



Sustainability Strategy

Together towards natural



This report highlights Oterra's commitment to sustainability and its intricate connection with the core purpose of the business. It explores how we, as the world's largest supplier of natural colors, strive to make natural food and beverage accessible, contributing to a sustainable and healthy world.



A close-up photograph of a person's hands pulling a sweet potato root from the soil. The plant has large, green, heart-shaped leaves. The soil is dark brown and crumbly. The text "Nature got it right" is overlaid in the center of the image.

Nature got it *right*



Oterra makes natural food and beverages *easy*
for a sustainable and healthy world

Oterra's core purpose and business focus: At Oterra, our guiding principle is that 'nature got it right.' This belief drives our business, and our name, derived from the Latin words 'of earth,' reinforces our commitment to natural solutions. Our core purpose is to make natural food and beverage easy, aligning with the fundamental principles of sustainability and health.

The link to nature and health: Sustainability lies at the heart of Oterra's operations. We recognize the crucial link between nature and health, understanding that the well-being of our planet directly impacts the well-being of its inhabitants. By prioritizing sustainable practices, we ensure the preservation and protection of our natural resources for future generations.

The world's largest supplier of natural colors: As the world's largest supplier of natural colors, Oterra plays a significant role in shaping the food and beverage industry. Our commitment to natural solutions enables us to provide the market with sustainable natural alternatives. By harnessing the power of nature, we enhance the sensory appeal of food and beverages while promoting healthier choices.

Oterra's sustainability agenda: Oterra's sustainability agenda revolves around linking people and the planet through various initiatives. We prioritize responsible sourcing of raw materials, ensuring that our suppliers uphold ethical and sustainable practices. Additionally, we continually invest in research and development to advance the use of natural ingredients and improve the sustainability of our manufacturing processes.

To strengthen our commitment to sustainability, we actively engage with stakeholders, including customers, employees, and communities. Through partnerships and collaborations, we aim to drive positive change, supporting initiatives that promote sustainable agriculture, environmental conservation, and social well-being.

In conclusion, Oterra's sustainability agenda is deeply intertwined with our core purpose of making natural food and beverage easy for a sustainable and healthy world. As the world's largest supplier of natural colors, we recognize the vital connection between people, planet, and nature. Through responsible practices, innovation, and stakeholder engagement, we strive to create a positive impact and contribute to a more sustainable future.

By upholding the principle that 'nature got it right,' Oterra remains committed to delivering natural solutions, preserving our planet's resources, and promoting the well-being of individuals and communities worldwide.

