

Nedspice sustainability report

WORKING TOGETHER ON
SUSTAINABLE SPICING

2021

NEDSPICE



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We deliver
spices, herbs
and dehydrated
vegetables **in a
sustainable way.**

‘NFPP is an integral part of how we operate.’

ALFONS VAN GULICK,
CHAIRMAN AND CEO NEDSPICE

Chairman's Letter

We are proud to release Nedspice's first Sustainability Report, which summarizes our efforts to build a purpose driven organisation, linking sustainability targets with our drive for excellence and long term profitability.

Our journey started some 9 years ago with the set-up of our Nedspice Farmers Partnership Program (NFPP), aiming to build long term supplier relationship with the thousands of smallholder farmers. We realised that there can be no future for our business if we do not value our partners who grow the products that we process and sell. By now, NFPP is an integral part of how we operate. We are constantly looking for enhancements to ensure that NFPP remains relevant to our farmers and ourselves.

Working on NFPP we realised that our goals need to be embedded in the triple bottom line principle of People, Planet and Product. Our aim is to contribute to environmental, social and economic development while we continue to grow our business. Performance will be better across all our operations if we take sustainability at heart, which will bring consistently high service levels and quality products.

By embracing the UN Sustainable Developments Goals we set out to define targets that would give direction to our ambition to make sustainability part of our DNA. We believe that the 25 targets detailed in this sustainability report are ambitious, but we are confident that we can achieve them. We realize though that there is more that can be and needs to be done. The road to sustainability is long and needs constant alignment to new insights and realities, adding new targets as others have been achieved. Nevertheless, we are convinced this is the only road to travel on.

With this report we want to reflect in a transparent way on our progress and show that our beliefs are being converted into action. We also wish to open a dialogue that helps us to improve.

My thanks to our sustainability team, employees in the fields in India and Vietnam, our partners in NGOs or governments and all other stakeholders.

I hope you will find our first Nedspice Sustainability Report interesting and insightful and am looking forward to any constructive feedback.

Alfons van Gulick
Chairman and CEO Nedspice

About Nedspice

Nedspice is a privately-owned group of companies with worldwide activities in sourcing, processing and distribution of spices, herbs and dehydrated vegetables.

Our business activities include sourcing, cleaning, sterilisation, grinding, packing and distribution of single spices, herbs and dehydrated vegetables.

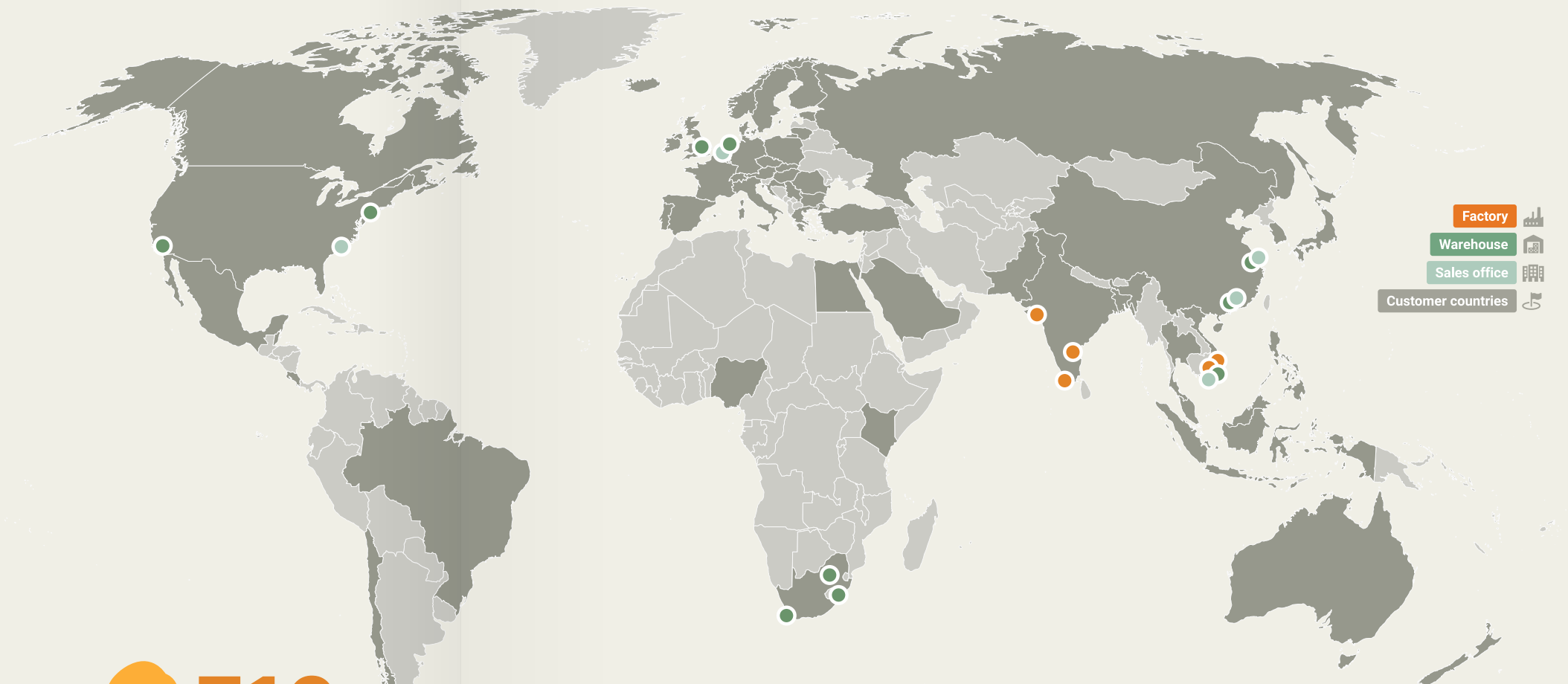
Nedspice is headquartered in the Netherlands and operates processing facilities in India and Vietnam. Sales offices, warehouses and distribution facilities are located in the Netherlands, India, Vietnam, the United States of America, the United Kingdom, South Africa, and China. We have close to 400 customers from 60 countries and we continue to grow each day.

