



# 2022 Sustainability Report



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|  |           |
|--|-----------|
| <b>Our Purpose</b>                       | <b>3</b>  |
| <b>Welcome From CEO, CSM Ingredients</b> | <b>5</b>  |
| <b>It Begins With Our People</b>         | <b>6</b>  |
| <b>2022 in Review</b>                    | <b>7</b>  |
| <b>Our Sustainable Development Goals</b> | <b>10</b> |
| <b>Our Net Positive Approach</b>         | <b>11</b> |
| <b>Impact for People</b>                 | <b>12</b> |
| <b>Impact for Planet</b>                 | <b>18</b> |
| <b>Impact for Product</b>                | <b>24</b> |
| <b>Our Governance</b>                    | <b>32</b> |
| <b>Our Methodology</b>                   | <b>33</b> |
| <b>Materiality Assessment</b>            | <b>34</b> |

# Our Purpose

**As CSM Ingredients, we are striving to become a net positive, forward thinking, ingredient-tech platform.**

Drawing upon over a century of industry experience, CSM Ingredients offers innovative solutions that anticipate the evolution of our customers' needs, while maintaining a stable and sustainable business model in the here and now.

Our organization has an extensive global reach, spanning 100 countries and generating over €620 million in net sales in 2022, and our current growth shows we are well on our way to achieving our ambitious aims.

We recognize that our company's ability to grow relies upon our continual capacity to innovate and embrace exciting ingredient technology developments. We accomplish this by taking full advantage of our 9 manufacturing sites, 5 Innovation Centers and 4 Open Innovation Hubs, and working closely with our 1550 employees.

Our customers count on us for high-quality, tailor-made solutions across all our ingredient categories – from our traditional bakery range to advanced plant-based and functional ingredients.

We actively seek exciting innovation and growth opportunities, while adapting to emerging industrial trends and technological developments. Scouting for trends that have the potential to disrupt the ingredients market in the near future, our unwavering ambition is to remain at the forefront of food technology.

This past year, we expanded the scope of our collaborative work with the acquisition of Hi-Food – a fast-growing company in the research and production of plant-based and value added ingredients. We also began to work with Italcanditi, a leading supplier of fruit-based ingredients, to collaborate closely on confectionary industry development.

Our research and innovation partnerships, alongside our customers, are integral to who we are as a business. With an unwavering focus on innovation comes a holistic approach to every aspect of our company, from the reformulation of ingredients to humanity's well-being, and the health of the planet.

In 2022, we also laid the groundwork for the opening of a new pilot and research Innovation Center focused on fats and oils in Delmenhorst, Germany, which was inaugurated in January 2023.

We are driven by a focus on sustainability and our determination to become net positive is the inspiration behind our "Thrive for Impact" strategy, which concentrates on people, planet, and products as the three cornerstones of our dedication to innovation and development. These three pillars are also closely linked to three of the UN Sustainable Development Goals (SDGs).

This report seeks to showcase the work we have been doing on our journey towards becoming net positive, and our commitment to improving everyone's well-being, including future generations and the planet itself.



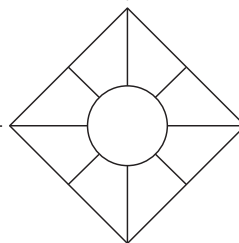


## Our North Pole

### Purpose

Supporting the food ecosystem evolution  
enhancing human wellbeing and planet health.

**Values**  
Transparency, Respect,  
Integrity, Craftsmanship,  
Togetherness.



### Vision

Be a net positive  
ingredient-tech platform  
enabling taste and  
nutrition for a new world.



### Commitments

Net positive at our core;  
Continuous innovation;  
Knowledge and technology as accelerators;  
Diverse, inclusive and talent-dense environment;  
Partnering with the food ecosystem.

# 02

## Welcome

### **2022 was a positive, pivotal year for CSM Ingredients.**

From political instability to extreme weather conditions and ongoing post-covid supply chain issues, these disruptions all contributed to a renewed scarcity of raw materials that was heavily felt by both the ingredients industry and the entire food sector.

While we've always worked to build upon our capability to innovate and bring new, naturally sourced products to the market, we had to go even further last year by reformulating a range of ingredient mixes that were impacted by supply chain disruptions.

More importantly, innovation stayed intrinsically linked to our ongoing sustainability journey. Our vision to become a net positive ingredient-tech company cannot come to fruition without a continued commitment to sustainable innovation.

I'm proud that in 2022, we introduced more than 260 all-natural, new raw materials that resulted in more than 4,500 formulations. Pushing the boundaries of our know-how, we minimized inflationary impact and price increases for our customers, while having a positive impact on biodiversity. This was an effort supported by all our teams: from Innovation to Operations, from Commercial to Human Resources, from Finance to IT – everyone contributed positively towards making our success a reality.