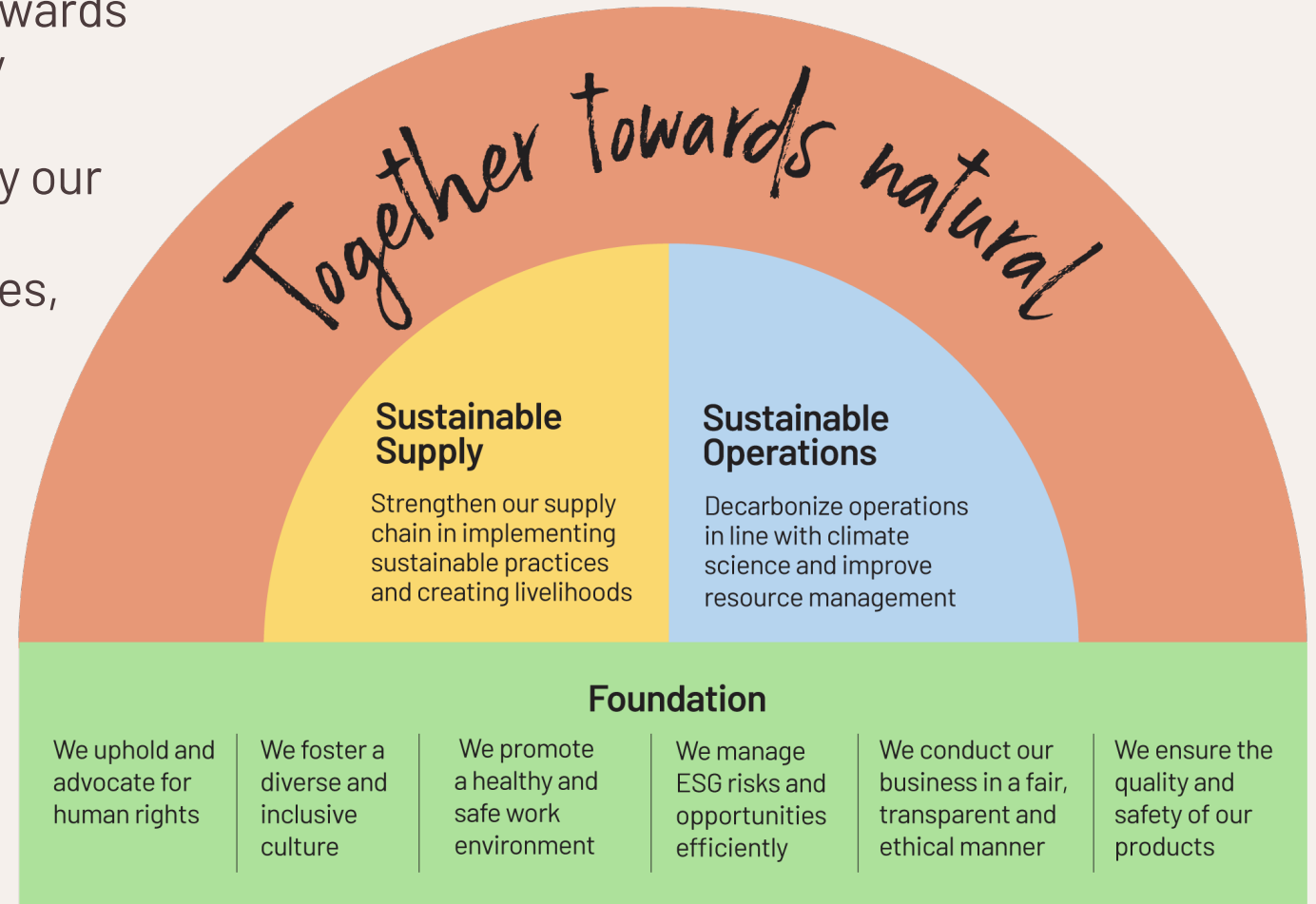


Oterra's sustainability journey



Oterra's sustainability strategy

At Oterra, we are on a journey 'together towards natural'. At the center of our sustainability strategy are our supply chain and our operations. Our strategy is underpinned by our core foundational areas upon which our business thrives, embodying Oterra's values, ways of working and corporate culture.



Materiality assessment

In 2021, we conducted a thorough materiality assessment, which we subsequently reviewed in 2022 to ensure ongoing alignment with our stakeholder's key concerns. This well-defined structure serves as the cornerstone of our internal sustainability governance. It empowers us to efficiently and transparently track our progress and ensure that we remain on track to achieve our sustainability objectives.

Our 13 focus areas

Material areas		Definition	What we track	What we want to achieve
Sustainable supply	Nature impact	We want our operations to do no harm to nature and promote sustainable practices across our value chain. We analyze and act on the nature-based risks in our supply chain.	Impacts from agricultural supply chain	Reduce negative impacts and amplify positive impacts of agricultural supply chain on nature and the environment
	Material sourcing & efficiency	We partner with suppliers and farmers around the world for solutions that secure our future access to raw materials and lower emissions and other environmental impacts across our value chain, while creating positive socioeconomic and community impact. Our breeding initiatives lower the environmental impact of our crops while improving efficiencies and yields.	Scope 3 emissions Savings in environmental impact as an outcome of breeding initiatives	25% absolute reduction by 2030 (CY2022 baseline) Quantify and reduce the environmental impacts of our crops through breeding initiatives
Sustainable operations	Energy	Optimizing energy usage and sources saves both costs and emissions. Our focus is on improving energy efficiency to reduce overall energy consumption and on switching to renewable energy.	Scope 1 & 2 emissions % of renewable electricity at main production sites KwH per ton of production	42% absolute reduction by 2030 (CY2022 BL) Maintain 100% renewable electricity at main production sites Reduce factory energy intensity
	Waste	Reducing waste and improving material yield reduces costs, improves operational efficiency and lowers our environmental impact.	Material yield % % of non-hazardous waste recycled Kg of waste per ton of production	Improve the yield in color units from raw material to finished product Increase % of waste recycled Reduce waste intensity
	Water	Optimizing our water management will make our business more resilient and help us lower our overall water intensity.	Factory water usage per ton of production	Reduce factory water usage intensity
	Byproducts	We analyze and enhance the utilization of our byproducts, to create value for the business while improving circularity.	All byproducts and their uses	Optimize byproducts utilization to create value for the business while improving circularity
	Product design	We monitor the resource intensity of our products and implement sustainable lifecycle management processes. We optimize packaging to increase reuse and recycling within our value chain.	% of recycled content in plastic packaging	Increase the % of recycled content in plastic packaging

