

SABATER GLOBAL

A World Of Natural Ingredients

Corporate Sustainability Report
2022

sabater



WHAT WE DO



Spices



Ethnic Blends

GLOBAL PRESENCE



USA

Los Angeles
Processing, Sourcing,
Sales & Distribution

Miami
Sales & Distribution

Peru
Sourcing & Processing

Spain

Murcia
Corporate HQ
Cultivation & Processing,
Sourcing, Sales & Distribution.

Senegal
Cultivation & Sourcing
& Processing

China
Qingdao
Processing, Sourcing,
Sales & Distribution

SABATER IN NUMBERS



Total Surface Area

85.500m²



Workforce

Close to

400

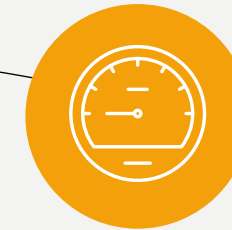
PEOPLE



CO2 intensity

0,08

T CO2 eq/Tm



Volume of products sold

34,7

k Tn

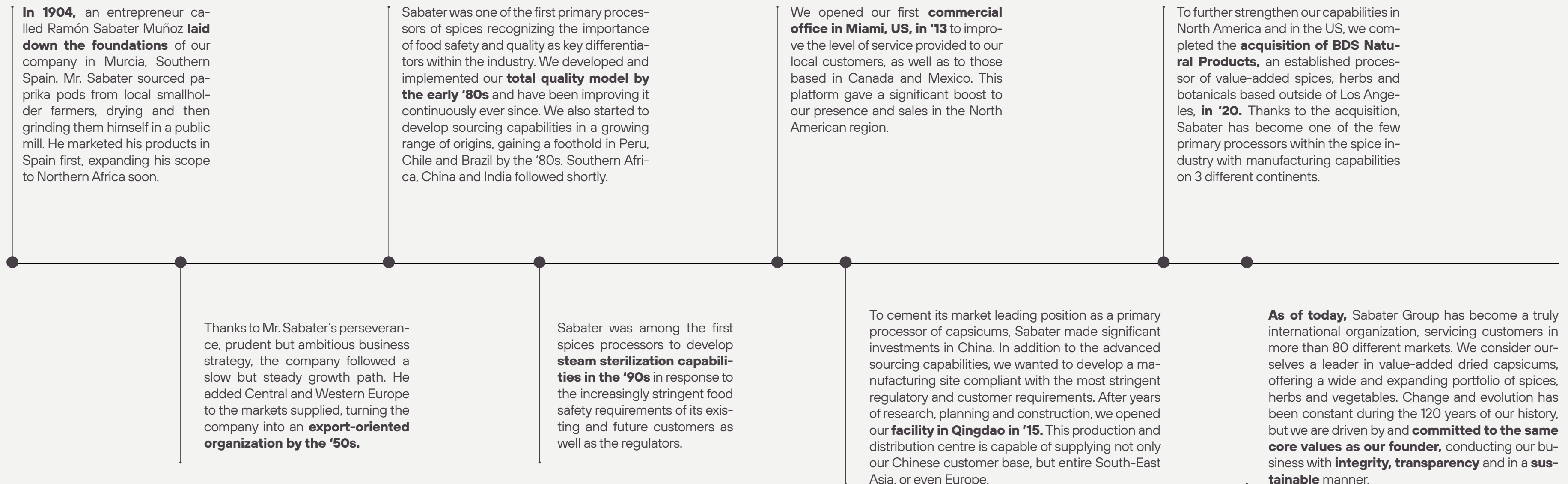
Turnover*

130m€





Our 120 Years of History



Why Sabater?



Wide and expanding portfolio

Our product range consists of more than 50 spices, herbs and dehydrated vegetables already, making us a supplier of choice. We keep building our portfolio of value-added ingredients in accordance with the needs and expectations of our customers around the globe to become a one-stop-shop solution offering many synergies.

Diverse processing capabilities

We are the only primary processor of capsicums with manufacturing capabilities on 3 different continents, in Europe (Spain), Asia (China) & North America (USA). This enables us to mitigate the risks associated with complex, global supply chains that we are part of, and provides us as well as our customers with a great opportunity to minimize our scope 3 emissions.