We went even further with the launch of our innovation and development program, "Cleaner and Leaner," which aimed at reducing the number of raw materials for our customers, while increasing the presence of only natural raw materials. This is truly consistent with our purpose to positively impact planet health and humanity's wellbeing by supporting the evolution of the food industry.

Conscious of the fundamental role we play at the forefront of the food value chain, our continued commitment is to lead by example. This begins with constantly searching for ingredient solutions that reduce pressure on the planet, support a nutritional evolution of the human diet, and enrich the agricultural sector.

For this fundamental reason, our focus remains fixed on finding ways to promote positive change. It is my hope that this report will spark dialogue with our stakeholders and the entire industry.

I am grateful to our employees for their continued dedication to driving CSM Ingredients into the future. This is only the beginning of an exciting, fruitful journey.



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**Aldo Uva**  
CEO, CSM Ingredients

# 03

## It Begins With Our People



**At CSM Ingredients, a focus on sustainability has always been at our core. Most crucial is our “Thrive for Impact” strategy, which provides us with a clear roadmap to respond to some of the world’s most pressing issues.**

Organized under three vital pillars – People, Planet, and Product – we aim to address the diverse dimensions of the planet’s health, humanity’s well-being, and agricultural wealth in everything we do.

No different than any other process, sustainability at CSM Ingredients begins with our hardworking people. It is only thanks to their full commitment that we can transform our mindset and achieve the ambitious goals we’ve envisioned.

Therefore, this year’s report aims to not only demonstrate the progress CSM Ingredients as a company is making towards achieving its sustainability goals, but also showcase the vital work of our teams in all locations. Importantly, these efforts are guided by our executive team, who remain fully aligned with our vision to ultimately become net positive.

And while we place great emphasis on advancing our products and operations, we also seek to ensure that both our people and their communities thrive, while empowering staff to join a variety of initiatives and partnering with organizations such as Save the Children.

As we now reflect on our achievements and challenges throughout 2022, we’re reminded just how important our people and sustainability efforts are and will always be.

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**Enrica Satta**  
Global Chief HR Officer  
& Sustainability

# 04

## 2022 in Review



# 4

Open  
Innovation  
Hubs

# 5

Innovation Centers



# 9

manufacturing sites



# 100+

countries  
covered



# 52

nationalities



# 17

languages  
spoken



# 1550

employees



# €620 million

net sales in 2022

# Our Transformation

In 2022, CSM Ingredients expanded its business ventures. We know that our capacity for innovation is enhanced through collaboration, and so we entered into partnerships with Hi-Food, Italcanditi and Parker Food.



## February



### CSM Ingredients acquires Hi-Food

Hi-Food is a fast-growing company specializing in the research, development, and production of innovative plant-based and clean-label natural origin ingredients.





## Italcanditi enters the CSM Ingredients platform

CSM Ingredients began to work with Italcanditi, a company who specializes in fruit-based products and uses base ingredients to make candy and other products for the confectionary industry. They are constantly looking to innovate by anticipating the food habits and preferences of their customers.



April



August



## Parker Food enters the CSM Ingredients Platform

In August, we began to work with Parker Food, a company dedicated to intriguing customers with an extensive line of specialty ingredients that create indulgent product applications.

# 05

## Our Sustainable Development Goals



CSM Ingredients has a clear roadmap to respond to some of our planet's most pressing issues. We have identified the following three UN SDGs as the most efficient means of coordinating our efforts to be better tomorrow than we were yesterday.

With these aspirations in mind, we continually work to address the broad dimensions of planet health, human well-being, and agricultural wealth through the three pillars of our Thrive for Impact strategy – People, Planet, and Product.



**3: Good health and well-being**



**12: Responsible consumption and production**



**13: Climate action**



**People:**

To have a positive impact on the well-being of our entire ecosystem – from our employees to external communities.



**Planet:**

To have a positive impact on the planet and its resources.



**Product:**

To develop products that are both nutritious, and sustainable.

# 06

## Our Net Positive Approach

With our focus on People, Planet, and Product, we are always seeking to uncover new ways to reach our sustainability goals.

It is with our ambition to be net positive in mind that we strive to give back to society, the environment, and the global economy.

We want to grow as a company with sustainable, long-term goals that have a positive impact. Our vision is to become a net positive company that has sustainability at the heart of everything.

For us, becoming net positive means finding new ways to use the planet's resources. We achieve this through innovation. Our research into plant-based and natural added value ingredients showcases our commitment to a better future. We make this effort to ensure the new products we launch are aligned with our vision to contribute to a positive impact on the planet and human health.



**07**

# **Impact for People**



At CSM Ingredients, we want our people to thrive. We know our business cannot flourish without first looking after those who make our vision possible. That's why our people represent one of the three focal points of our strategy.