Material areas	Definition	What we track	What we want to achieve	
Foundational focus areas	Business Integrity	As a responsible company, we are committed to conducting our business in a fair, transparent and ethical manner.	Recorded cases of business integrity violations upheld	Maintain zero cases
	Business Resilience	Taking a long term, global view on sourcing, human capital and natural resources enables our business growth and resilience. We manage ESG risks and opportunities efficiently, particularly those related to nature and climate change. We create repeatable models for applying ESG best practices across our business and within our supply chain.	Current and future projected social and environmental impacts of Oterra’s investments into facilities, partnerships and new product solutions	Mitigate ESG risks by investing into solutions and partnerships that make our business more resilient
	Product Quality & Safety	As a natural ingredients supplier, the quality, safety and traceability of our products is a top priority.	FTR (First Time Right) aiming at 3 Sigma	Achieve 3 Sigma for product quality and safety
	Employee Engagement, Diversity & Inclusion	We foster a culture of diversity, inclusion and belonging by attracting and retaining a diverse talent pool and ensuring equal opportunities for all employees, and maintain an engaged workforce.	% of female leaders eNPS and engagement score,	Maintain >40% of female leaders across all leadership positions Maintain an engaged and motivated workforce
	Health & Safety	Ensuring the health and safety of our staff and those we work with is of highest priority for Oterra.	Lost Time Incident Rate (LTIR)	Zero accidents
	Human Rights	We uphold and advocate for human rights across our business and within our supply chain, with a focus on responsible sourcing strategies.	Recorded cases of human rights abuse or human trafficking upheld	Maintain zero cases

Framework and processes

For each of our focus areas, we have established a comprehensive framework that encompasses the following elements:

- 1. Clear rationale:** We have developed a profound understanding of the significance of each topic to Oterra, recognizing its relevance and impact on our sustainability agenda.
- 2. Vision and priority initiatives:** We have defined a clear vision for each topic, along with a set of priority initiatives that guide our actions and decisions.
- 3. Key performance indicators (KPIs):** We have identified one or several KPIs specific to each topic, enabling us to effectively measure and monitor our progress over time.
- 4. Ownership and responsibility:** Each topic has been assigned an owner who is responsible for driving the related work, ensuring accountability and successful implementation.
- 5. Senior leadership sponsorship:** A member of our senior leadership team acts as a sponsor for each topic, providing guidance, support, and advocacy to foster its successful integration throughout the organization.
- 6. Ongoing goal setting:** We maintain a dynamic and iterative process of goal setting, regularly reassessing targets and milestones to adapt to evolving circumstances and emerging opportunities.