Global sourcing capabilities

We source our raw materials directly from origin and in whole form to guarantee the authenticity of the ingredients supplied to our customers. Most of the spices and herbs we process are crops grown in an open environment exposed to the forces of nature. To mitigate climate related, geopolitical and economic risks, we put a great emphasize on developing multiple, independent and compact sourcing channels for our key raw materials, having boots on the ground in China, Spain, Peru, Africa, Hungary, and a carefully selected and vetted vendor base in Vietnam, India, Turkey, Poland, Serbia, etc.

We think globally, act locally

Sabater has become an organization with a global footprint, able to provide its customers with a high service level on a large scale, but without compromising on its customer-centric approach, agility and flexibility that earned its reputation within the industry.

Sustainability at the forefront

Sustainability has been a core value of Sabater since its foundation. We are excited to see how it is gaining more and more traction not just within the agri & food industry, but in other value chains as well and most importantly among end consumers. We are committed to make a significant and positive impact in close collaboration with our suppliers, smallholders, customers, NGOs, platforms, certification and verification bodies etc. and will ensure that everything we do serves and underpins this purpose.

SUSTAINABILITY – A CORE VALUE EMBEDDED INTO OUR BUSINESS MODEL

For us, corporate responsibility is not a isolated or punctual aspect of our business strategy, but has been present since our origins, inspiring our values and our performance throughout our almost 120 years of history

Pepe Sabater | Group CEO



ENHANCING SUSTAINABILITY ACROSS OUR BUSINESS



Business as a force for good | Sabater is firmly committed to make a positive, measurable and significant impact through its interactions with all relevant stakeholders of the value chain it is part of.

Holistic perspective | We understand that sustainability is multi-faceted and has various aspects. Our intention is to address not only environmental, but also social issues identified in our micro-and macro environment in an economically viable manner.

Our sustainability initiatives at origin | in close collaboration with smallholders, farmers, suppliers and our customers enable us to reduce our environmental footprint and evolve towards a circular economy. Fair value distribution, complete elimination of forced and child labor, ensuring gender equality are just a few examples of the many areas we focus on to meet our social responsibilities as integral parts of these projects.

Human Capital | We genuinely believe it is our most important asset. We are committed to the continuous development of our people, to the creation of a working environment that is safe, engaging and not only attracts but also retains talent. We are proud of our identity, our family and cultural roots, but we are also able and willing to learn, to develop new capabilities our ever-changing environment demands from us.

Innovation | It plays a distinguished role in our business model. The challenges we are facing can only be resolved if we keep evolving. Innovation can take many forms, ranging from implementing new, advanced agricultural practices with smallholders at origin to developing new, validated treatment methods preserving the organoleptic properties of our ingredients without compromising on food safety.

Compliance | Legal, ethical and moral compliance is the foundation of everything we do, the way we conduct our business and interact. When it comes to integrity, we set high standards not only for ourselves, but naturally to our vendor base as well.

Our Priorities

While formulating our sustainability strategy, we had to understand and define our priorities first. We studied the objectives and goals of our customer base to ensure best possible alignment and pave the way for collaborative efforts and synergies.

Parallel with that, we identified areas where Sabater is well positioned and equipped to make a meaningful and positive impact.

Where these two sets overlap lies our centre of attention. We believe that the UN's Sustainable Development Goals (SDGs) remain the best plan the world has to live sustainably. Our analysis identified the following primary and complementary SDGs Sabater will emphasize and focus on:

Our Senegal Sustainable Paprika Initiative is a prime example of how we drive positive change when it comes to our SDGs targeted. Let's see how.