Working towards being net positive means nurturing a working environment where employees genuinely feel valued. Indeed, prioritizing the health, safety, and welfare of our staff is a key facet of our commitment to sustainability.

As proponents of ethical working standards, we actively work against human rights abuses and remain committed to preventing acts of modern slavery and human trafficking within wider supply chains. Our Supplier Code of Conduct is a global policy that ensures all suppliers are held to the same high standards as our own company, guaranteeing that all working standards are safe, and workers are treated with respect. These principles also form the basis of our local commitments.

We actively work against child labor and in 2022, drafted our global Child Labor Remediation Policy, which was signed in January 2023. In the UK, we have an Ethical Trading Policy as well as our Anti-Slavery and Human Trafficking Statement, signed in September 2022. We have an Ethics Policy in place at our locations in Germany, committing to creating a respectful, open, and honest working environment.

Protecting our employees, alongside our diversity and inclusion work in local communities, counts as one of many sustainable initiatives that remain at the forefront of everything we do.

## Our Drivers



**Diversity, Equity & Inclusion**



**Health & Safety**



**Community Outreach**

## Diversity, equity, inclusion (DEI)

### Embracing our differences and championing inclusion are two of our many strengths.

We aim to build an exemplary culture where each of us is heard and valued, fostering a better future for our employees and communities.

This year, we built the foundations for the future of Diversity, Equity, and Inclusion at CSM Ingredients, establishing a plan that reflects the values of the company.

We have a Diversity, Equity & Inclusion Steering Committee comprised of several members of our leadership team, including our CEO, Aldo Uva. The committee’s role is to raise awareness and pursue DEI-related issues within the leadership team, as well as throughout the entire company.

Our activities in 2022 paved the way for the launch of a grassroots working group in March 2023. This working group is comprised of 23 volunteers from 10 countries and spans four generations.

Initially concentrating on gender, age, and culture, long- and short-term initiatives were proposed to solidify our DEI commitment to “foster a diverse, inclusive, and talent-dense

environment.” Our 2023 plans include the launch of educational awareness sessions for leaders and managers and, eventually, all further employees.

Equally important to CSM Ingredients’ internal initiatives, our working group is concentrated on driving external engagement in the wider DEI sphere. Our CEO took part in the **LEAD Network CEO roundtable**, representing CSM Ingredients among other key consumer goods and retail players at an event promoting gender equality and female business leadership. This further signifies our commitment to gender equality.

CSM Ingredients also signed the **Luxembourg Diversity Charter** to promote and manage diversity with tangible actions that transcend legal obligation. The charter, led by the European Commission’s Directorate-General for Justice and Consumers, and supported by the Minister for Family, Integration and the Greater Region, guides organizations in implementing practices that promote cohesion and social equity.

### Working Group

23

volunteers

4

generations

10

countries

7

average tenure

41

median age



**Input** DEI Strategy and formulation of Action Plan



**Contributing** to the implementation of the Action Plan



**Engaging** colleagues to contribute to making CSM a place where every colleague can be their true self at work



## Occupational Health and Safety

We are well on our way to becoming ISO45001 compliant and having a health and safety management system in place at all production facilities. Our plant in Gerlenhofen is already certified, and others are under international assessment.

In 2022, we initiated our long-term health and safety program, promoting a safety-first culture for our employees. Our management team conducted an Internal Safety Culture Review across all sites within our organization.

We launched a new online learning system, Talent LMS, across all German sites to facilitate e-learning and ensure that employees are up to date on all relevant health and safety topics. Another e-learning initiative is planned across our sites for 2023, with the goal of improving language learning skills.

In this spirit, we have several future safety initiatives planned, including our sales teams driving safety training, covering how stress, sleep, and emotional well-being impact drivers' safety. Our sites will also offer a PPE (personal protective equipment) training day, including practical activities.



# Community Outreach

CSM Ingredients' approach towards our people is reflected in the work we do with our local communities. We understand the importance of bridging the gap between our people and the local cultures that surround us. Our community engagement efforts take a practical approach. We believe that getting involved with these communities is the best way to engage with local culture and heritage.

Our community outreach strategy is based upon three key pillars:



**Save the Children**

## 1. Empowering Youth

Reaching out to members of the local youth community, teaching them about what we do at CSM Ingredients, as well as providing an insight into what careers in our industry might look like.

## 2. Empowering Minorities

Equipping communities in need with nutritional and culinary knowledge.

- To celebrate Easter 2022, we partnered with Save the Children Italia, working with children aged 11–13 years in Punto Luce in Milan.
- The event included several workshops run by colleagues from our Italian offices.
- The first workshop was led by our R&D team and focused on nutrition and ingredient awareness, with a practical session on 'Mani in pasta'.
- The last workshop was led by our Technical Sales Promoter and gave children the chance to prepare their own desserts.