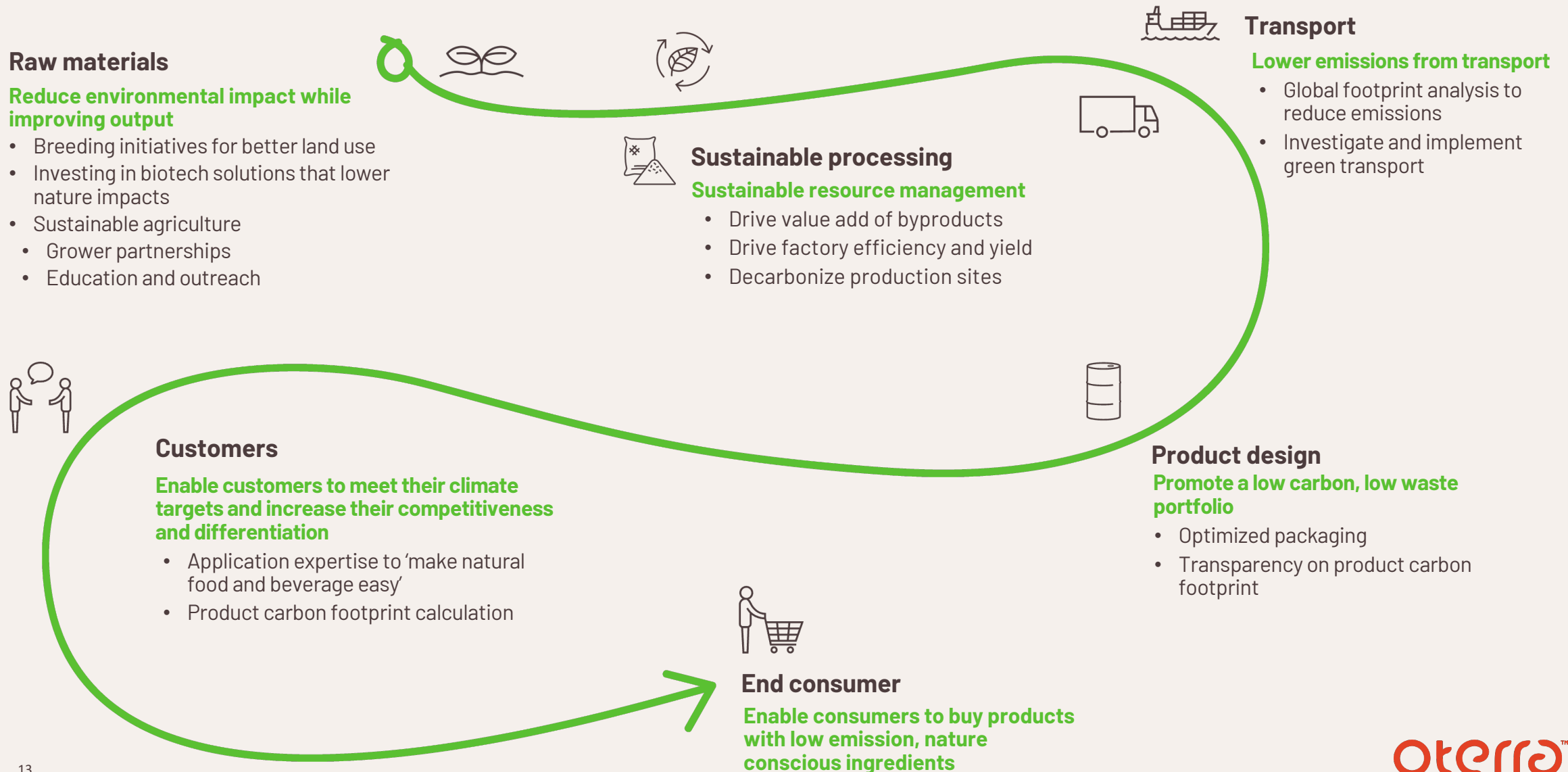
Sustainable value chain from raw material to consumer


Our natural colors are used in applications across a wide range of food, beverage, and pet products globally. By adding value across the entire supply chain, we seize the opportunity to actively contribute to the development of resilient agricultural systems and streamlined production processes. Through meticulous analysis of our value chain, we have taken a comprehensive approach within our sustainability strategy to address both opportunities and risks at every stage. Beginning from the sourcing of raw materials and extending all the way to the end consumer.



oterra™

Sustainable value chain from raw material to consumer



A close-up photograph of green plant leaves and stems, likely a legume, with a soft focus background. The text is overlaid on the left side of the image.

Oterra's carbon footprint and climate action journey

Since our establishment as an independent entity, and undertaking several acquisitions, we have meticulously calculated our greenhouse gas (GHG) emissions across Scope 1, 2, and 3. This strong foundation serves as the basis for developing a roadmap to effectively reduce our emissions in alignment with climate science in the forthcoming years.

Our climate action commitment

In April 2023, we took a significant step forward by submitting our GHG reduction targets to the Science Based Targets initiative (SBTi), the most recognized organization globally for developing methods and criteria for effective corporate climate action.

We are eagerly looking forward to showcasing our climate leadership in the years ahead.



Map & update
GHG footprint
2021-2023



Publicly commit
to the SBTi
Feb'23



Submit targets
for validation
Apr'23



SBTi begins
validation of
Oterra's targets
Q4 2023



Disclose and review
progress following
SBTi approval
Annually

Oterra's carbon footprint and climate action journey

In the table below, we describe our impacts across the three scopes of GHG emissions, as defined under the GHG Protocol. We have set ambitious targets to reduce our impact across all three scopes, which are currently being validated by the SBTi.