Primary

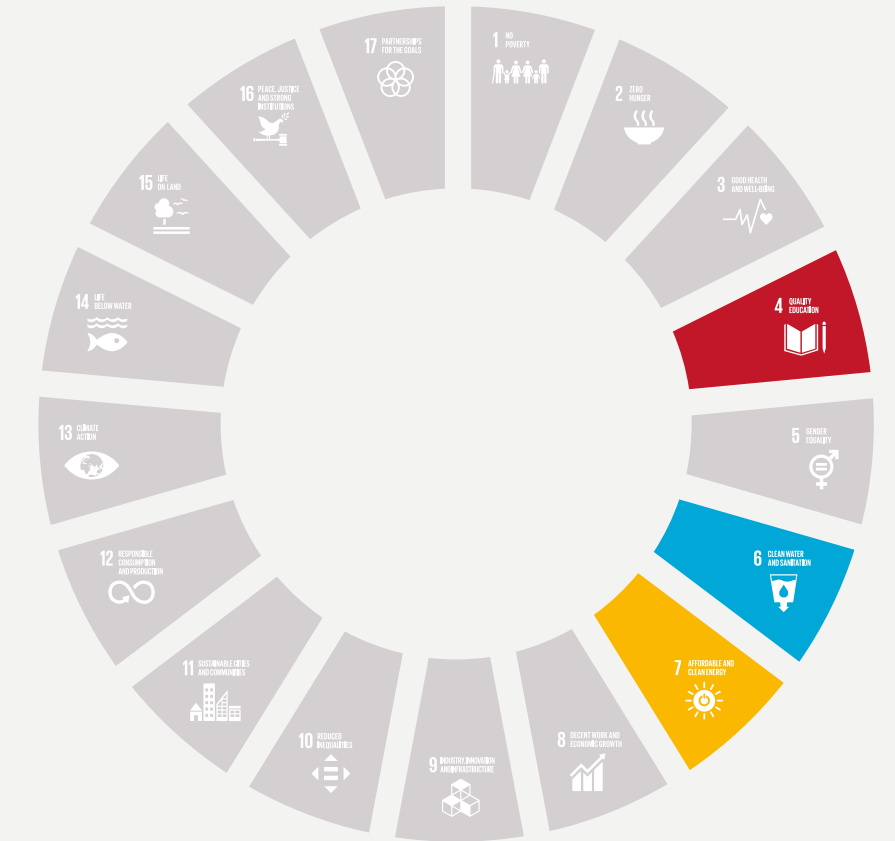


Complementary





Senegal Sustainable Paprika Initiative



We often take our **natural resources** like soil, water, clean air for granted, even though they **are finite**. As we try to meet the demands of the growing population of our planet, we degrade our natural capital at an accelerating rate.

Economics is the science of allocating scarce resources efficiently and we need sustainable solutions in all walks of our lives to facilitate that. The agricultural and food sectors are no exceptions. **Economics and sustainability need to go hand in hand**, and every business model needs to be derived from this axiom.

While minimizing the impact and stress on our natural capital we also need to **consider societal aspects** of our business activities and try to maximize the **social return on our investments**.

We launched our **first dedicated sustainability initiative** embracing this **holistic approach** a few years ago in Senegal, where we cultivate paprika in close collaboration with local smallholder farmers.





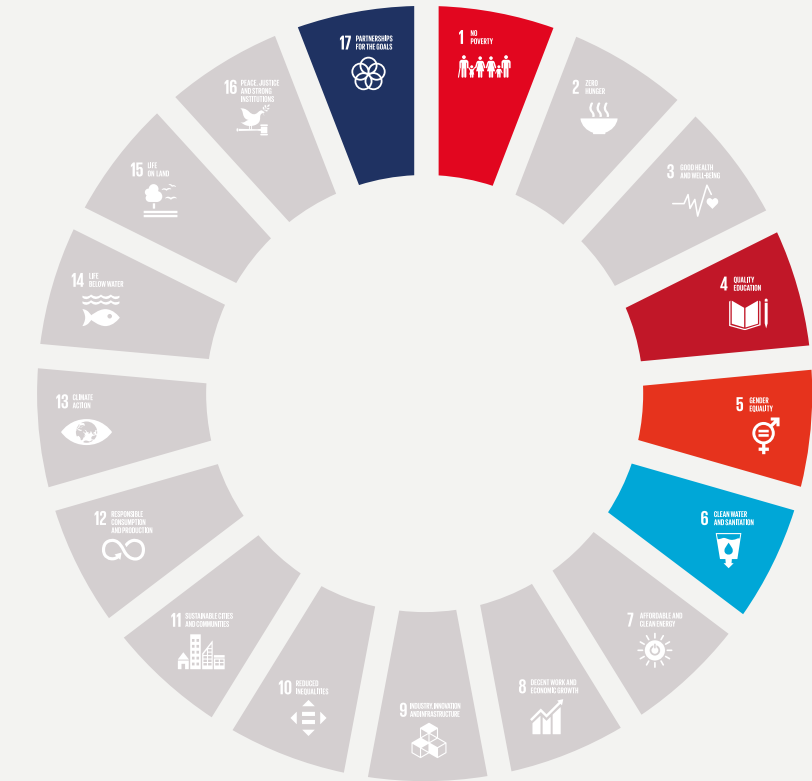
Why we chose paprika and Senegal to start with