Whether it is whole black pepper for retail bottling or ground garlic powder to season ready-to-eat-food, we deliver our customers the carefree part of their product. We use only natural, wholesome and high-quality ingredients. By providing traceability, transparency, quality assurance, on-time delivery and high service levels we provide products in a carefree manner according to our customers' specifications and needs.

WE HAVE CUSTOMERS IN

60

DIFFERENT COUNTRIES



 **716**
EMPLOYEES
GLOBALLY

 **4500+**
FARMERS
IN NEDSPICE FARMERS
PARTNERSHIP PROGRAMME

REVENUE (EST.)

\$136,24
MILLION
IN 2021

29,806
MT
IN 2021

SALES VOLUME (EST.)

LARGEST 
PRODUCER &
EXPORTER
#1
OF GROUND
BLACK & WHITE
PEPPER IN
VIETNAM
13 KMT IN 2020

It's in our pay-off

At Nedspice, sustainability is part of who we are and how we operate as a company. We have seen first-hand the impact unsustainable practices have on nature and people. Our strong presence in Vietnam and India, both on farm and factory level, enable us to work on improvements directly in order to realise a more sustainable spice supply chain.

To tackle unsustainable practices and issues it is vital that we work together, because only together we can drive change. To that end, Nedspice works in close partnership with farmers, clients, NGOs, governments and industry platforms to sustainably transform the spice sector. Operating sustainably demands continuous improvements and is in fact a balancing act between short-term needs and long-term availability. Sustainable spicing is more than just an alliteration, we consider it a verb. Hence, we continue to work on it.

To ensure availability of raw materials in the long-term, we prioritise sustainability throughout the supply chain. At the source we support farmers to improve their agricultural practices and enhance their livelihood through Nedspice Farmers Partnership Programme (NFPP). As a partner of the Sustainable Spices Initiative (SSI) we push collective sector transformation forward. Through various projects with governments, NGOs and research centres we contribute to sustainable innovation.

working together on sustainable spicing

But most importantly, our expertise in sourcing and distribution combined with our presence in origin enables us to do all this in a cost-efficient and quality consistent manner. This is what we call true sustainable spicing.

How do we work on sustainable spicing?

Our vision is to be a spice ingredients company with profitable growth that contributes to environmental, social and economic development. To achieve this, we are engaged in various activities and projects together with farmers, NGOs and business partners.

To help structure our various activities and ambitions, we have formulated the Nedspice Sustainable Spicing Framework. This framework consists of three main categories: Environment, Social responsibility and Quality. Each category consists of corresponding priority areas.



The framework aligns with the Sustainable Development Goals (SDGs) as adopted by the United Nations in 2015. Our activities are developed with the aim to contribute to the achievement of the following Sustainable Development Goals (SDGs).



We have identified 8 SDGs that are relevant to our sector and resonate with our sustainability ambitions.

Nedspice partnerships

Nedspice's sustainability approach is perfectly captured in the catch-phrase: *working together on sustainable spicing*. 'Working together' is a big part of what we do. We are active in various organisations that focus on sustainability, such as the Sustainable Spices Initiative (SSI), SSI Indonesia (SSI's local platform in Indonesia) and the National Sustainable Spice Programme (India's national organisation).