	GHG protocol definition	Oterra's impact	CY2022 baseline*	2030 target
Scope 1	All direct emissions from owned or controlled sources	Natural gas and fuel used in production, refrigerants	12,311 tCO ₂ e	42% absolute reduction***
Scope 2	Indirect emissions from the generation of purchased energy	Purchased electricity and district heating	422 tCO ₂ e (market based)	42% absolute reduction
Scope 3	All indirect emissions (not included in Scope 2) that occur in the value chain, including both upstream and downstream emissions	The growing and third-party processing of raw materials, transportation and distribution, packaging, business travel	217,212 tCO ₂ e **	25% absolute reduction

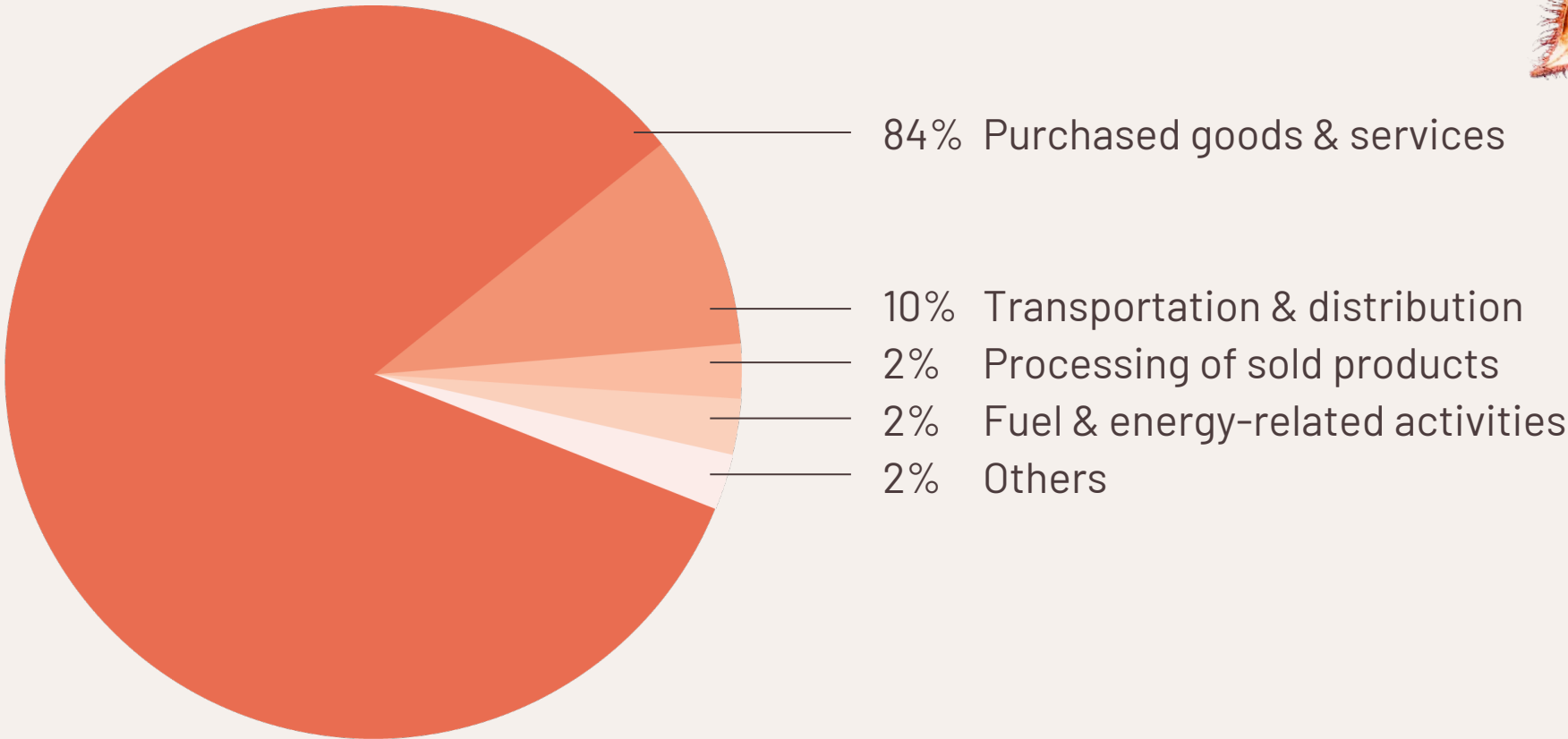
* includes Avedore, Canossa, Chiva, Cosse, West Allis, La Molina, Valinhos, and Holbeach. Mount Pleasant, FIS & Akay will be included from CY2023/CY2024

** Calculated using the spend based method. In 2023 we are beginning to move our Scope 3 calculations towards a hybrid accounting method.

*** Absolute reduction means reducing your total impact, even when growing the business

Scope 3 in focus

95% of Oterra’s emissions are Scope 3, and of these, 84% come from ‘Purchased goods & services’ which includes all raw materials purchased to produce Oterra’s products.



