint rate on quality of services (including logistics) and products of about 0.9%. Well below industry benchmark of 2.5%, and down from 1.1% in 2021.	7.2
Reduction of GHG emissions intensity	-13%	In 2022, GNT realized a carbon intensity reduction of 13% based on 2020 emissions. This means that 13% fewer kilograms of CO ₂ were emitted per kilogram of product sold	6.1
Percentage of R&D employees	12%	Percentage of employees working in R&D-related functions	7.3

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3 ABOUT GNT

3.1 GNT at Glance

GNT Group B.V. is an independent, family-owned company with headquarters in Mierlo, the Netherlands. The company is known throughout the global food and beverage industry for its primary brand, EXBERRY® Coloring Foods.

GNT was founded in Aachen, Germany, in 1978 by the engineer Dr. Horst Hoeck. He was inspired by the abundance of natural color in fruit, vegetables, and plants and thought about how he could make these colors available to consumers using his technical know-how. He started to develop gentle and scalable extraction techniques that would deliver fit-for-use products to the food and beverage industry, providing a natural alternative to the artificial colors predominantly used at that time. Dr. Hoeck coined the term 'Coloring Foods': food concentrates used solely for the purpose of delivering color to food and beverages.

In 2014, Frederik Hoeck and Dr. Hendrik Hoeck, two of Horst's sons, took over responsibilities. Today, EXBERRY® is the leading brand of Coloring Foods in the food and beverage industry, used by more than 2,600 manufacturers in over 75 countries. We have 15 sites worldwide including state-of-the-art production facilities in Mierlo, the Netherlands; Heinsberg, Germany; and in Dallas, North Carolina, USA. In addition, we have 13 sales and application branches worldwide, with distributors and agents in 23 countries.

Each year, we produce more than 11,500 metric tons of EXBERRY® Coloring Foods – enough to color over 40 billion servings of food and drink. We offer more than 400 products, including a special organic range, and all our coloring solutions are suitable for vegan, kosher, and halal diets.

New US Factory & Culinary Experience Centre

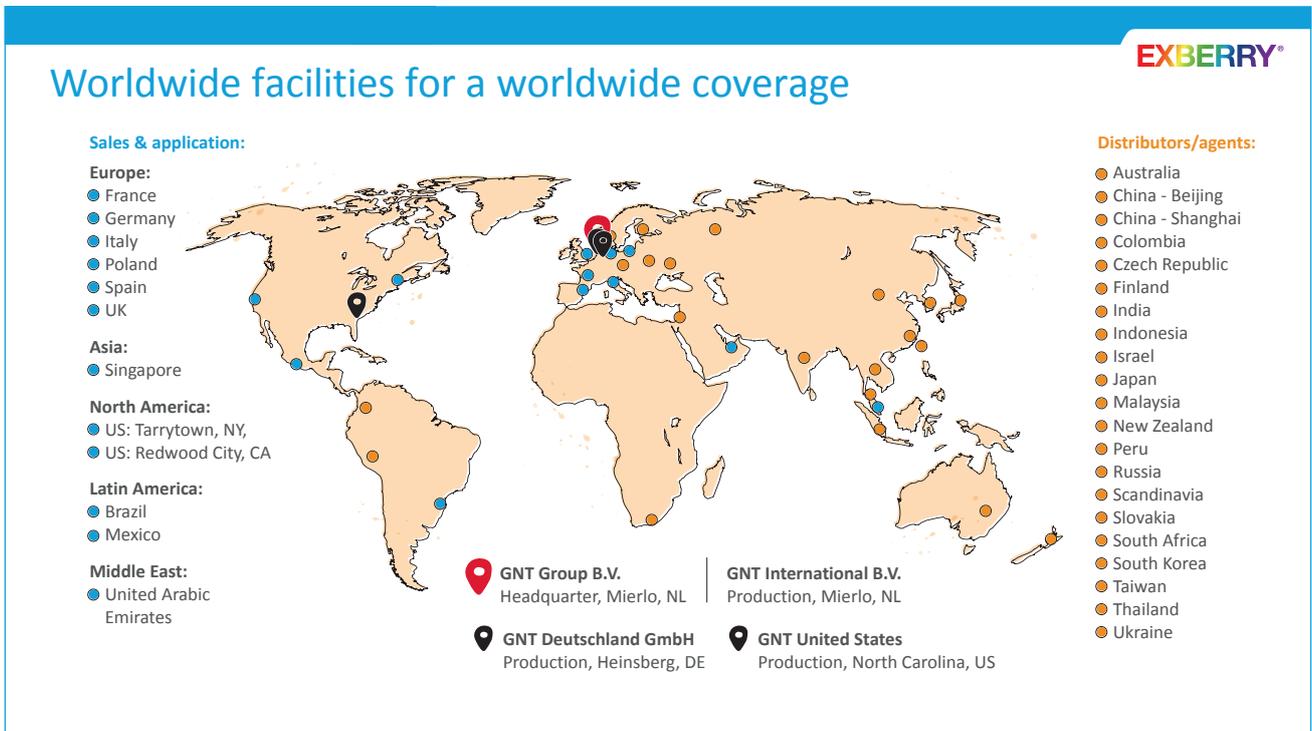
GNT announced an initial investment of \$30 million to expand our North American operations in 2021. Our 49-acre (20-hectare) site in Dallas, near Charlotte, is in an accessible location and provides us with the scope to grow our US business in a way that supports our sustainability goals.

In October 2021, we commissioned a dedicated warehouse facility that offers increased capacity, supply-chain efficiency, and improved control of inventory.

In September 2022, we opened a state-of-the-art Customer Experience Center to provide our R&D epicenter for North America. The expansive space encompasses a pilot plant, a technical and application lab, and a culinary experience kitchen for workshop hosting.

In spring 2023, we plan to begin carrying out the final stages of ingredient production at the North Carolina site. This will help us to optimize transportation and packaging requirements.

The North Carolina facility lays the groundwork for more efficient operations in North America moving forward. It features solar panels to support our energy requirements and provides opportunities to support our biodiversity goals.



3.2 Trends & developments

While sustainability and health were widely identified as 2022’s top trends, the rise in energy and food prices has become the main focus for 2023.

‘Inflationary Driven’ was named at the top of FMCG Gurus’ 2023 trends list, predicting that a new era of austerity will result in recessionary shopping habits.¹ ‘Redefining Value’ was the top trend for Innova Market Insights, which said brands, innovators, producers, and consumers are wrestling with rising costs and greater instability.² The first recommendation in Mintel’s 2023 Global Food & Drink Trends also focuses on ‘Value.’³

Nonetheless, all make clear that the cost-of-living crisis will not override consumer concerns around personal and planetary health. FMCG Gurus said consumers will not opt for the cheapest-priced product if deemed poor quality. Its research in 2022 found that 57% of consumers globally were paying more attention to high quality, trusted ingredients when buying food and drink, while 47% said the same for sustainability claims.

In a report exploring changing attitudes to sustainability, FMCG Gurus also found that 74% of consumers now say they are concerned about the state of the planet. This is motivating shoppers to actively research environmental issues and seek out brands they deem more sustainable. The report found that sustainability is having a greater level of influence on eating and drinking patterns than ever before, with brands increasingly expected to demonstrate green and clean credentials.⁴

Innova’s analysis found that brands can achieve success through the cost-of-living crisis by taking actions that combine economic benefits with clear health and sustainability goals. Mintel also recommended that brands focus on the health benefits and natural ingredients that are integral to value.

GNT, meanwhile, has identified a new ‘Healthy Hedonism’ trend as part of analysis carried out alongside the futures research agency Franklin Till. Driven by Generation Z, it is fueling a new wave of natural food and drink products that feature bold and bright colors. The analysis found that health and sustainability are non-negotiable for today’s young consumers. The Healthy Hedonism trend is a reflection of their desire to embrace joy and creativity while staying true to core values. The ethos promises to reshape attitudes to natural color, defining a new visual language for products that are good for people and planet.

A global FMCG Gurus survey in 2022 underlines this growing desire for visually exciting products. It found that 48% of consumers say they like food and drink with new and experimental colors, rising from 46% in 2020. Consumers’ top reasons for liking new and experimental colors are that they are fun and exciting (69%), make products more appealing (61%), help products stand out (42%), and challenge their perceptions of how a product should look (42%). FMCG Gurus’ report also noted that experimental products must be seen to be natural and free from ingredients deemed detrimental to health or the environment to appeal to modern consumers.⁵

EXBERRY® is ideally placed to meet these demands. Our colors are plant-based, sustainable ingredients that can be used to deliver a full spectrum of vibrant shades in food and drink.

“Bold and bright shades are proving increasingly popular, especially among the new generation of consumers, while demand for natural coloring ingredients is stronger than ever.”

Julia Meyer, Marketing Communications Specialist, GNT Group B.V.

¹ FMCG Gurus ‘Top Ten Trends For 2023’ (November 2022) ² Innova Market Insights ‘Top 10 Trends 2023’ (November 2022) ³ Mintel ‘2023 Global Food & Drink Trends’ (October 2022) ⁴ FMCG Gurus ‘Discussing the Evolution of Sustainability Over the Last Three Years, and What This Means Going Forward’ (April 2022) ⁵ FMCG Gurus ‘The Importance of Flavor, Color, & Texture in 2022’ (December 2022)

3.3 Our vision & mission

Nature has so much to give. We make it available to our customers, providing food ingredients consumers trust

Our mission is our guiding light that provides our direction and drives our everyday work. The best foodstuffs have always been provided by nature itself. Ever since our foundation in 1978, we have strived to capture the colorful goodness of nature and offer it to our customers in the most natural form. Fruits, vegetables, and plants perfectly crafted by Mother Nature deliver a feast for the eyes together with their inherent goodness. We are global leaders in applying techniques that carefully preserve the color content. This enables us to create products that consumers love and trust.