All children received a CSM Ingredients Colomba Easter Cake to take home and celebrate with their families.







### 3. Empowering Employees

Supporting the people that work for CSM Ingredients in giving back to the community. To encourage our employees with this important work, we provide paid days off to enable their support.

- Sustainability is the core of our Thrive for Impact strategy, and once a year, each of our employees can take a day of paid leave to volunteer for any cause that fits within our three pillars – People, Planet, and Product.
- On August 5th, Volunteer Day, some employees participated in the annual Boskalis Beach Clean-up tour in Westenschouwen, Netherlands.
- The entire tour ran from 1 – 15 August, with 1,567 volunteers removing 4,408 kg of waste, including 86,954 cigarette butts. We were honored our colleagues took part in an initiative with a tangible impact on the environment, as just one butt can pollute up to 1000 liters of water.



### Health Day 2022

- In July 2022, our site in Gerlenhofen organized a Health Day on the topic of quality of sleep. A 'sleep radar' was made available to employees to help them assess their quality of sleep.
- In addition, we provided various activities and talks that offered advice on improving quality of sleep during shift work.



# 08

## Impact for the Planet

Protecting the health of our planet is a key priority. Our goal of becoming net positive plays an important role in our vision for sustainable business growth.



As a global company, we understand our responsibility to protect the planet's resources. Working to lower carbon emissions, we've joined forces with Climate Partner. Through this partnership, we have sought to calculate our carbon footprint, finance and support verified climate action, and communicate transparently about our efforts.

This past year, we have also been focusing on waste reduction as well as using the full potential of our products' biomass to minimize our use of energy, water, and other resources. Our production plants each set individual sustainability goals and in 2022, saw great progress in achieving them.

At our plant in Bischheim, waste products with minor defects are donated to charity. We are aiming for a zero food waste target across all plants. Our plant in Gias sends oil waste to an external subcontractor to be repurposed into soap, and in Bischheim, steam boilers were replaced to produce steam on-demand rather than continuously, enabling a 75% decrease in gas consumption. Our plant in Gerlenhofen is both ISO14001 (Environmental Management) and ISO50001 (Energy Management) certified.

# CO<sub>2</sub> Reduction & Climate Strategy

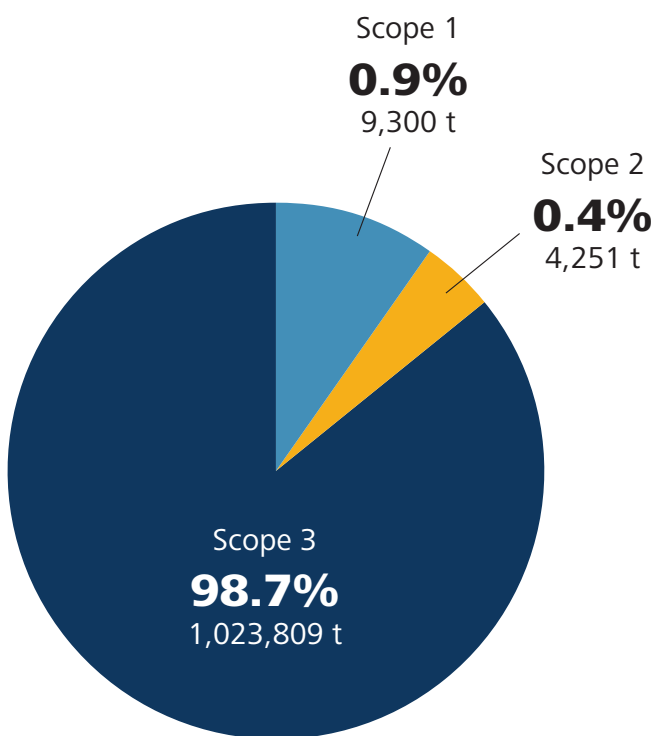
We're committed to lowering our carbon emissions for the operations we directly control. This will be achieved by decreasing our emissions and compensating for those we cannot reduce in the short term.

Our partnership with Climate Partner seeks to understand more about our Corporate Carbon Footprint (CCF). By measuring our CCF at several of our sites, our CO<sub>2</sub> emissions were calculated as:



As a complement to our initiatives to manage and reduce our absolute greenhouse gas ("GHG") emissions, we have since 2020 purchased carbon credits to offset residual Scopes 1 and 2 emissions.

Through the purchase of carbon credits, we also provide carbon financing to climate mitigation projects beyond our value chain.



## Scope 1

All direct emissions generated by CSM Ingredients through, for example, company-owned facilities or vehicle fleets.



## Scope 2

Emissions released through purchased energy such as electricity and district heating.