Nedspice's CEO, Alfons van Gulick, is the global chairman of SSI. In that capacity he signed a Memorandum of Understanding between the Plant Protection Department (part of the Ministry of Agriculture and Rural Development of Vietnam), The Sustainable Trade Initiative (IDH) and SSI to promote and support the sustainable production and trade of Vietnamese pepper.

Nedspice is also a member of the European Spice Association (ESA), the American Spice Trade Association (ASTA), the Royal Dutch Spice Association (KSNV), the All India Spices Exporters Forum, the Vietnam Pepper Association (VPA) and the German Fachverband der Gewürzindustrie e.V., all of which have an increasing focus on sustainability.



Signing of the Memorandum of Understanding

Caring for our farmers

For millions of smallholders farmers it is difficult to secure an income above subsistence level. Income insecurity and poor living conditions pressure farmers into poor agricultural practices, such as uncontrolled use of agro-chemicals, continuous cropping and poor wastewater management. These practices are detrimental to their land as well as to the surrounding natural resources. Consequently, future crop yields and the environment are put at risk.

Sustainable Spices Initiative

The Sustainable Spices Initiative (SSI) is a sectoral membership organisation, founded in 2012, that aims to transform the mainstream spices sector into a more sustainable market.

Poor agricultural practices, lack of adequate processing facilities and growers switching to high-value crops or jobs, have caused an increase in the number of concerns around spice production, especially in terms of future supply, food safety and traceability. Additionally, the sector also deals with sustainability issues such as uncontrolled pesticide use, poor wastewater management and labour conditions. In a pre-competitive environment we can create much needed change.

The SSI brings together an international group of companies and NGOs active within the spices and herbs sector. After the platform was established by The Sustainable Trade Initiative (IDH), many companies made a commitment to source their products sustainably and to make a positive impact on their value chains.

Together with SSI members we have made the commitment to:

- 1 Achieve or exceed 10%-point growth for top 3 product categories by 2021.
- 2 Reach or exceed 25% sustainable sourcing in at least top 3 products categories by 2025.
- 3 Strive for a fully sustainable spice production and trade in the sector.

Through this collective commitment we hope to secure future sourcing and boost economic growth in producing countries.



Starting at the source

To create a more sustainable spice supply chain we start at source: the farmers. Running a small farm isn't easy, especially with global trends that demand cheaper but higher quality food production. Many young farmers leave agriculture to seek alternative employment. Those that remain are pressured into intensive farming, which promotes the use of chemical fertilisers, herbicides and pesticides. This negatively affects long term soil fertility and can harm the health of local communities through polluting water supplies.

Through the Nedspice Farmers Partnership Programme (NFPP), we encourage farmers to make their cultivation practices more environmentally, economically and socially sustainable to future-proof their livelihood.



NFPP growth

In 2013 we set up NFPP in the province of Binh Phuoc, Vietnam and the programme has since expanded to neighbouring provinces of Dak Nong and Dak Lak. Simultaneously we have set up NFPP in various areas in India. The success of NFPP is mainly owed to the fact that farmers are treated as partners and important stakeholders throughout the process, which results in truly sustainable relations.

We started off with 262 farmers from six villages in crop season 2013/14 and have grown steadily in the last eight years. Currently, we work together with 4,745 farmers from 160 villages in Vietnam and India. In 2030 we aim to grow to 10,000 farmers. Read more about our plans for NFPP on [page 14](#).