We are pioneers of natural food ingredients

We have been revolutionizing the food-color market for the last 40 years, and we retain the same ambitious attitude today. It’s all about moving from the known into the unknown; being prepared to go forward where others are content to stop, questioning existing conventions and coming up with surprising new answers. Not every direction will be successful, but we can make consistent progress by turning failures into opportunities to learn and improve. We are pioneers, keeping a firm stance and taking direct responsibility for our results.

We are customer-focused and consumer-driven

Customers and consumers alike trust EXBERRY®. Color is recognized as one of the most important product attributes driving purchase. Although EXBERRY® only contributes a small percentage of each customer's recipe, it is vital to the brand. It is the responsibility of every team member to provide outstanding solutions to every challenge they face. Crucial to our further success is our fundamental ability to adopt consumer and customer perspectives as habits evolve and requirements differ globally. We believe that best-in-class products should be accompanied by best-in-class support.

We operate a responsible supply chain

Nature is the foundation of our business success. Preserving the richness of nature and making it available to our customers lies at the heart of what we do. We depend on the natural resources we use, and therefore believe in taking responsibility for these throughout our entire supply chain. Sustainability is key to making our business fit for the future and for all the stakeholders involved. We expect everyone at our company to live up to the highest ethical standards and to leave a minimal footprint wherever we go.

3.4 Materiality matrix

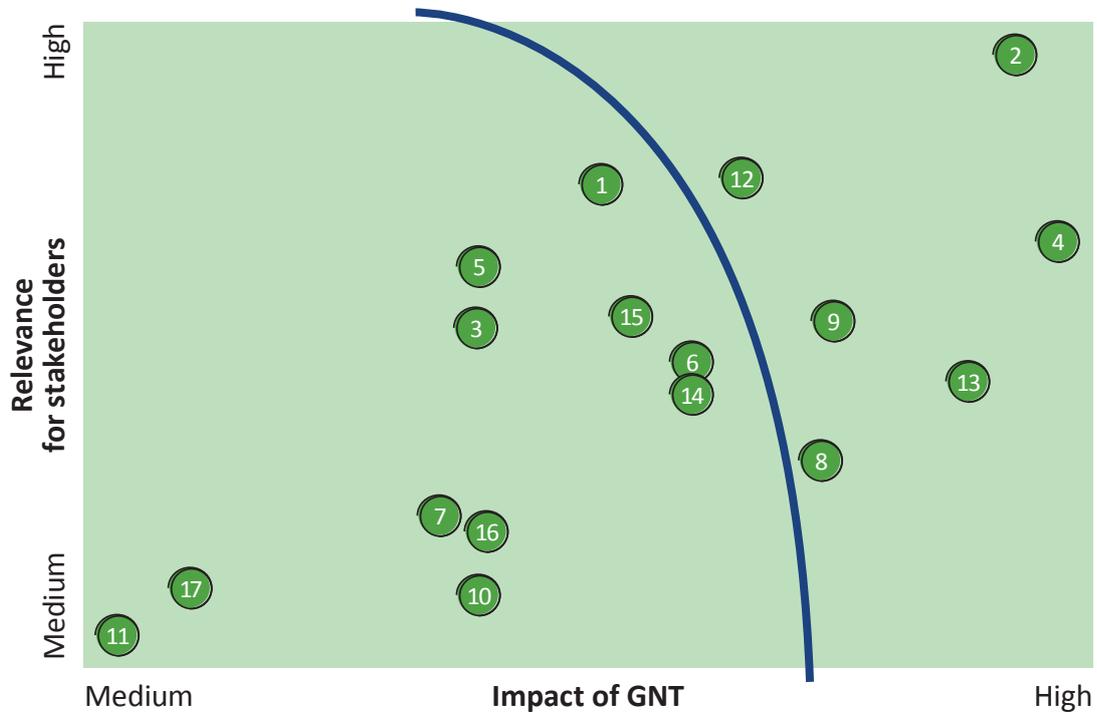
"Our materiality matrix provides us with a strategic compass to guide us on which sustainability topics we need to address to meet our needs as well as those of our customers and stakeholders." Rutger de Kort, Sustainability Manager, GNT Group B.V.

Developed in 2021, the materiality matrix is the foundation of GNT's sustainability strategy. It provides a detailed insight into the sustainability topics that are most relevant to the company, helping us to set our priorities and fulfil stakeholders' needs.

To create the matrix, we considered information from our sector as well as general sustainability standards to identify a wide range of potentially relevant issues. Resources included the Sustainable Development Goals (SDG) industry matrix, Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), media analysis, and sustainability reporting by peers and clients.

Based on this research, we established a list of 17 relevant topics. We then asked internal and external stakeholders to pick out the five topics they considered most important to the company and assign those topics a score.

The results, visualized in the materiality matrix below, determined the six material topics we have covered in this sustainability report.



- | | |
|---|--------------------------------------|
| 1 Traceability | 9 Health and safety |
| 2 Responsible agriculture | 10 Diversity and inclusion |
| 3 Fair & safe labor conditions | 11 Local community investments |
| 4 Greenhouse gas emissions | 12 Product quality and safety |
| 5 Water management | 13 Innovation |
| 6 Circular Economy/Food waste | 14 Responsible & fair business |
| 7 Packaging | 15 Economic performance |
| 8 Employer attractiveness and employee development | 16 Transparency |
| | 17 Data security and privacy |

3.5 Sustainability strategy

To ensure GNT is fit for the future, we have developed an ambitious roadmap for 2030 that will deliver wide-ranging improvements for people and planet. The strategy is built around four key topics: people, agriculture, operations, and products. The materiality matrix provided the basis for our plans, enabling us to identify the issues with a high impact on the business and those that GNT can influence.

DELIVERING SUSTAINABLE FOOD COLORS FOR A BRIGHTER FUTURE

Our targets for 2030

Better for people

Our labor **safety** standards will reach new heights, and we will continue to maintain high levels of employee satisfaction. We will also increase **diversity and inclusivity**.

- Achieve a lost-time accident rate 25% below the industry average
- Maintain an employee satisfaction score (eNPS) significantly above 30
- Continue to foster diversity and an inclusive environment as an equal opportunity employer
- Increase sustainable employability, with long-term absenteeism below the industry benchmark

Better agriculture

We will work with our contract farmers to take farmland sustainability to the next level through integrated pest management, nutrient efficiency, and biodiversity projects. We will initiate projects to improve livelihoods across our sourcing areas globally.

- Enroll all current and newly contracted farmers on sustainable agriculture training programs
- Implement ten biodiversity projects
- Implement five social livelihood projects along our supply chain

Better operations

We will improve energy and water efficiency and lower our carbon footprint in our factories. We will increase EXBERRY® products' circularity by valorizing side streams, and cut our emissions in transporting goods to customers.

- Improve energy efficiency across factories by 30%*
- Reduce the intensity of factories' CO₂-equivalent emissions by at least 50%*
- Reduce the intensity of CO₂-equivalent emissions in intralogistics by 15%*
- Improve water efficiency in our factories by 20%*
- Ensure at least 75% of our side streams remain food ingredients

Better products

Through constant innovation across our supply chain, EXBERRY® products will contribute to increased quality and sustainability within the food and beverage industry. We will continue to reduce our environmental footprint with further improvements to our raw materials through seed quality and innovations in farming technologies. In our role as a preferred business partner, we will work alongside our partners to achieve a more sustainable approach.

- Improve color intensity (color per hectare) by 30%* in our main crops, covering 80% of volume
- Make carbon footprint (scope 1 & 2) available for each product number
- Ensure at least 80% of carbon footprint scope 3 is available
- Reduce environmental footprint for EXBERRY® product ranges by 25%* in scopes 1, 2 & 3
- Secure external recognition for sustainability from customers (third-party verified)

* Compared to 2020 levels

3.6 Governance

GNT Group is run in an effective way. Responsibilities are directed to the lowest level possible, and management facilitates this approach. In the factories, a program of operational excellence is executed, aimed at continuously reducing losses and improving efficiency. Water and energy management are an integral part of this program. Furthermore, the Hoshin Kanri X Matrices are used for policy deployment to achieve strategy alignment across departments. This method provides an effective means of connecting the company vision and main strategic goals to the operational targets across all departments. We comply with local laws and regulations, and had zero non-compliances during the reporting period.

Executive committee

GNT's highest management team now consists of six people, with our Strategy Director joining the CEO, Managing Director, Financial Director, Sales & Marketing International Director, and the CEO of GNT USA. They meet every two weeks to discuss strategic topics and developments within the company. The members of the executive committee do not have a fixed tenure. Their remuneration is in line with the general remuneration policy of the company, consisting of a fixed-base salary accompanied by performance-based incentives both on general company performance as well as individual targets. The sustainability targets and performance are part of their appraisal.

Sustainability governance

GNT's sustainability governance is organized in a structured manner. The executive committee has final responsibility for the sustainability strategy and allocates resources to the management team to execute the strategic objectives. The executive committee was actively involved in the creation and definition of the sustainability strategy, including its material topics. The executive committee also appointed a sustainability committee, which meets every quarter and is responsible for reviewing and approving the reported sustainability information.