## Scope 3

Indirect emissions such as employee commuting and purchased services.

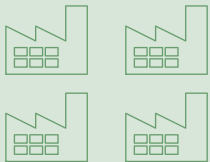
## Climate Strategy

- Optimize energy consumption by making sure our operations are as energy efficient as possible.
- Reduce GHG by increasing the use of energy generated from renewable sources.
- Compensate for emissions we cannot reduce in the short term.
- Mobilize behavior change among CSM Ingredients staff through awareness campaigns about energy consumption and carbon emissions.

## Renewable Energy

**35%**

In 2022, 35% of the total energy used across all our sites came from renewable sources.



**4 of our 9 plants were fully powered by 100% renewable energy sources.**

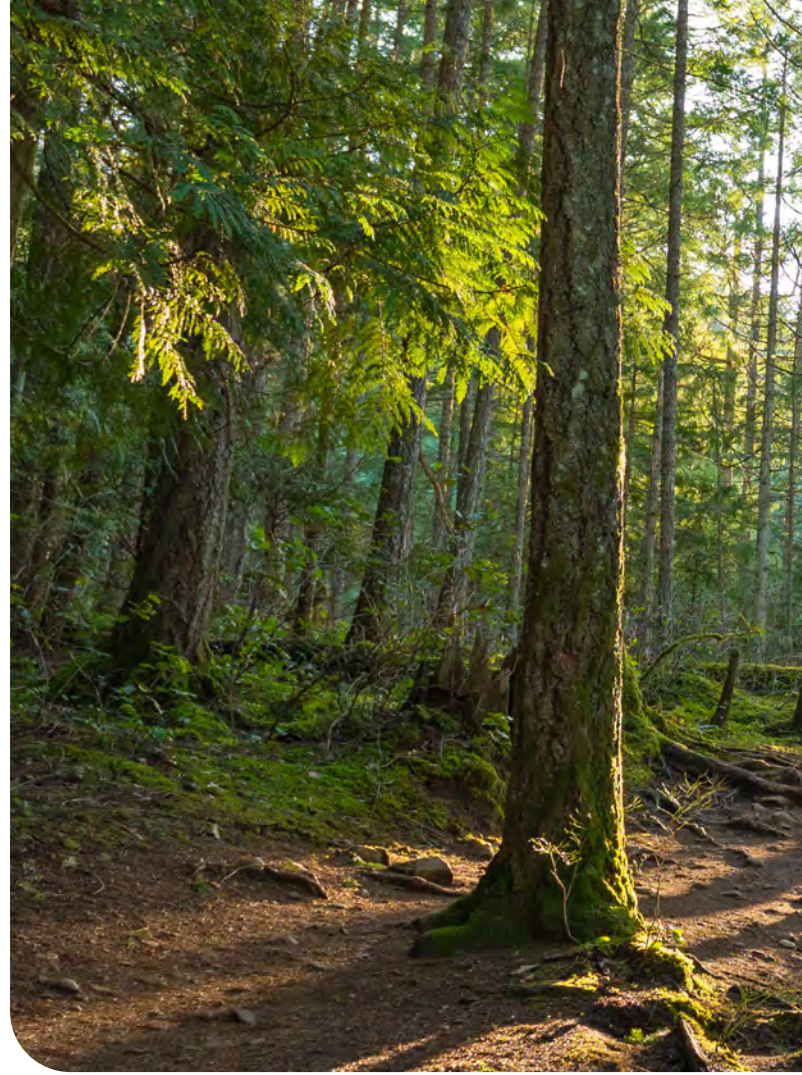
Our Hi-Food plant in Parma is investing in a solar panel system that will allow them to produce their own energy and become completely self-sufficient by 2025. Certified and supplied by Enel Energia, the site's energy is already 100% renewable.

Through this solar power system, the plant can now self-produce up to 114 kWh of electrical power. By January 2024, our Hi-Food location in Parma aspires to reach a target of 95% self-produced energy.



## Projects

From the outset, the two projects from which we have purchased carbon credits are the “Great Bear Forest Carbon” and the “Guatemalan Conservation Coast” projects. These two projects were chosen because of their strong credentials on environmental and biodiversity issues, as well as their social initiatives.



### Guatemalan Conservation Coast Project, Central America

The Guatemalan Conservation Coast program works to address the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. Some of the most important achievements to date are the protection of 30 threatened tree and animal species, including the Baird’s tapir and West Indian manatee, the protection of 54,157 hectares of threatened forest in the Mesoamerican Biological Corridor, and the creation or

support of 1,141 jobs for indigenous and local communities (41% held by women).