Key GHG emissions reduction initiatives

To realize our ambitious targets, we have identified key initiatives that will propel us towards success. These initiatives encompass:

Scopes 1 and 2:

Implementation of energy conservation measures:

Through comprehensive energy audits conducted at our primary production sites, we have identified specific measures to conserve energy. By implementing these measures, we will minimize our energy consumption and associated emissions.

Scope 2

Continued sourcing of 100% renewable electricity:

At our main production sites, we are committed to sourcing electricity solely from renewable sources. By maintaining this commitment, we contribute to the reduction of our carbon footprint and support the transition to a clean energy future.

Scope 3

Increasing yield from field to end product:


We work with suppliers as well as with our own processes to reduce color unit losses throughout the entire value chain, starting with the raw material to the end product.

Breeding initiatives:

We improve color content in raw materials, enabling us to use less material input to produce the same end product and hence reducing Scope 3 impacts.

Engagement and collaboration with suppliers:

Recognizing the shared responsibility of emissions reduction, we actively engage and collaborate with our suppliers. Together, we explore opportunities to lower emissions related to the cultivation and processing of our raw materials. This collaborative approach enables us to collectively work towards sustainable practices and emission reductions throughout the supply chain.

The background of the slide is a photograph of a mountain landscape. In the foreground, a steep, densely forested hillside rises from the bottom left towards the right. The trees are a mix of dark green and lighter green, suggesting a healthy forest. In the background, another mountain peak is visible, partially obscured by a light haze or mist. The sky is a pale, clear blue, occupying the upper half of the image. The overall mood is serene and natural, emphasizing the company's commitment to a low-carbon future.

Through the implementation of these key initiatives, we are confident in our ability to make significant progress towards our ambitious GHG reduction targets. By addressing energy efficiency, renewable energy sourcing, yield and supplier collaboration, we are actively advancing our commitment to a low-carbon future.

Taking a closer look at our approach to water management

Water is an increasingly scarce and precious resource, and if not managed properly it can become a business risk as water is required both for the growing of our raw materials, as well as during our processes in our factories.

We optimize our water management via:

- Site specific water conservation measures: Since each of our sites uses water differently, site specific measures have been identified to conserve water. This includes measures such as implementing ultrafiltration systems for water recovery, optimizing our CIP (cleaning in place) processes, as well as raising awareness to our teams on how individual behavior can help us conserve water.
- While our immediate priority in the coming year is to reduce the use of water and improve water intensity at our own factories, we plan to roll out supplier engagement on environmental impacts associated with our raw materials, including water usage.

As an example, our team in India has already successfully rolled out engagement with select turmeric contract farmers to implement drip irrigation methods, which resulted in a substantial reduction in the use of water for turmeric cultivation.
- We track the factory water intensity in production (m³ of water per ton of finished goods produced) across all our sites and have set site-specific reduction targets for the coming financial year.
- In our Indian operations, we recover substantial amounts of rainwater for use in our factory processes.

Memberships and commitments

By actively engaging in these initiatives and memberships, we demonstrate our commitment to sustainability, transparency, and responsible business practices. We strive to make a positive impact not only within our own operations but across the industries in which we operate.



The **UN Global Compact** asks companies to embrace, support and enact a set of core values in the areas of human rights, labor, environment, and anti-corruption. Oterra proudly stands as a signatory to the UN Global Compact, demonstrating our unwavering commitment to upholding its principles and advancing sustainable practices.



The **Roundtable on Sustainable Palm Oil (RSPO)** is a non-profit membership organization that promotes the growth and use of sustainable palm oil products through global standards. As a responsible corporate entity, we are a 'Supply Chain Associate' member of the RSPO. This membership underlines our commitment to promoting sustainable practices within the palm oil industry, ensuring the protection of ecosystems and communities affected by palm oil production.



The **Science Based Targets initiative (SBTi)** is the most recognized organization globally for developing methods and criteria for effective corporate climate action. By aligning our emission reduction goals with climate science, we can make a meaningful impact in combating climate change.



Sedex is an organization focused on driving responsible and ethical business practices throughout global supply chains. As part of our membership, we regularly undergo Sedex Member Ethical Trade Audits (SMETA) at our production sites. These audits provide a comprehensive third-party assessment of our operations, ensuring adherence to social and ethical standards.



To learn more, visit www.oterra.com

For more information or questions, contact our
Global Sustainability Lead **Vera Karmebäck** at
vera.karmeback@oterra.com