The sustainability committee consists of two members of the executive committee and the Sustainability Manager. The day-to-day management of sustainability is handled by the Sustainability Manager, who reports directly to one of the executive committee members. The sustainability committee oversees the implementation of the sustainability strategy by the line managers. The line managers are held accountable for their departmental sustainability objectives and given guidance and resources to enable them to meet those objectives. The X Matrix is the main tool to achieve internal alignment and safeguard its implementation across the whole organization.

Furthermore, there is a sustainability team that supports the Sustainability Manager. This team consists of a Supplier Development & Sustainability Manager and a Sustainability Analyst. The Supplier Development & Sustainability Manager is primarily responsible for raw material suppliers, while the Sustainability Analyst's duties include data management and CO2 footprinting.

Policy on Sustainable Sourcing

In December 2021, GNT created its first official policy on sustainable sourcing. An updated document was issued in December 2022.

The aim of the Policy on Sustainable Sourcing is to ensure we source all our goods and services in a way that contributes to sustainable development. It is applicable to GNT Group B.V. and all affiliates for purchase orders and/or contracts worth more than €50,000 per year. It covers our raw materials, including any processing of those materials such as cutting and freezing; production-related materials, including process aids, packaging materials, logistics and warehousing, and co-manufacturing; and utilities.

We want to allow suppliers to develop with us. We have outlined minimum and preferred requirements for each category; if the supplier cannot adhere to the minimum standards, they must draft a plan to do so within two years of their first delivery of goods or services. In 2022, 70% of our supply base was following the sourcing policy. We are working toward 100% compliance.

3.7 Stakeholders

GNT engages a wide variety of stakeholders to ensure the company is as sustainable as possible and that it will continue to be so in the years to come. These stakeholders include GNT's management team, employees, strategic suppliers, strategic customers, and industry organizations. We identify our stakeholders based on their influence on GNT and on the impact our decisions potentially have on them. We ensure meaningful engagement with our stakeholders through a variety of means, including surveys, interviews, and general discussions.

Before creating our sustainability roadmap, the company's internal specialists were asked to identify the key areas in which GNT could improve. These interviews included employees from all departments with a strong focus on sustainability. In addition, we conduct voluntary surveys with all GNT employees every two years to assess satisfaction and areas for improvement. In March 2021, we issued a survey that was used to help identify the material topics for this report. In total, 272 employees completed this survey, with a response rate of 71%.

We sought out extensive input from strategic suppliers and customers through surveys and interviews. We surveyed a total of 22 suppliers and 16 customers before conducting follow-up interviews with three suppliers and six customers. These interactions showed that both suppliers and customers recognize GNT's efforts to become more socially and environmentally responsible. Several interviewees said they specifically choose to partner with GNT for our sustainability management. We discovered that our efforts are particularly important to customers who advertise their products' carbon footprint and other environmental credentials.

We want to be the leaders in sustainability in our field. Working with customers who are already blazing a trail has been particularly beneficial, helping us to identify potential improvement areas, especially along our downstream value chain. We have set up strategic partnerships with several of these customers to work on sustainability topics along the supply chain, including packaging and transport optimization.

Since our first sustainability report was published, we have held regular meetings with staff on the topic as well as providing information through our intranet and posters. We will send out a new survey to all staff in 2023, which will include questions about sustainability.

We held many customer meetings and workshops to discuss our sustainability strategy in 2022. Some were initiated by GNT, while some customers requested meetings to gain insights into the work we are doing on agriculture and processing. We combine all input from meetings and questionnaires and use this to guide our strategy moving forward.

GNT is a member of several professional associations. These include NATCOL (Natural Food Colours Association) and national associations of the food industry, such as the Dutch Federatie Nederlandse Levensmiddelen Industrie (FNLI) and the German Lebensmittelverband.

“The industry is showing strong interest in sustainability now. We received a really positive response to our 2021 Sustainability Report and the engagement levels with the topic are better than ever in our customer interactions.”
Jeannette O’Brien, Executive Vice-President of Sales and Marketing, GNT USA

3.8 Our supply chain

As EXBERRY® is created from fruit, vegetables, and plants, producing raw agricultural products is the most important aspect of our supply chain. We are vertically integrated and monitor the entire supply chain in the majority of cases, from the seeds used to the cultivation and harvesting of raw materials, all the way through to our final ingredients. We have worked with many of our farmers for years, with some supplying GNT for over a quarter of a century.

We use more than 30 different raw materials to create our products and grow more than half of the total volume using our own seeds. Around 80% of our crops are grown in fields located within approximately 200 kilometers (125 miles) of our factories. They are cultivated on farms certified to GLOBALG.A.P., VVAK, or comparable standards.

Around 20% of our crops are sourced from Asian and Latin American suppliers, who deliver according to strict quality and sustainability criteria, including the color content of the crops. These suppliers are in constant contact with GNT’s agronomy department, and we make regular visits to ensure our quality and sustainability standards, such as GLOBALG.A.P. and FSA, are maintained. All imported raw materials are dried, chilled or frozen to preserve their quality before shipping. Airfreight is not used to transport raw materials, with the majority delivered by sea.

After we have processed the raw materials, the side streams retain high nutritional value. At present, they are predominantly used for animal feed.

Service providers such as washing facilities or cold storage are carefully selected according to GNT’s standards, which include FSSC 22000 and others, IFS Food, or IFS Logistics. We have partnered with many of these service providers over long periods, some for more than 25 years.

GLOBALG.A.P. (Good Agricultural Practices) includes a range of standards for safe, socially, and environmentally responsible farming practices.

VVAK (Voedsel- en Voederveiligheid Akkerbouw or Food and Feed Safety in Arable Farming) is a certification scheme for food and feed safety as well as sustainability.

FSA (Farm Sustainability Assessment) is an international standard on sustainable agriculture with three levels (bronze, silver, gold).

“GNT and Britvic work together on sustainability in our value chain. Together we looked at all aspects of our supply chain to improve sustainability. For example, GNT worked with us to optimize our order patterns. This not only helped improve the efficiency of our supply chain, but also helped to reduce the carbon emissions related to transportation. GNT have continued to be a transparent, innovative and collaborative supply chain partner to Britvic. By sharing their carbon footprint information and their sustainability plans with us, GNT are actively helping Britvic progress on their net-zero ambition. GNT is a great example of a collaborative partner who is working with Britvic to improve the sustainability of our joint supply chains.”

Madeleine Prince, Head of Supplier Sustainability at Britvic, plc



4 BETTER FOR PEOPLE

Maintaining a healthy, safe, productive, and well-motivated workforce is crucial to GNT. As it can take a long time for employees to get to grips with our products and processes, it is essential that we give them every reason to stay with us long-term.

4.1 Employer attractiveness and employee development

GNT is a family-owned company with values based on fairness, respect, and trust. Therefore, our communication aspires to be open and direct. Our open-door policy is a crucial part of this approach. If anyone has a question, request, or problem, they can speak to their manager, HR, or a director.

In total, we have 466 employees across 11 countries worldwide. The company is growing consistently and we hired 79 new employees in 2022. Our headquarters are in Mierlo, an area with approximately 11,000 residents. While it is close to the Brainport region of Eindhoven, we expect attracting new staff to become more difficult as GNT expands further. In 2023, we will work with an external agency to promote the brand. This will help us to attract more employees from our target groups while we will also use more diverse and targeted media to advertise vacancies.

As an equal opportunity employer, we know that a diverse team helps us be more innovative and creative and to achieve better results. Therefore, we want our staff to feature people from various backgrounds and with various experiences. This can include diversity regarding gender, experience, socio-economic levels, race, religion, sexual orientation, disabilities, and more. We have introduced a new training program on diversity and inclusion for 2023 to help us attract and retain a diverse workforce over the long-term.

Staff retention is vital to our continued success. We use eNPS to assess employees' satisfaction with the company. The first time we carried out an eNPS survey in 2019, the result was +46. In 2021, it was +44. These results compare very well with other companies' worldwide, including those within our own industry.

While the eNPS provides us with a valuable benchmark figure for employee satisfaction, it does not tell us the individual reasons someone is happy working at GNT. It could be down to any number of factors including employment conditions, challenging work, career options, a safe working environment, and the atmosphere in their department. We therefore rely on our more personal approach to gain a deeper insight into employees' views. This includes regular dialogue with employees across all departments. Our staff interviews provide us with important insights into why they started working at GNT and why they have chosen to stay or leave.

Personal development is another key priority for GNT. At the start of 2023, we launched the Develop Yourself platform. It is available via our intranet and makes it easy for employees to explore a vast array of opportunities for training and personal development.