Paprika is at the heart of our business, it has been ever since the foundation of Sabater, and is part of **our DNA** by now.

We are also convinced that **Africa** has a **great agricultural potential** that needs to be developed in order to be realized. This is also consistent with our strategy to continuously diversify our supply chain when it comes to sourcing our key raw materials. Senegal is already a proven and successful grower and exporter of a range of fruits and vegetables, indicating that it has all the necessary attributes to replicate this success with spices. However, it is also a country with significant **economic immigration** issues as tens of thousands of people leave their homeland behind in pursuit of a better life every year.

Our main objectives with this initiative are:

- to cultivate paprika in an environmentally friendly manner, by applying **advanced, regenerative agricultural practices**
- provide local farmers with **fair living wages and income**
- enhance **gender equality**
- make targeted **social investments** to improve access to clean water, healthcare and education.



We teamed up with select local farming villages to cultivate paprika on 20+ hectares, providing them with agricultural inputs, such as quality seeds, fertilizers, machinery, financing as well as training and support throughout the entire crop cycle. Many of the farmers we targeted and recruited are female members of the communities.

Parallel with that, we made significant investments into the local infrastructure to improve water and electricity supply to the communities our farmers are part of.

Over the last 2 years we have come across several challenges, setbacks, but we have also accumulated a great deal of learnings. We remain fully committed to this project as we believe that this is an investment into a more sustainable business model and future for these farmers, Sabater, as well as for our customers and end-consumers of our products.

We will benefit from the experiences and learnings gained as we have many similar initiatives in our pipeline where we can replicate best practices developed and avoid pitfalls.



In this section we summarize how our Senegal Sustainable Paprika Initiative (SSPI) supports the SDGs we target and what other activities complement these efforts on a group level



No Poverty

10% of the world's population lives on less than \$1.90 a day.

*Source: www.un.org

More than 6.5 million people live in poverty in Senegal, 75% of families suffer from extreme poverty. The average wage is 100,000 CFA (cca. €150).

*Source: www.un.org

The resources allocated to SSPI since its inauguration has been up to €200,000/year. Thanks to this significant commitment, we pay our farmers ~70% higher wages than the sectoral average in Senegal. Earning a fair living wage enables the farmers to keep their families above the poverty line.

Fighting and eliminating poverty from our supply chain is a goal that extends beyond SSPI. We developed a comprehensive verification program with Control Union covering all our key paprika sourcing origins to ensure, among others, that the farmers cultivating our crops are paid a fair living wage.



Climate Action

Food production contributes to cca. 37% of global greenhouse gas (GHG) emissions. Approx. 80% of that is linked to land use and farm stages of the food supply chain.

We established a good understanding of our Scope 1 and Scope 2 emissions, and we are conducting a comprehensive Life-Cycle-Analysis specifically for paprika, quantifying our Scope 3 related emissions. Once we set a baseline for our Scope 3 emissions, we can measure the impact of the sustainable agricultural practices we have already implemented with our farmers including but not limited to

- More efficient irrigation management to conserve water use (drip vs flood)
- Improved soil health and carbon sequestration (composting, reduced tilling, increased biomass)
- Shifting from fossil fuels to renewables (on-farm solar panels, reduced use of petrol-based fertilizers)

We measure and quantify our carbon footprint since '20. Our Scope 1 related CO2 emissions accounted for 2.07 tons, whereas Scope 2 emissions accounted for .53 tons in '21. Considering our production volume for the same period we emitted 0.08 ton of CO2 per ton of finished product.