The Guatemalan Conservation Coast project is registered on the Verra registry, REDD+ Project for Caribbean Guatemala. The Conservation Coast 1622 applies Verra’s Verified Carbon Standard (VCS Standard v4.3 VM0015) and the Climate, Community and Biodiversity Standards v.3.1, and will generate carbon credits from avoided unplanned deforestation representing c. 22 million tons of CO<sub>2</sub>e.



## Great Bear Forest Carbon Project, Canada

The Great Bear Forest covers c. 6.4 million hectares of the north and central coast of British Columbia, in Canada, and is home to the First Nations people who have inhabited this land for up to 10,000 years.

This rich ecosystem is also home to rare species of plants and animals, including the Kermode Bear. The aim is to improve forest management in the region, generating emission reductions through the protection of forest areas that were previously designated, sanctioned, or approved for commercial logging. The project activities include changes in land-use legislation and regulation that result in the protection of forest areas and reduction of harvest levels.

The Great Bear Forest Carbon Project is registered on the British Columbia Registry under three different projects: Great Bear (South Central Coast) 104000000011319, Great Bear (Haida Gwaii) 104000000011559, and Great Bear (North and Central-Mid Coast) 104000000012798.

## Tree Nation

Since 2021, we have partnered with Tree Nation to build our very own Virtual Forest. Every year, each employee is gifted two trees planted on their behalf. This offsets our employees' carbon emissions on an individual level.



# 09

## Impact for Product





We see sustainable growth and the need for innovation as intrinsically linked, which is why we concentrate on our products as a key factor in our ambition to become net positive. We seek to find ingredient solutions that actively benefit the health of consumers and the planet.

We are constantly looking for new ways to innovate, and this past year, plant-based products and sustainable fat sources have been the focus of our research. With our acquisition of Hi-Food, we expanded into value added ingredients and plant-based proteins, creating opportunities in new areas.

Not only do we currently offer healthy oils, including algae, hemp, and milling by-product oils, but we are also striving to find effective palm oil alternatives.

Our concentration on research and innovation allows us to create product solutions that resolve challenges in the industry while protecting the health of the environment. We provide value-added formulation support for our customers and liaise with customers to meet their technical needs, as well as providing a tailor-made service and generating recipe formulation, research and development.

At least 25% of all global greenhouse gas emissions worldwide come from food production, and 60% of these can be attributed to animal products. Plant-based diets are becoming more prevalent each year, and our focus on plant-based ingredients encourages a more sustainable way of living.

We work alongside our customers at each level of our supply chain, creating partnerships that allow us to transform the food ecosystem from within.



# Product Categories

## Bread Ingredients



Wide portfolio of bread ingredients that range from bread improvers to convenient bread bases and specialties assuring delicious taste, high-quality and superior technology (e.g., vegan, clean label, etc.).

## Fats and Oils Solutions



Wide selection of high-quality margarines, mélanges, fat specialties and oil specialties (e.g., vegan, plant-based, clean label, lactose-free, palm oil free solutions, convenience solutions, customized solutions, etc.).

## Fine Pastry Solutions



Fillings, coatings and pastry mixes solutions combining the right level of quality and convenience to deliver the performance needed by our customers to create appealing high-quality fine pastry goods and viennoiserie (e.g., vegan, clean label, egg-free, sugar reduced, etc.).

## Dairy and Dairy-Free Ingredients



Range of dairy (free) fillings (fruits & non-fruits), inclusions and solutions to fortify & stabilize texture, tailored for dairy, yogurt, and plant-based alternatives that fit consumers' appetite for indulgence, healthy eating & sustainability.

## Natural Added Ingredients



Ingredients of natural origin with superior tech performances.

## Plant-Based Ingredients



Working with trusted innovation partners in redefining the industry of plant-based meat and dairy.

## Project Spotlight: CSM Acquires Hi-Food



Hi-Food was successfully integrated as part of CSM Ingredients in 2022. This partnership signaled the first steps of our worldwide research and development endeavors. After the acquisition, Hi-Food's proceeds were invested into CSM Ingredients in the areas of R&D and commercial management.

Headquartered in Parma, Italy, Hi-Food was founded in 2012 by Giampaolo Cagnin, Massimo Ambanelli and Emanuele Pizzigalli, working with the University of Parma.

Following the acquisition, Hi-Food announced a complex spanning approximately 6,000m<sup>2</sup>, with specific areas for both production and R&D within the food and beverage industries. Equipped with a fully automated production plant, the site has a capacity of 15,000 tons per year for functional ingredients, as well as a research center comprised of eight laboratories for innovation and development of products, including conventional and gluten-free baked goods, ice cream, extruded and textured vegetable proteins, sauces and dressings, sweet and savory fillings, and plant-based products.

Each tailor-made ingredient is free from allergens and chemicals, with products that have outstanding functionalities and prioritize customers' needs.