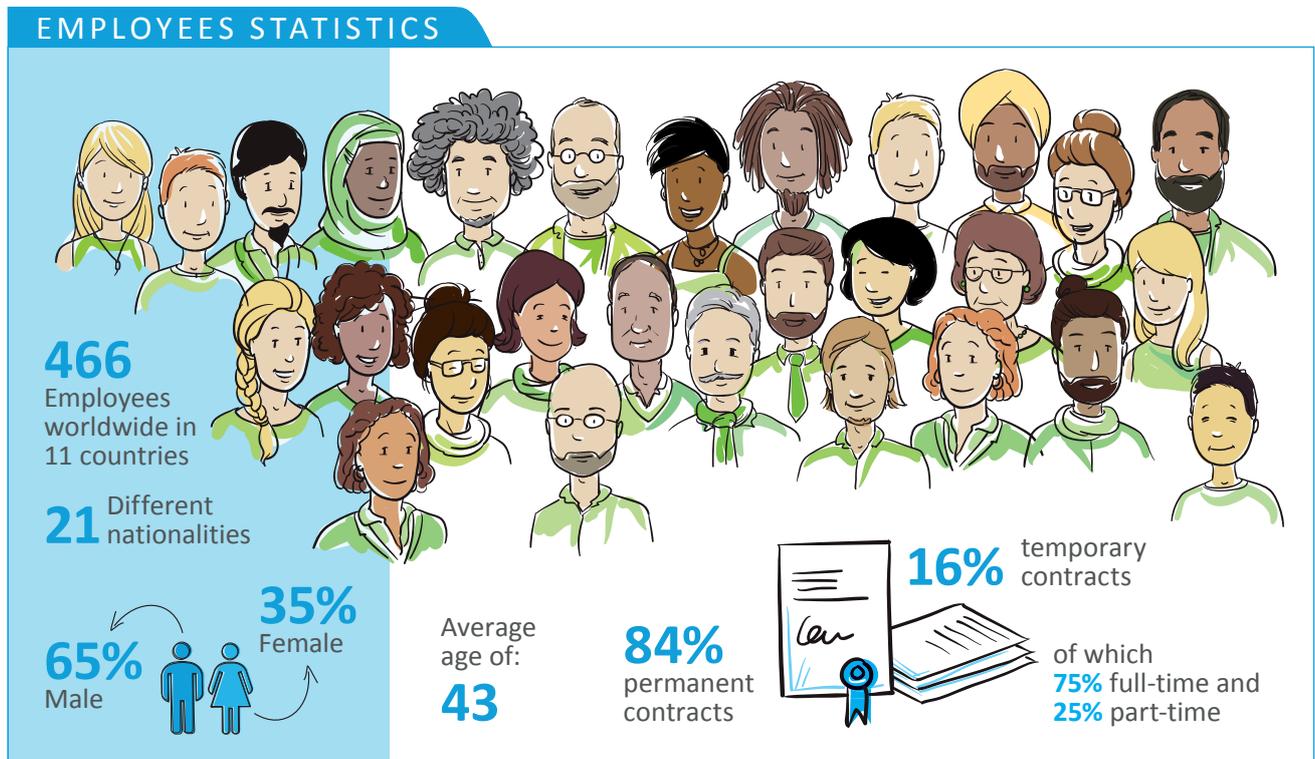
While the company's rapid growth creates challenges, it also opens up greater opportunities for our employees to grow with us. We want to ensure GNT remains one of the most attractive employers in the world and that we enable our employees to progress.

“Happy employees perform better and it’s very important that we give our staff every reason to stay with GNT for a long time. Our Develop Yourself platform provides staff the opportunity to discover the many training and development options on offer.”

Annet van Leenders, Head of Group HR, GNT Group B.V.

ENPS (EMPLOYEE NET PROMOTER SCORE)

To determine our Employee Net Promoter Score, we ask staff how likely they would be to recommend GNT as a place to work on a scale of 0-10. Employees who rate the company from 0-6 are ‘detractors’; those rating the company 7-8 are ‘passives’; and anyone who rates the company 9-10 is a ‘promoter’. Scores range from -100 to +100 depending on the proportion of promoters and detractors.



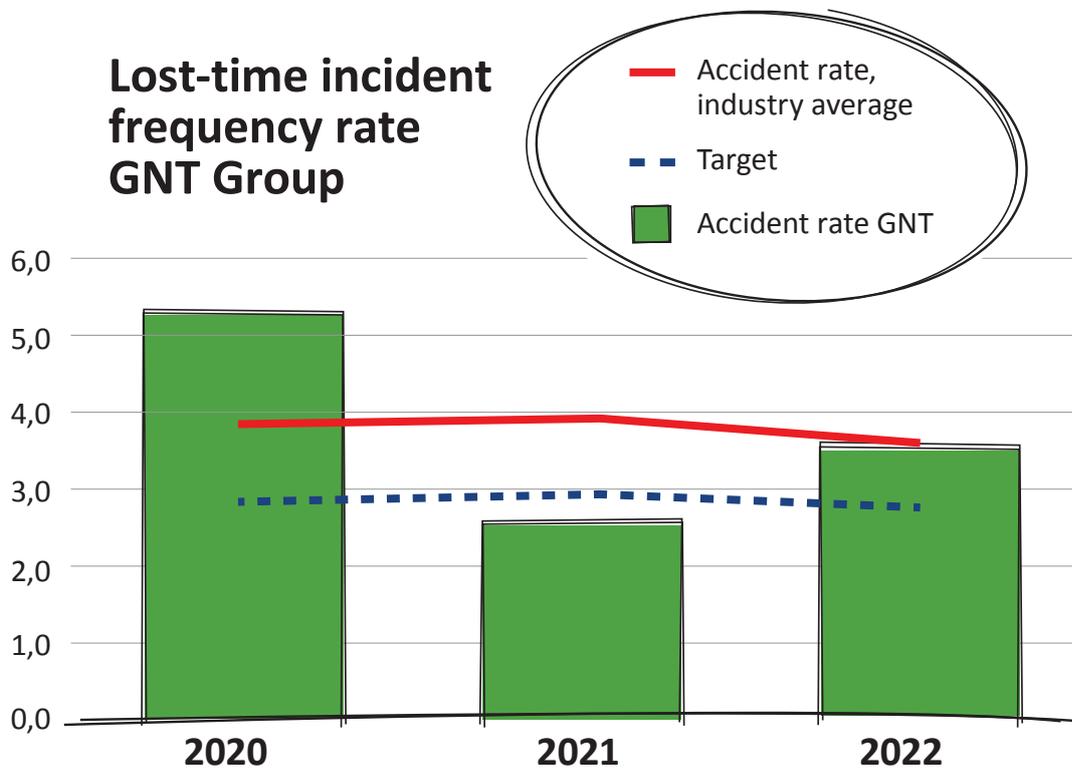
The information on our employees below is compiled through the HR system in which we keep track of the number of employees.

4.2 A healthy, safe, and pleasant workplace

Our people are our most valuable asset, and it is our responsibility to do everything in our power to keep them safe and healthy in the workplace. As part of this, we have set ourselves the target of achieving a lost-time incident (LTI) rate that is at least 25% below the food industry average.

We have introduced a number of measures in recent years that have helped us to improve workplace safety. In 2018, we brought in the safety cross system. In 2019, we began implementing Gemba walks. We use the 5S system to improve organization, too.

Despite this, our LTI rate rose from 2.7 in 2021 to 3.5 last year. This is below the industry average of 3.6 but significantly higher than our target rate of 2.7.



The increase was in part down to a significant number of staff joining GNT. We have put policies in place to help new employees stay safe. Everyone who comes in to work at GNT for any length of time is provided with our house rules on safety and hygiene. Staff and any subcontractors working on a longer-term basis are now also required to undertake e-learning courses. This approach provides a starting point for safe working, but ultimately we need to ensure there is a strong culture of health and safety to protect staff old and new.

During the first half of 2022, we carried out a ‘zero measurement’ to provide an independent assessment of our safety culture and identify areas for improvement. The zero measurement is used to rank companies’ safety culture on a scale of one to five. We brought in external specialists to conduct interviews with GNT’s senior management, audit company

documents, speak with staff across every department, and send out a questionnaire for all employees. Based on this information, they established that GNT is currently at level three on the zero measurement ladder, which means ‘safety rules are considered important.’ We have launched a Safety Culture Program. It will provide us with a structured approach to safety training, covering themes such as ‘rules of conduct as a basis for a safe workplace.’

We know that creating a strong safety culture takes time. It will involve the repetition of key messages until they become second nature. We also need to empower our staff to talk openly about safety and to ensure they understand the importance of reporting all near-misses and dangerous situations. Crucially, there must be an emphasis that safety comes before production.

The culture is now starting to evolve. By 2030, we aspire to reach level five on the ladder, with safety ‘fully integrated into all business processes.’

“We are already starting to develop the ‘safety first’ culture we want to see. At the end of 2022, a team leader identified a potentially unsafe situation and stopped the production line. He put his foot down and was applauded by his manager. That shows we’re really moving in the right direction.”

Carlo Meulendijks, Quality, Environment, Safety & Health Manager, GNT Group B.V.

The lost-time incident rate is calculated by multiplying the number of reported accidents by 200,000 and dividing that figure by the number of employee hours worked.

The safety cross system is used to draw attention to all unsafe behavior. Managers assess the previous 24 hours and use a public document to record whether dangerous situations or accidents have taken place. Operators can also use the document to suggest their own ideas to improve safety.

Taken from a Japanese term meaning ‘the actual place,’ Gemba walks involve managers meeting with production staff each day where the work takes place. Together, they review the previous day and preview the day ahead, identifying opportunities to provide help on safety matters.

The 5S system involves eliminating unnecessary tools and parts; organizing the required tools and parts; cleaning the work area; scheduling regular cleaning and maintenance; and sustaining those habits long-term.

THE SAFETY CULTURE RANKING SYSTEM:

5. PROGRESSIVE
Safety is fully integrated into all business processes.
4. PROACTIVE
Safety is a high priority and is continuously being improved.
3. CALCULATED
Safety rules are considered important.
2. REACTIVE
Actions taken are ad-hoc and short-lived.
1. PATHOLOGICAL
“What you don’t know can’t hurt you.”