Measures we have already taken to reduce our Scope 1 and 2 carbon footprint and mitigate climate change:

- Participating in the LIFE FOREST CO2 project, an initiative modelling and promoting carbon sequestration through sustainable forest management actions
- Shifting from fossil fuels to renewables, contracting 40% of our energy requirements as certified renewable.
- Installing solar panels at our main production site in Spain generating up to 10% of our energy requirements on-site.



Gender Equality

Discriminatory laws, gaps in legal systems continue to prevent women from accessing human rights still, based on a survey conducted in 95 countries across four main areas of law in '20.

*Source: www.un.org

Women's ownership of, or control over land is critical to their economic empowerment. Studies conducted in this area suggest that increased involvement of women in agricultural activities would result in reduced poverty and food insecurity in supply chains.

*Source: www.un.org

Women farmers make up close to 70% of the total workforce in the agricultural sector producing more than 80% of total crops in Senegal. Yet, female farmers lack access to land, training, financing and markets in comparison to their male counterparts.

*Source: www.un.org

We promote gender equality within our SSPI by guaranteeing our female farmers the same compensation, access to agricultural inputs, finance, machinery and training as to their male peers. In fact, more female farmers participate in our initiative than male.



Partnerships

It is evident that sustainable development can only be delivered through partnerships and collaborative efforts. We are part of a global economy and embedded in complex, global supply and value chains. We can only realize our sustainability goals and ambitions if we act in a coordinated manner and ensure alignment with our suppliers, customers as well as with end-consumers.

Our SSPI is no exception. We established a closed collaboration with local farming communities, who share our vision and commitment towards sustainable agricultural practices, recognize and appreciate the value of the social investments made as part of the initiative.

We also expect and welcome our customers, local and international governmental institutions as well as NGOs to join our forces, identify synergies, share burdens, maximize and accelerate the positive impact expected from this project and those in our pipeline.

We are part and active members of the following pre-competitive industry platforms already: Sustainable Spices Initiative (SSI), European Spice Association (ESA), Chinese Spice Association (CSA), American Spice Trade Association (ASTA), Food Industry Intelligence Network (FIIN), LIFE FOREST CO2, A.F.E.X.P.O. We also collaborate with the University of Murcia to formulate and co-develop our sustainability strategy and framework, including key performance indicators and implementation plans. Last, but not least, we are also committed to join the Science Based Target initiative (SBTi) to ensure that our metrics are aligned with existing and established standards rather than reinventing the wheel.



Education

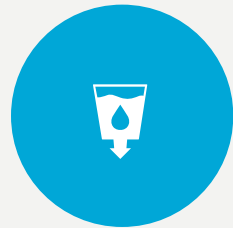
COVID-19 has caused a global crisis in education. According to the UN, up to 147 million children missed more than half of their in-class instruction over the past two years.

School closures have affected girls, children from disadvantaged backgrounds, those living in rural areas, children with disabilities and children from ethnic minorities more than their peers.

Continuing education and training are key to improved livelihoods and to developing a labour force resilient to economic shocks and adaptable to technological change. To facilitate and support education in the farming communities we engaged in Senegal, we are in the process of mapping out their needs and priorities in that regard as well. Whether it takes improved means of transport, or the construction of a local school, we are committed to provide the resources required to provide children with quality education in these communities.

We are committed to provide our own employees with a working environment that is not only safe, but also promotes their physical and mental well-being and protects their health. Developing a comprehensive HR strategy that is aligned with and supports our sustainability ambitions is one of our top priorities for the year ahead. Nurturing, attracting and retaining talent, fostering diversity and inclusiveness, and raising sustainability awareness at all levels of the organisation will play an instrumental role if we are to realize and deliver on our goals.





Clean Water

In 2020, two billion people lived without safely managed drinking water services, including 1.2 billion people lacking even a basic level of service according to the UN. 8 out of 10 people who lacked even basic drinking water service lived in rural areas, and about half of them lived in least developed countries, like Senegal.

Therefore, providing the farming communities we engaged as part of our SSPI with sufficient drinking water supply, sanitation and irrigation will be also high on our agenda in '23.