## Research and Innovation

Our unwavering dedication to research and innovation ensures we prioritize our customers' current and future needs, while remaining at the forefront of future trends and developments in the industry.

We seek to provide new solutions that look after the planet's health and human well-being and continue to create high-quality products across our entire product range.

It is through research, and anticipating the future of the ingredients market that we can shape the future of our products. These Innovation Centers and Innovation Hubs are dedicated to open innovation, anticipating trends, and creating tailor-made solutions.



### Opening of a new Innovation Center in Delmenhorst, Germany

- Many of our products across our different product categories gain their functionality through fat. From laminated margarines and dough fats to chocolate-like products and ice cream coatings, oils, and fats play an important role within the composition of many of our bakery products.
- Two of the most prevalent issues surrounding oils and fats as food ingredients include conversations about sustainability (e.g., palm oil), and nutritional value (e.g., high calorie, trans- and saturated fatty acids). Both directly correlate with the planet and product pillars of our Thrive for Impact strategy and are issues that we feel motivated to address.
- Over 2022, CSM Ingredients invested €2 million and laid the groundwork for the opening of a new Innovation Center specifically for oils, fats, and emulsifiers and worked throughout the year on the design of a novel carbon dioxide cooled pilot line to produce margarines and fat-based bakery products, powder and fat blending facilities, and state-of-the-art analytical equipment.
- The center was opened in January 2023 and is just one of CSM Ingredients' efforts to find palm-free alternatives and clean label bakery fats, demonstrating our commitment to nutritional optimization and the search for more sustainable and healthier fat sources.

## Product Innovation

### Sodium reduction: SALTEC®



Salt greatly influences the taste experience of most foods. Thus, reducing our salt intake to have a healthier diet might pose a difficult challenge in terms of finding the right taste balance. Hi-Food has developed the innovative SALTEC® system to reduce sodium in food formulations by up to 35%. SALTEC® is based on conventional potassium chloride (KCl) and newly generated natural flavors. The key to this system is the natural flavor components that can mask the bitter, chemical, and metallic notes within the flavor profile of KCl. Natural flavors can also boost the perception of saltiness. This is a clean label product, based on sea salt with reduced sodium content, and is comparable to traditional salt. It also functions in the same way as traditional sodium chloride in terms of solubility.

### Palm-free: HI-FIBRE WF



We understand the importance of finding sustainable and nutritious alternatives to palm oil. With our HI-FIBRE WF vegetable fiber mix, we can now create solid and stable systems using vegetable oils (e.g., sunflower, rapeseed, etc.) to produce semi-finished products that replace palm oil and margarine in certain applications – as well as containing obvious nutritional advantages. These nutritional benefits include overall fat reduction and less saturated fat, more vegetable fibers and more oils and fats to choose from (i.e., any source of oil/fat can be used, such as: canola, soy, rice, olive).

### Plant-based proteins: PROTEIOS



Hi-Food developed PROTEIOS, a range of textured vegetable proteins (TVP) with a high protein content, free from allergens, and with a neutral flavor and color. For this reason, TVPs are very adaptable to our customers' specific needs. Thanks to their modifiable shapes and structures, TVPs can be used in the preparation of various plant-based products, from alternative meat sauces, burgers, and tuna to vegetable-based fillings. Naturally gluten and soy and additive free, Hi-Food's proteins are extremely versatile and, thanks to a texturing process that copies the texture of animal-based products, guarantee a tasting experience that replicates meat in terms of the product's juiciness and texture.

Hi-Food's PROTEIOS range is made using extrusion technology at the Hi-Food laboratories in Parma, Italy. The products can also be used in bakery and dairy applications as an alternative source of protein.

### Sugar replacement: MELTEC®



MELTEC® is an ingredient of natural origin, derived from vegetable fibers and free of additives and allergens. It enables the finished product to have a sugar reduction of more than 30%, as it is rich in fibers that enhance the texture and volume of the product without adding sweetness. This award-winning and patented semi-solid ingredient is not sweet in itself, but our customers can pair it with sweetening agents like natural flavors, vegetable extracts, and sweeteners to achieve the desired sugar reduction in the finished product. MELTEC® is particularly suitable for cookies, ice-cream and gelato, snacks, and cereal bars.

## Partnership with **Allozymes**

Last year, CSM Ingredients entered a multi-year partnership with Singapore-based start-up Allozymes to develop new enzymes by leveraging proprietary platform technology. Through our joint efforts, we will be able to collaborate on custom enzymes, and focus on sustainable, clean label, and functional ingredients.

This partnership signifies the role that collaboration will play in future sustainability endeavors and forms part of our investment into enzyme discovery to focus on the development of flours and ancient grains, oils and fats, and proteins – as well as food waste reduction.