4.3 Outlook

Delivering improvements on labor safety is a key focus in our roadmap for 2030 and we want to achieve a lost-time incident (LTI) rate that is 25% below the food industry average. We calculate GNT's LTI rate using data collated through the internal dashboards at our factories. Every time there is a dangerous situation or accident of any type, it must be logged in the system. This system shows many of the incidents have occurred at a section of our factory in Mierlo that contains older equipment and presents certain risks. There are plans to make a series of improvements to that section in 2023. These will include replacing loose hoses with stainless steel pipelines and walling off certain machines that create excessive noise.

In addition, we aim to ensure we reach level four on the safety culture ladder when the 2025 review takes place. In line with this goal, we have launched the Safety Culture Program, which is made up of four groups. We have a steering group to determine focus areas and budget. A working group is then responsible for devising plans and assigning tasks to team leaders, who will train their teams through workshops, presentations, and conversations on the shopfloor. We also have numerous ambassadors from our production staff, who will receive training, provide advice to colleagues, and raise any safety issues that emerge during their everyday work.

The Safety Culture Program will cover three themes in 2023. The first will be on rules of conduct. It will involve eight hours of training for team leaders and ambassadors, while there will be a team session for one hour each month. Topics within the first theme will include Seven Golden Rules, such as "I stop my work immediately if I cannot carry it out safely" and "I intervene when I see that a colleague is doing something unsafe." The Safety Culture Program is intended to run annually to maintain a consistent focus on the issue.

To improve sustainable employability, we want to support our employees in their choices and enable them to enjoy long, happy, and healthy careers with us. Our target is to ensure long-term absenteeism is below the industry benchmark. We currently review the absenteeism rate monthly and will start reporting on the long-term absenteeism rate in the years to come.

The next eNPS survey will take place in 2023. It will be divided into specific topics so that employees receive shorter surveys that are directly relevant to their work. We also plan to increase the frequency of the surveys moving forward to ensure we have up-to-date insights and can maintain our high scores. We are aiming for 80% of employees who respond to the eNPS surveys to recognize GNT as a sustainable organization.

We will continue to work hard to foster diversity and an inclusive environment as an equal opportunity employer. As part of this goal, all HR staff and those in leadership positions will be obligated to attend training on diversity and inclusion in early 2023. This will serve to help participants become aware of any unconscious bias, with leadership staff required to undertake online tests. Employees involved in recruitment will also be given training on how to use language to attract more diverse applicants when advertising vacancies.

5 BETTER AGRICULTURE

5.1 Improve farmland sustainability

Sustainable agriculture is key to making GNT fit for future generations as this is the only way we can ensure the long-term supply of our raw materials.

Agriculture carries an inherent risk of negative impacts. It can contribute to climate change and damage biodiversity, water sources, soil health, and other natural resources. In addition, agricultural workers in many parts of the world are affected by poor working conditions. This can involve health risks from physical labor and excessive working hours. However, agriculture also plays a crucial role in providing nutrition and shaping rural areas. In some communities, it is the only viable means of earning a living.

To mitigate social and environmental risks associated with agriculture, we will train every farmer working in our vertically integrated supply chain in sustainable practices by 2030. This means that all those growing raw materials including black or orange carrots, radishes, pumpkins, sweet potatoes, and turmeric will have achieved certification through GLOBALG.A.P. (or an equivalent scheme), FSA (minimum bronze), or both. The schemes will support best practice on topics including biodiversity, soil health, water management, integrated pest management, economic practices, and health and safety. These certifications will enable the farmers to become better and more efficient, creating long-term value for all parties. Our vertical approach also means that GNT's agronomy team has direct access to all contract farmers' fields, allowing us to make sure they can maintain standards year in and year out.

To track the effectiveness of our actions, we have developed a roadmap for 2030 containing numerous milestones. This roadmap is reviewed four times per year. Through constant dialogue with our farmers, we can effectively evaluate and adjust our approach based on their experiences.

We have also created a series of key performance indicators (KPIs) to monitor our progress. This involves tracking the number of farmers that have achieved sustainability certifications and the number of biodiversity and social livelihood projects that have been implemented.

We are confident that our initiatives and projects will set us in the right direction. We reached an important milestone in 2021 when our sweet potato farmers in China became the latest to achieve GLOBALG.A.P. certification. This means they can demonstrate food safety and sustainable production on a fundamental level. By the end of 2022, 40% of these farms had also achieved FSA bronze or silver, demonstrating their sustainable farming practices at a more advanced level. In 2023, we plan to secure further certifications.

"We're always challenging ourselves to find new ways to enhance our agricultural approach, working hard to identify crop varieties that will thrive in their environment and to grow them in a way that is kind to the planet."

Frederik Hoeck, Managing Director, GNT Group B.V.

GLOBALG.A.P. (Good Agricultural Practices) includes a range of standards for safe, socially, and environmentally responsible farming practices.

FSA (Farm Sustainability Assessment) is an international standard on sustainable agriculture with three levels (bronze, silver, gold).

5.2 Boosting biodiversity

Biodiversity is a crucial aspect of sustainable farming, supporting high yields over the long-term. A healthy agricultural ecosystem also offers greater resilience against challenges such as extreme weather events and plant disease. As well as further reducing pesticide use through integrated pest management, we have developed plans for a series of ten biodiversity projects across our sourcing areas.

Wild insects are an important component of both natural ecosystems and agroecosystems. Bees, butterflies, moths, flies, wasps, and beetles all transfer pollen from plant to plant and therefore support richer yields. Some of these species also act as natural enemies to common agricultural pests and therefore allow us to further reduce the use of pesticides.

In 2022, we initiated our first biodiversity project with the introduction of 10 large bee hotels. Four have been introduced to GNT's sites at Mierlo, Heinsberg, Aachen, and Derby, with six given to farms belonging to the company's long-term suppliers in Germany, the Netherlands, and Belgium.

These bee hotels provide habitats and nesting spaces for a wide variety of wild insect species as well as offering help with overwintering. Their introduction will allow us to make a small but direct contribution to biodiversity.

“Pollinators are crucial to our crops. We're fully committed to helping to promote biodiversity and to safeguard nature in our sourcing areas.”

Frederik Hoeck, Managing Director, GNT Group B.V.

5.3 Providing support across our supply areas

GNT has committed to supporting five social livelihood projects along our supply chain by 2030. The first sees us contribute €25,000 to 'Peru: Water, Wind, and Trees.' This non-profit project, which began in 2019, was created to support people living in the remote highland communities of Peru's San Marcos Province.

Climate change has had a dramatic effect on rainfall levels in the region, with droughts frequently leaving residents with limited water supplies for both drinking and farming. In an area in which many live off the land, this has posed a serious threat to both food security and livelihoods.

The water scarcity issue has been compounded by the actions of large-scale mining and timber companies operating in the area, which have caused pollution to water sources and severe damage to local ecosystems.

In 2019, ACICA launched 'Peru: Water, Wind and Trees' alongside GLS Future Foundation for Development (GLS ZSE) and the German Federal Ministry for Economic Cooperation and Development (BMZ). The project helped communities and the natural environment in San Marcos Province by improving the water infrastructure, promoting reforestation, and training farmers in organic practices.

The first part of the project concluded in April 2022 and has had a substantial impact. Hundreds of water storage facilities of various sizes were constructed, while overflow basins, small-scale irrigation systems, and water filters brought further improvements to the water infrastructure. Furthermore, 160,450 native, fast-growing tree varieties were planted across an area spanning 98.11 hectares. This included the planting of 12,559 fruit trees in suitable areas to provide both nourishment and additional income. The training courses, meanwhile, educated farmers on topics such as determining soil and seed quality and how to examine animals for parasites and common diseases.

The participants have seen crop yields and incomes improve while their livestock has flourished. They have also improved their resilience to drought as well as their knowledge of sustainable forestry and farming practices.

The first phase of 'Peru: Water, Wind, and Trees' helped more than 500 smallholder families across 12 San Marcos communities. GNT is now helping to fund a second stage, which will take place over three years. Building on the success of the initial project, it will enable ACICA to continue its work to help the people of San Marcos build a successful, sustainable future.

"The Peru project fits perfectly with GNT's aims. The first phase had a remarkable impact on the local community and we are proud to be able to play our part in ensuring the people of San Marcos continue to receive the support they need."

Javier Brill, Director of Sales for LATAM, GNT Group B.V.

5.4 Outlook

By 2030, we aim to enroll all our contract farmers in sustainable agriculture and processing training programs. At present, at least 66% of our contract farmers have achieved a minimum of FSA bronze level and 100% comply with good agricultural practices.

We will implement a total of ten biodiversity projects, focusing predominantly on creating thriving habitats for nature within our European supply chains. Our first project saw us introduce 10 large bee hotels in 2022. In 2023, we will establish six hectares of annual flower meadows in our Dutch, German, and Belgian growing areas. We will use regional seeds to support domestic flora and fauna, which will be sown in our carrot and radish fields as well as in areas outside our crop fields. Furthermore, at the Mierlo site, a large unused area of land will be sown in with wild flowers to create a local biodiversity hotspot.

Furthermore, we will adjust crop rotation and include additional catch crops in our radish and carrot cultivation. Catch crops are grown to utilize nutrients during winter or after the growing season. This can protect nutrients from being washed away and can even fix nitrogen from the air. Growing these crops will provide permanent vegetation, improve the soil structure, and support biodiversity. In combination with flowering strips, they will also create a window for ground-nesting birds to breed undisturbed in the field.

Further biodiversity and social livelihood projects will be announced in due course. We will monitor our progress across each of our agricultural targets and initiate new measures, including additional investments, should they be required.