Our primary processing activities are typically dry and do not require water directly. Any wastewater generated at our premises would be collected by an external contractor regularly and transported a water treatment facility.



Affordable and Clean Energy

Clean and affordable energy is key to the development of agriculture, business, communications, education, healthcare and transportation. The lack of access to energy hinders economic and human development.

The burning of coal, natural gas, and oil for electricity and heat is the largest single source of global greenhouse gas emissions among all sectors.

Even though the share of renewables in the global energy mix increased to 17.7% by '19, it represented very modest 1.6% increase vs. '10 baseline. Plenty of room for improvement as energy remains the primary source of GHG emissions.

We have installed 2,550 photovoltaic modules at our main production site in Murcia, Spain, generating more than 1.1 GW, covering around 8.5% of our electricity needs already. In addition to that, our electricity provider also guarantees a minimum of 40% renewables in their energy mix. We keep working with them on increasing that proportion even further.

Last, but not least, we also continuously develop our energy efficiency program, seeking opportunities to reduce our consumption.



OUR SUSTAINABILITY TARGETS & KPIs

NEAR, MID- AND LONG TERM



We believe that business is a force for good. We want to play an active role in converting the food systems we are part of as sustainable as possible at pace and at scale.

We recently committed to joining the Science Based Targets initiative (SBTi) to ensure that we define our path to reduce emissions in line with the Paris Agreement goals. This ensures alignment and adoption of a common terminology with our suppliers, peers, customers and end-consumers while establishing our carbon footprint, setting our targets towards a low-carbon future and monitoring our progress.

In addition to environmental, climate actions we also focus on social- and governance-related aspects of sustainability relevant to our sector.

ENVIRONMENTAL METRICS AND TARGETS*	'21 – baseline	'25	'30	'50
Scope 1 CO2 emissions	2.07K tons**	-25%	-50%	net zero
Scope 2 CO2 emissions	0.53K tons**	-25%	-50%	net zero
Scope 3 CO2 emissions	10.4K tons***	-25%	-50%	net zero
Renewable Energy	4.8%	25%	50%	100%
Deforestation-free supply chain n/a		100%****	100%	100%
Planting trees to sequester carbon*****		3,900	7,800	15,600

- * specific to Sabater Spain, Sabater US and Sabater China will be consolidated in our '23 report
- ** as per MITECO
- *** estimate based on Scope 1 & 2 emissions, LCA in progress to quantify actual Scope 3 emissions
- **** in line with SBTi mandatory requirements
- ***** trees planted annually, or equivalent carbon credits generated through sustainable forest management practices

SOCIAL METRICS AND TARGETS	'21 – baseline	'25*
Turnover	39.09%	<20%
Absenteeism	5.53 days	<4 days
Equality Plan	in place	annually reviewed
Training	4.3hrs	>8hrs

- * no targets set beyond '25 at this stage as we expect metrics and targets to evolve at a faster pace compared to environmental dimension

GOVERNANCE METRICS AND TARGETS	'21 – baseline	'25*
Board Diversity	100% / 0%	66% / 33%**
Criminal Compliance	88%	100%
Responsible Sourcing & Supply Chain Policy	in place	annually reviewed
Cyber Security Policy	in place	annually reviewed

- * no targets set beyond '25 at this stage as we expect metrics and targets to evolve at a faster pace compared to environmental dimension
- ** in line with EC proposal, aiming min. 33% among all directors on the under-represented tax

OUR ESG / SDG MATRIX



	1 NO POVERTY	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	8 DECENT WORK AND ECONOMIC GROWTH	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS
(E) Climate change mitigation & adaptation						●	
(E)Efficient use of natural resources.				●			
(S) Community investment.		●		●	●		
(S) Customer service excellence.					●		
(S) Equality, Diversity & Inclusion policy.			●		●		
(S) Human rights – Fair labor practices.	●		●		●		
(S) Rural development & poverty alleviation.	●			●			
(G) Stakeholder engagement & colaboration.					●		
(G) Talent development.		●			●		
(G) Workplace safety & health.					●		
(G) Support SDG's.							●



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SMETA



SCIENCE
BASED
TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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