The cross-functional abilities of enzyme technology will add value to CSM Ingredients' already broad functional ingredients products. This multi-year collaboration has a global focus but will initially concentrate on Europe.



## Food Safety and Waste Reduction

Our aim to become net positive includes our quality and food safety program, CARE, launched on November 10th, 2022, during World Quality Day. CSM Ingredients has a zero food waste project that aims to get our materials and products “right the first time, everywhere” to eliminate food waste that occurs as a result of quality and food safety issues within the supply chain.

To maintain the trust of our customers, we prioritize food safety and quality measures, complying with all legal requirements. We have a dedicated quality management system that ensures prevention of any risks or challenges that could compromise any ingredient, packaging, manufacturing process, or finished product.



Our CARE program has three key elements:



To be trusted



To be preferred



To improve our business



All our sites comply with BRC, IFS or ISO requirements, and our Gias and Shanghai locations are ISO9001 (Quality Management) certified.

We also ensure that our suppliers are Global Food Safety Initiative (GFSI) certified. We continuously improve our food safety processes and welcome routine audits from certification bodies, authorities, and customers. In turn, we also review our suppliers and have established a Supplier Code of Conduct that they must adhere to, as well as risk management procedures.



## Packaging Reduction

We are committed to overcoming the challenge of packaging waste, while also keeping our products safe for consumers. This includes increasing the amount of recycled content in our packaging, as well as increasing the prevalence of recycled packaging and reducing single use packaging wherever possible. With this in mind, we launched two key projects to further these aims. The first is currently in development and aims to create a recyclable wrapping material that does not compromise on product quality. The second involves the roll-out of a QR code with the goal of reducing resources.

We also work in close collaboration with our suppliers to create innovative packaging solutions, including recycled plastics and paper from sustainable forestry (FSC).

Hi-Food, working together with our partner Italcanditi, has developed, and is now introducing a new form of packaging to improve anti-microbiological qualities and reduce packaging waste. This novel approach will function as a bag-in-a-box packaging system, rather than conventional containers, and will be used to package MELTEC<sup>®</sup>, Hi-Food's sugar replacement solution.

# 10

## Our Governance

Becoming net positive is central to our vision, and to who we are as a company. This means that we encourage sustainable behavior from individuals to our company collective.



CSM Ingredients' corporate governance has evolved to incorporate environmental, social, and governance (ESG) standards, reporting on its evolution in key areas of impact and declaring them in a commitment towards transparency and building trust. With this in mind, we conduct a regular materiality assessment which allows us to identify, enhance, and evaluate the environmental, social, and governance topics that matter the most to our internal and external stakeholders and have an impact on business performance.

We have a one-tier governance structure for our sustainability efforts, comprised of the CEO, the Chief HR and Sustainability Officer, and Head of Sustainability. Together, this sustainability committee sets the priorities and agenda for all our sustainability efforts.



# 11

## Our Methodology

CSM Ingredients takes a multidimensional approach to its reporting and has adopted several different reporting frameworks to devise an overarching reporting structure that is comprehensive and increasingly transparent.

These include:

### UN Global Compact

In 2021, CSM Ingredients joined the United Nations Global Compact, a non-binding United Nations pact, which encourages global organizations and businesses to implement policies that are sustainable, socially responsible, and report upon these initiatives.

The UN Global Compact includes 10 principles which hinge upon human rights, labor, the environment, and anti-corruption. By committing to this set of principles, we uphold our pledge to sustainability and ethical working standards.

### Human Rights

**Principle 1:** *Businesses should support and respect the protection of internationally proclaimed human rights.*

**Principle 2:** *Ensure that they are not complicit in human rights abuses.*

### Labor

**Principle 3:** *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.*

**Principle 4:** *Work to eliminate all forms of forced and compulsory labor.*

**Principle 5:** *Work toward the effective abolition of child labor.*

**Principle 6:** *Work to eliminate discrimination in respect of employment and occupation.*

### Environment

**Principle 7:** *Businesses should support a precautionary approach to environmental challenges.*

**Principle 8:** *Undertake initiatives to promote greater environmental responsibility.*

**Principle 9:** *Encourage the development and diffusion of environmentally friendly technologies.*

### Anti-Corruption

**Principle 10:** *Businesses should work against corruption in all its forms.*

# 12

## Materiality Assessment

Through its materiality assessment, CSM Ingredients carries out an analysis of the most significant matters relevant to our key stakeholders. This examination provides the starting point to determine which areas should receive particular attention at a strategic level from the company's management.



Our materiality matrix forms the basis of our approach for integrating sustainability into our business strategy and serves as a means from which to measure our performance. The material topics identified chart the organization’s economic, environmental, and social impact in terms of their relevance to CSM Ingredients’ stakeholders and our strategic objectives.



- People
- Planet
- Product
- Governance



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