6 BETTER OPERATIONS

6.1 Energy, carbon & water efficiency

For GNT to become a truly sustainable company, we need to achieve carbon-neutral processing as soon as possible. As part of that ambition, we have set ourselves the task of reducing CO₂-equivalent emissions at our factories by at least 50% by 2030, taking 2020 as the baseline. We also intend to improve our factories' energy efficiency by 30% and water efficiency by 20%. In addition, our emissions related to intralogistics will be cut by 15%.

Our Greenhouse Gas Verification Statement provides us with a carbon footprint audit in accordance with ISO 14064 for the years 2019 to 2021. This gives us excellent baseline information on where the carbon hotspots are as we work toward our long-term goal of having zero carbon emissions from our operations.

Our primary focus at this stage is reducing our reliance on natural gas, which we use to generate heat for several of our processes. We use evaporation to create all EXBERRY® Coloring Foods and this process consumes by far the most energy. In some cases, we need to increase the dry matter of our concentrates from 10% to 70% across two evaporation stages. We are now using filtration to increase dry matter content and reduce the amount of evaporation required.

We know that filtration can deliver benefits across many areas. We have already achieved a 17% improvement in both yields and energy use following the introduction of a filter for one of our production processes in Mierlo. We have now approved the installation of a reverse osmosis (RO) filter for our factory in Heinsberg. This filter, which is due to be operational from mid-2023, will require a slight increase in electricity use but could deliver a 20% reduction in gas usage. We also have an RO filter in place in Mierlo that could deliver a 50% reduction in water usage for certain production processes. However, as some ingredients can be sensitive to minor changes in water composition, its implementation has been delayed to ensure it does not interfere with product quality.

Energy efficiency is a key part of our sustainability strategy and we have approved a €350,000 project to improve the energy efficiency of our steam vessels in Mierlo. This heat exchange system will be installed in 2023 and is expected to reduce gas requirements by between 6% and 10%.

The Heinsberg facility operates an ISO 50001 energy management system and we will aim to achieve this certificate at Mierlo in the years to come. We have a dedicated energy task force at Heinsberg and established a similar task force at our Mierlo site in 2022. It consists of engineering, maintenance, and production staff. They review the daily data to develop a deeper understanding of energy use at the site and identify opportunities for improvement. We also now provide all production employees with an energy report every two weeks. The renewed focus on energy efficiency has transformed the work culture. If a machine is not needed for a brief period, staff now understand that it must be switched off. We are discovering that this approach can reap energy savings of between 10% and 20%.

Key environmental indicators (base year 2020)

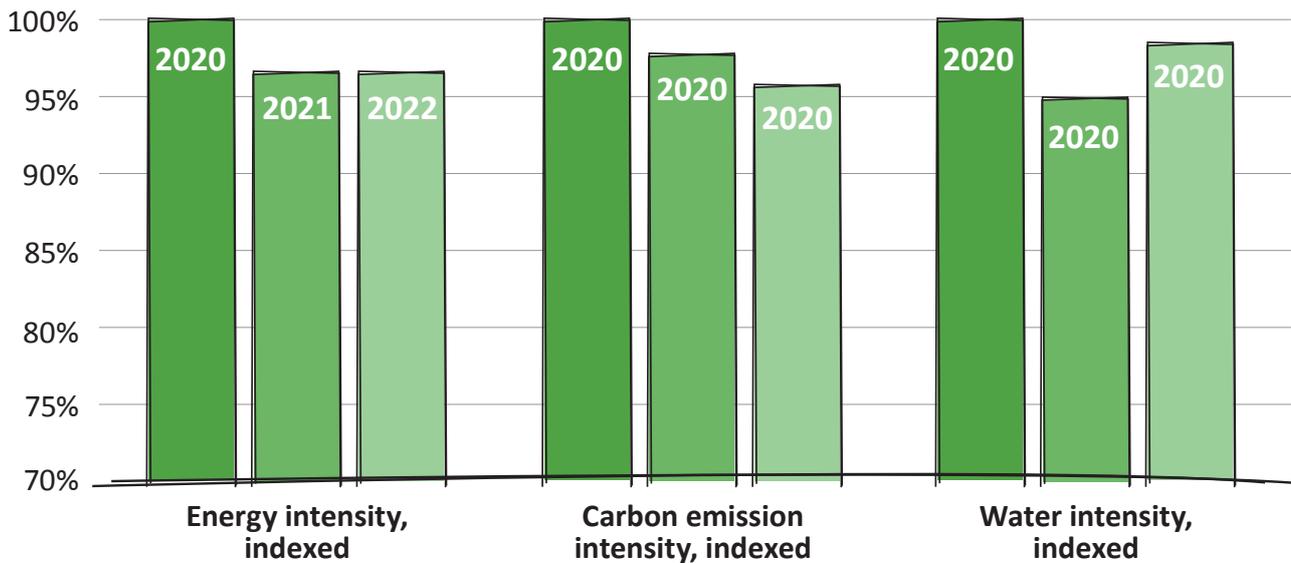


Figure 1 - Selected environmental KPIs. Consolidated data at GNT Group level, indexed for base year 2020. The data represent relative consumption per unit of product sold.

In 2022, we continued to reduce energy intensity and carbon emissions intensity per ton of product sold. However, water usage per ton of product sold increased compared to 2021. This was largely due to an increase in demand for products that require higher water consumption. We are still using less water per ton compared to the base year, but we will need to redouble our efforts on this front to ensure we meet our aims.

“The energy task force in Mierlo is really giving urgency to the whole sustainability topic. There’s now a strong focus on energy and water management among our engineers and production staff and a real sense of confidence that we are working toward something good.”

Jan Hermans, Head of Production Europe, GNT Group

CARBON FOOTPRINT AUDIT

In January 2023, GNT released our first Greenhouse Gas Verification Statement. The statement details our carbon footprint from 2019 to 2021. The auditor SGS verified the emissions data according to the internationally recognized ISO 14064 standard, which includes emissions from carbon dioxide, methane, and nitrous oxide across six different reporting categories.

It shows our total carbon footprint dropped by 3,427 metric tons to 38,656 over the reporting period. This is largely due to the use of green electricity at our production sites. The biggest contributors to GNT’s carbon footprint are direct emissions from natural gas and indirect emissions related to the purchase of heat and steam. Emissions related to purchased goods – such as raw materials, ingredients, and packaging – and waste streams are also important factors.

6.2 Circular economy

At present, we use 90% of our side streams for animal feed. The solid leftovers from our carrots, for example, provide nutrition for pigs. Any solid side streams that are unsuitable for animal feed are used for biogas. This means we currently use less than 10% of our side streams for human consumption.

We now want to increase circularity by utilizing at least 75% of all solid and liquid side streams for human consumption by 2030. Doing so is an important part of our sustainability ambitions but represents a considerable challenge, since it requires a tremendous amount of research and development.

Of course, some raw materials have greater potential than others. Some are processed in such small quantities that upcycling them into food ingredients would provide minimal value. Others present challenges in terms of preservation or organoleptic qualities. We will continue to ensure that any side streams that do not remain within the food chain are used for animal feed or, if that is not possible, biogas. We are also exploring the possibility of creating facilities at Mierlo and Heinsberg that would enable us to convert some of our solid and liquid waste streams into biogas onsite.

“Valorizing 75% of our side streams is a huge task, but we set this goal knowing it was ambitious and that we’ll need to find innovative new solutions.” Dr. Kai Reineke, R&D Scientist, GNT Group B.V.

6.3 Outlook

With regard to carbon emissions, our primary target at this stage is to deliver a 50% reduction by 2030.

Filtration has had an important impact at our factory in Mierlo and we have approved the installation of a reverse osmosis filter at Heinsberg in 2023. We are also exploring the possibility of installing an RO filter elsewhere in Mierlo as well as a mechanical modification to an evaporator. Both the RO filter and the evaporator modification would slightly increase electricity requirements but reduce gas usage. In total, we have made plans to invest €2.5 million on improvements at our Heinsberg site.

Electrification may also enable us to move away from gas. We are now looking into the possibility of introducing industrial heat pumps into more of our processes.

We will devise specific plans to reduce CO₂-equivalent emissions in intralogistics by 15% in the coming years. This will require the involvement of the supply-chain department as well as our logistics partners.

In 2023, we will start carrying out the final stages of production at our new site in North Carolina, USA. We will measure energy and water use at the site and plan to include this data in our 2023 sustainability report.

By the end of 2023, we aim to launch a successful new ingredient based on our side streams. We see carrots as the crops with the greatest potential at this stage. By 2026, we hope carrot-based ingredients can take us more than halfway toward our goal of using 75% of our side streams for human consumption.

7 BETTER PRODUCTS

7.1 Environmental footprint of our products

For several decades, we have promoted the value of GNT's vertically integrated supply chain, which gives us deep insight into how our raw materials are grown and harvested. Our supply chain has not only allowed us to maintain quality standards but helps us to tell a positive story about our products' environmental credentials.

Nonetheless, we know we need more than words to maintain the trust of our customers. To ensure complete transparency, we are making CO2 footprint data available for the whole EXBERRY® Coloring Foods range. We plan to introduce Product Environmental Footprint (PEF) scopes 1 & 2, which focus on CO2 at our production sites, in the coming years. We intend to make scope 3, which covers the entire supply chain, available for most of our range as the next step.

We use more than 30 different raw materials across the EXBERRY® Coloring Foods range, which allows us to provide a full spectrum of shades. While 80% of our raw materials are grown within approximately 200 kilometers (or 125 miles) of our factories, we rely on crops from further afield as well. Some raw materials also require more energy-intensive production processes than others. These factors mean that our CO2 footprint figures vary across the range.

By 2030, we have set ourselves a hugely ambitious target to reduce the environmental footprint for EXBERRY® product ranges by 25%. This will require substantial efforts on several fronts, including improvements to raw materials and production processes.

“Achieving our environmental footprint targets will not be easy and we’re going to face many challenges in the years to come, but it’s an important issue and everybody is passionate about what we’re trying to do.”

Sonja Scheffler, Senior Product Manager, GNT Group B.V.

Devised by the European Commission, Product Environmental Footprint (PEF) is a life cycle assessment (LCA) based method to measure and communicate products' potential life cycle environmental impact. It takes into account all value chain activities, from extraction of raw materials to production and use to final waste management.

7.2 Product quality & safety

The term 'sustainability' has many different interpretations, particularly in the food sector. For GNT, the meaning is simple. While quality is the ability to satisfy requirements, sustainability is the ability to continue to do so over time.

Sustainability is an integral part of GNT's values, embedded in our corporate culture, and supported by a robust quality management system. As long ago as the 1990s, we introduced a quality management system based on ISO 9001. Following the continuous improvement approach, this has been extended to GFSI-compliant systems to ensure our products and services comply with the highest quality and safety standards. Our approach allows us to meet our needs long-term without compromising those of our customers, stakeholders, or the planet.

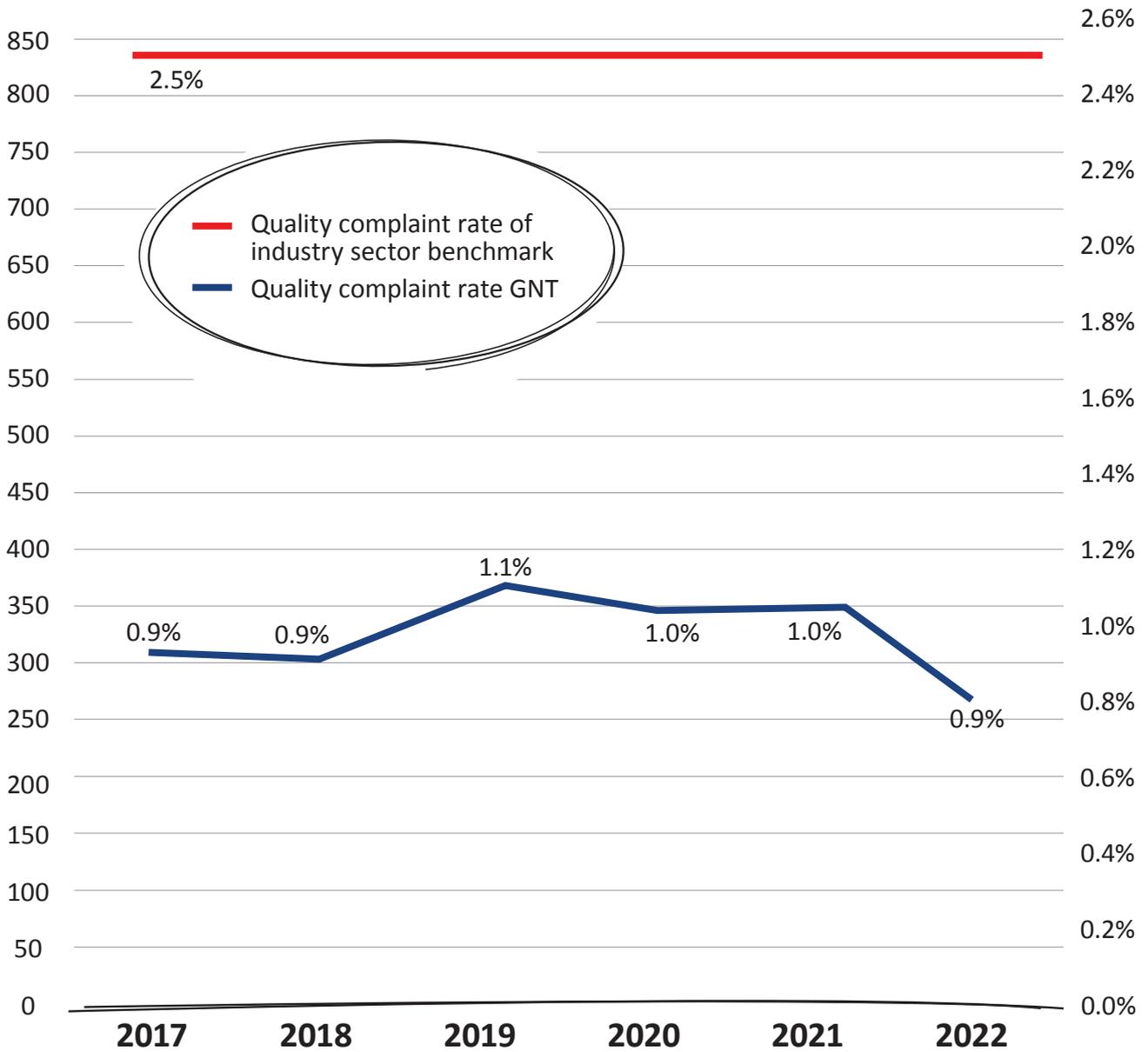
To help us maintain and even improve our high food safety levels and performance, we have third-party certifications such as FSSC 22000 and IFS Food Standard as well as strictly applying HACCP principles.

Well-implemented quality management also ensures safe and healthy raw materials and supports sustainable agriculture. GNT always strives to minimize the application of fertilizers and plant protection products. We strictly adhere to standards such as FSA with accompanying comprehensive monitoring programs. We have an exceptional record for both products and services regarding incidents of non-compliance with regulations and/or voluntary codes. Our target is to ensure that this always remains the case. Adhering to third-party certifications such as GLOBALG.A.P., SEDEX Members Ethical Trade Audit (SMETA), and GMP+ and strictly applying Good Agricultural Practices (GAP) and/or Good Manufacturing Practices (GMP) principles support us in maintaining and even improving this high level of food safety and performance.

Quality management's responsibilities extend to sustainability aspects in new product development, where the team's practices and tools are shared in a co-organized product development setting.

Maintaining GNT's high quality and safety standards has the additional benefit of minimizing the need for replacement products. This supports our environmental goals as it helps us to avoid additional transportation and packaging, food waste, and carbon emissions. We adopt a holistic 'Fit for Purpose' approach to ensure products and services always comply with expectations. 'First time right,' meaning losses across the supply chain are prevented, is a key element of this approach.

Our overall complaint rate, as seen in the figure below, has been considerably lower than the industry standard over the course of recent years. The rate includes complaints relating to services (including logistical services) and products. The target is to be well below the industry benchmark, so we work with a rolling target. Our figures benefit from an in-depth complaint management system that means any issues are clearly reported and followed up.



- Complaint rates below one percent are excellent and point to a high quality of good performance
- Quotas in a range between 1% and 3% should be considered as a signal to identify the causes of complaints and to draw general conclusions from the findings to optimize existing processes
- The rate includes complaints on services (including logistical services) and products

“The principles and methods of quality management are an integral part of GNT Group’s sustainability agenda. As a family-owned company, the ‘Today’s Quality is Tomorrow’s Sustainability’ approach is anchored in our DNA.”

Christoph Zurlinden, Head of Quality & Regulatory, GNT Group B.V.

GFSI (Global Food Safety Initiative) was developed to ensure food facilities are processing safe food for consumers through effective food safety management systems.

HACCP (Hazard Analysis and Critical Control Point) is a management system for food safety hazards. It is used to analyze and control biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.

FSA (Farm Sustainability Assessment) is an international standard on sustainable agriculture with three levels (bronze, silver, gold).

GLOBALG.A.P. (Good Agricultural Practices) includes a range of standards for safe, socially, and environmentally responsible farming practices.

SEDEX Members Ethical Trade Audit (SMETA) helps businesses understand standards of labor, health and safety, environmental performance, and ethics within their operations and/or at supplier sites.

GMP+ covers feed production. GMP stands for Good Manufacturing Practices and the plus sign indicates the integration of Hazard Analysis and Critical Control Points (HACCP). It confirms that the feed safety risk management system lives up to the highest industry standards.

7.3 Innovation

Innovation is a key driver for our strategy. As such, more than 12% of our workforce works in functions related to R&D. We use innovation focus fields to target the most important market needs, considering customers' requirements globally, regionally, and across different food and drink categories.

Our customers provide input on their innovation requirements through discussions with our salespeople and we gather information from GNT staff through an online 'ideas box.' We also carry out large-scale innovation surveys on an occasional basis to gain insight from our customers globally.

Based on our focus fields, we develop solutions that meet specific application and regulatory requirements as well as delivering improvements to existing products. For example, we use safflower to deliver yellow hues, but it is not permitted for use in the US market. We offer several yellow products made from turmeric that enable us to fill the gap. In 2022, we added to these options with the turmeric-based EXBERRY® Shade Bright Yellow – MN Powder as well as EXBERRY® Shade Bright Green – Powder and EXBERRY® Shade Bright Green – MN Powder, which are made from turmeric and spirulina. In total, 20 new products were launched over the course of the year.

We search for solutions to customers' needs in a variety of ways. This includes exploring new raw materials that may deliver benefits such as greater color intensity or improved performance. We have introduced a range of red shades based on red potato. These concentrates produce results comparable to other anthocyanin-based Coloring Foods but without the off-taste sometimes found in products such as radish.

We also invest constant effort into improving the quality of our existing raw materials. As part of our roadmap for 2030, we have set out plans to improve the color intensity of our main crops by 30%. Our main crops include carrots, radishes, sweet potatoes, and more, representing at least 80% of the total volume of our raw materials. To increase the color content per hectare, we constantly screen for new crop varieties with naturally high color levels. Our breeding methods mean the crops are better adapted for their environment and our own requirements. We also work to continuously enhance our cultivation techniques. This involves identifying the ideal planting densities and harvesting periods; improving our pesticide and fertilizer programs; and scouting for new growing regions with optimal climatic conditions. Achieving greater color intensity means we need to grow fewer crops to achieve the same results. This helps us to reduce water, fertilizer, and pesticide use as well as transportation requirements.

We use innovation to boost the functionality of our products, too. In 2019, we developed an improved range of red Coloring Foods that provides shades that are 50% more intense through innovation on the product level. This means they can be used in lower dosages, resulting in reduced cost-in-use as well as cutting down on packaging and transportation.

We create several completely new products each year. In 2022, we introduced the first powder products to our EXBERRY® Organics range. Available in addition to the existing EXBERRY® Organics liquids, the yellow, red, pink, purple, and blue powders have been specifically developed to deliver optimal performance in dry applications such as instant beverages, seasonings, and cake mixes. Food and beverage products can be described as organic if they comply with organic farming standards. These vary between countries, but generally feature practices that maintain ecological balance and restrict the use of certain pesticides and fertilizers. Furthermore, organic foods are typically not processed using irradiation, industrial, or synthetic solvents. All EXBERRY® Organics products are certified organic in accordance with EU and USA regulations.

In late 2021, we expanded our pilot plant capabilities in Mierlo. This is a vital part of our innovation strategy and serves two important functions. It provides important facilities for GNT, enabling us to experiment with new solutions involving both wet processes, which involve water, and dry processes, where moisture must be restricted. The larger part of this facility was developed to offer a certified food-grade environment for start-up food and drink companies to create their own products. We provide affordable spaces of varying sizes to allow these companies to develop their innovative concepts. The products that result can then provide valuable investment opportunities for GNT.

In September 2022, we opened a state-of-the-art Customer Experience Center at our new facility in North Carolina, USA. It enables our technical and culinary innovation teams to provide technical support to food and beverage companies across the region and support innovative product development.

Innovation is crucial to meeting our customers' needs and achieving our commercial targets. In the coming years, it will also become increasingly important to our sustainability goals as we develop new products and processes.

“Our innovation team is really passionate about delivering targeted solutions based on the feedback from the market. With sustainability becoming an increasingly important topic for GNT, we're very excited about helping the company achieve its goals.”

Dr. Kai Reineke, R&D Scientist, GNT Group B.V.

Customer Experience Center

Located in Gaston County, North Carolina, our new Customer Experience Center provides GNT's R&D epicenter for North America.

We offer a variety of in-person and virtual workshops for customers at our culinary experience kitchen. These include culinary collaborations, brainstorming and prototyping sessions, and technical and natural color solution workshops. The hands-on workshops are designed to help shorten the R&D testing and development cycle. They enable product developers to better understand the key technical parameters required to achieve success for a comprehensive range of food and beverage products. Services on offer include color selection, stability testing, color analysis, and color performance benchmarking.

The Customer Experience Center also focuses on connecting people through food and showcasing the full EXBERRY® experience. We highlight how our colors are created and present them as part of creative culinary experiences.

7.4 Outlook

To establish ourselves as leaders on sustainability, we are working to make CO2 and water footprint data available for every product we offer. We are on course to achieve Product Environmental Footprint (PEF) scope 1 and 2 for most of our range. In the coming years, we aim to ensure at least 80% of PEF scope 3 is available, covering additional factors including agriculture and transportation. Our vertical supply chain provides important advantages for scope 3 as we have direct access to the farmers' fields and do not have to rely on second-hand information.

We plan to reduce the environmental footprint for EXBERRY® product ranges by 25% by 2030 compared to 2020 levels. By reducing emissions in the factory, we will reduce the footprint of our products. Furthermore, we will increase the color intensity of our products, which will reduce transportation and packaging requirements.

By 2030, we aim to increase the color intensity of our main crops by 30% compared to 2020 levels. Our progress on this key performance indicator (KPI) is measured after each crop season by recording yields in metric ton per hectare (MT/ha) and extractable color per metric ton. The increase in efficiency is expressed as an average for all main crops in color value per hectare based on a comparison between 2020 and the reporting year. In 2021, there was a 29% increase in total color yield compared to 2020 levels, with mass yields benefiting from the large amount of rain during the European growing season. In 2022, we achieved a 22% improvement compared to 2020 levels. The slight decline in performance from the previous year was largely down to the hot, dry weather in Europe in 2022, which had a significant negative impact on orange carrot yields.

We will continue developing new products and optimizing existing products through innovation. We now seek to generate a percentage of our annual turnover from new products. Sustainability plays a key role during our product innovation process.

8 GRI INDEX

Statement of use	GNT Group B.V. has reported the information cited in this GRI context index for the period of 2021 with references to the GRI Standards. This is GNT Group B.V.’s second sustainability report. Because we want to report transparently on our sustainability information, we aligned with the new GRI 2021 criteria as much as possible. We are working toward reporting entirely in accordance with GRI 2021 in the future.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	2 – GNT at a glance
	2-2 Entities included in the organization’s sustainability reporting	8.1 – About this report
	2-3 Reporting period, frequency, and contact point	8.1 – About this report
	2-4 Restatements of information	8.1 – About this report
	2-5 External assurance	8.1 – About this report
	2-6 Activities, value chain and other business relationships	3.8 – Our supply chain
	2-7 Employees	4.1 – Our workforce
	2-8 Workers who are not employees	4.1 – Our workforce
	2-9 Governance structure and composition	3.6 – Governance
	2-10 Nomination and selection of the highest governance body	3.6 – Governance
	2-11 Chair of the highest governance body	3.6 – Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	3.6 – Governance
	2-13 Delegation of responsibility for managing impacts	3.6 – Governance
	2-14 Role of the highest governance body in sustainability reporting	3.6 – Governance
	2-15 Conflicts of interest	3.6 – Governance
	2-16 Communication of critical concerns	3.6 – Governance
	2-17 Collective knowledge of the highest governance body	3.6 – Governance <i>We do not disclose this fully, as it needs further development</i>
	2-18 Evaluation of the performance of the highest governance body	3.6 – Governance <i>We do not disclose the exact procedure, as it needs further development</i>
	2-19 Remuneration policies	3.6 – Governance

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-20 Process to determine remuneration	3.6 – Governance <i>We do not disclose the exact procedure, as it needs further development</i>
	2-21 Annual total compensation ratio	3.6 – Governance <i>We do not disclose the exact ratio, due to incomplete data resources</i>
	2-22 Statement on sustainable development strategy	1 – Preface
	2-23 Policy commitments	1 – Preface
	2-24 Embedding policy commitments	1 – Preface
	2-25 Processes to remediate negative impacts	6 – Better operations
	2-26 Mechanisms for seeking advice and raising concerns	4 – Better for people
	2-27 Compliance with laws and regulations	3.6 – Governance
	2-28 Membership associations	3.7 – Stakeholders
	2-29 Approach to stakeholder engagement	3.7 – Stakeholders
	2-30 Collective bargaining agreements	4.1 – Our workforce
GRI 3: Material Topics 2021	3-1 Process to determine material topics	3.5 – Sustainability strategy
	3-2 List of material topics	3.4 – Materiality matrix
Employer attractiveness & employee development	3-3 Explanation of the material topic and its management approach	4 – Better for people
	Own indicator: Employee satisfaction score	4 – Better for people
Health & safety of employees	3-3 Explanation of the material topic and its management approach	4.2 – A healthy, safe and pleasant workplace
	Own indicator: lost-time accident rate	4.2 – A healthy, safe and pleasant workplace
	Own indicator: long-term absenteeism rate	4.2 – A healthy, safe and pleasant workplace

GRI STANDARD	DISCLOSURE	LOCATION
Responsible agriculture	3-3 Explanation of the material topic and its management approach	5 – Better agriculture
	Own indicator: % of contract farmers trained in sustainable agriculture	5 – Better agriculture
Greenhouse gas emissions	3-3 Explanation of the material topic and its management approach	6.1 – Energy, carbon & water efficiency
	Own indicator: Improve energy efficiency	6.1 – Energy, carbon & water efficiency
	Own indicator: reduce carbon emissions	6.1 – Energy, carbon & water efficiency
Product quality & safety	3-3 Explanation of the material topic and its management approach	7.2 – Product quality & safety
	Own indicator: complaint rate	7.2 – Product quality & safety
Innovation	3-3 Explanation of the material topic and its management approach	7.3 – Innovation
	Own indicator: color intensity of the main crops	7.3 – Innovation
	Own indicator: # of new products	7.3 – Innovation
	Own indicator: % of employees in R&D functions	7.3 – Innovation

8.1 About this report

This sustainability report covers the activities of GNT Group B.V. and its affiliates, including the production locations of Mierlo in the Netherlands, Heinsberg in Germany, and Dallas, NC, USA for the financial year 2022. This is GNT Group B.V.'s second sustainability report. Because we want to report transparently on our sustainability information, we aligned with the new GRI 2021 criteria as much as possible. We are working toward reporting entirely in accordance with GRI 2021 in the future. We have not yet searched for external assurance. Senior executives have been involved in this decision and we discussed the ambition to apply assurance with regard to future reports. Please note that our sales affiliates are not represented in the environmental figures.