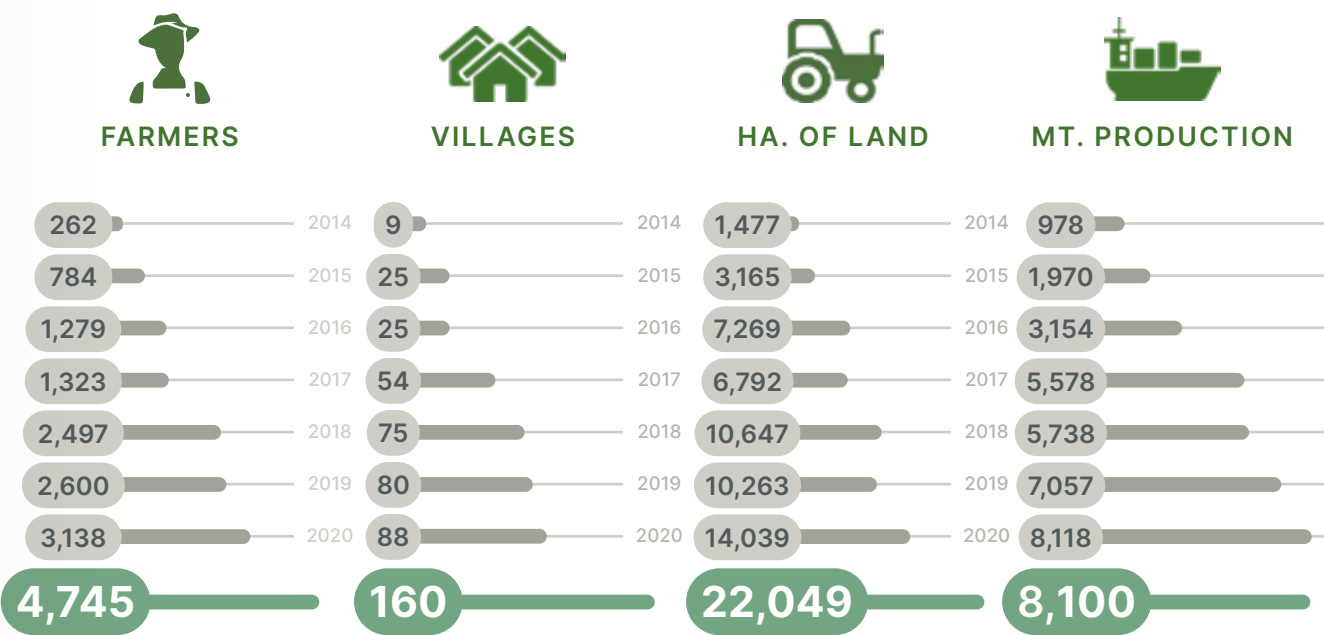
How it works

The Nedspice Farmers Partnership Programme invites farmers into a financially attractive and long-term partnership. Through trainings and on-farm support we help to develop sustainable and profitable farms, that produce high-quality and safe spices. Farmers that have joined NFPP can benefit from frequent trainings on Good Agricultural Practices, on-farm support from Nedspice agronomists and a price premium for quality products. Farmers receive a Package of Practice, which includes, among other things, relevant information on seed treatment and advice on nutrient solutions.

We respond to the wider needs of farmer communities through our outreach programme. More information on our outreach programme can be found on [page 28](#).

In India, crop and farmer details are collected with our NFPP mobile app, which streamlines data collection and helps our agronomists and NFPP staff to make informed decisions.

For NFPP Onion we work together with a Farmers Producers Organisation (FPO), under which 1015 onion farmers are registered. For more information on the onion dehydration factory see [page 20](#).



Certificates

All farmers who participate in NFPP benefit from frequent trainings, support from experienced agronomists, the latest technology and extensive agricultural research by Nedspice R&D department. Independent audits confirmed the sustainability standards held by NFPP.



Rainforest Alliance

In 2021, 133 black pepper farmers from Binh Phuoc, Vietnam received Rainforest Alliance certification. The Rainforest Alliance Sustainable Agriculture Standard recognises four principles: effective planning and management system, biodiversity conservation, improved livelihoods and human wellbeing. All principles contain Critical & Continuous improvement criteria. In other words, the Rainforest Alliance Sustainable Agriculture Standard recognises the challenges posed by climate change and present-day agriculture practices and seeks to address these challenges by actively promoting sustainable practices and improving the resilience of farms and farming communities.



Farm Sustainability Assessment

In 2021, 680 cumin farmers from Rajasthan, India, 260 turmeric farmers from Andhra Pradesh, India and 311 black pepper farmers from Binh Phuoc, Vietnam received the first Farm Sustainability Assessment (FSA) certifications. FSA is an industry-harmonised assessment and assurance tool to promote agreed sustainable agricultural practices. Our NFPP is benchmarked against international industry-leading sustainability standards and is third party certified. All farmers have passed the FSA at Silver level, which means their farming standard is equal to that of a Rainforest Alliance farm.



IndG.A.P.

In 2021, 40 cumin farmers from Rajasthan, India have been certified under IndG.A.P. (India Good Agricultural Practices). The IndG.A.P. certification is an external independent verification, that focuses on sustainable and food safe production at farmer level by increasing awareness among smallholder farmers on soil analysis, water testing, agri-inputs, crop planning and market linkages. The IndG.A.P. certification is equivalent to the GLOBAL G.A.P. certification, an international recognised standard for safe and sustainable agricultural production to benefit farmers, retailers and consumers. The NFPP cumin project was selected by the Quality Council of India (QCI), with the support of the Spices Board, to secure the IndG.A.P. certification. Nedspice is the first company to be audited and certified under this programme.

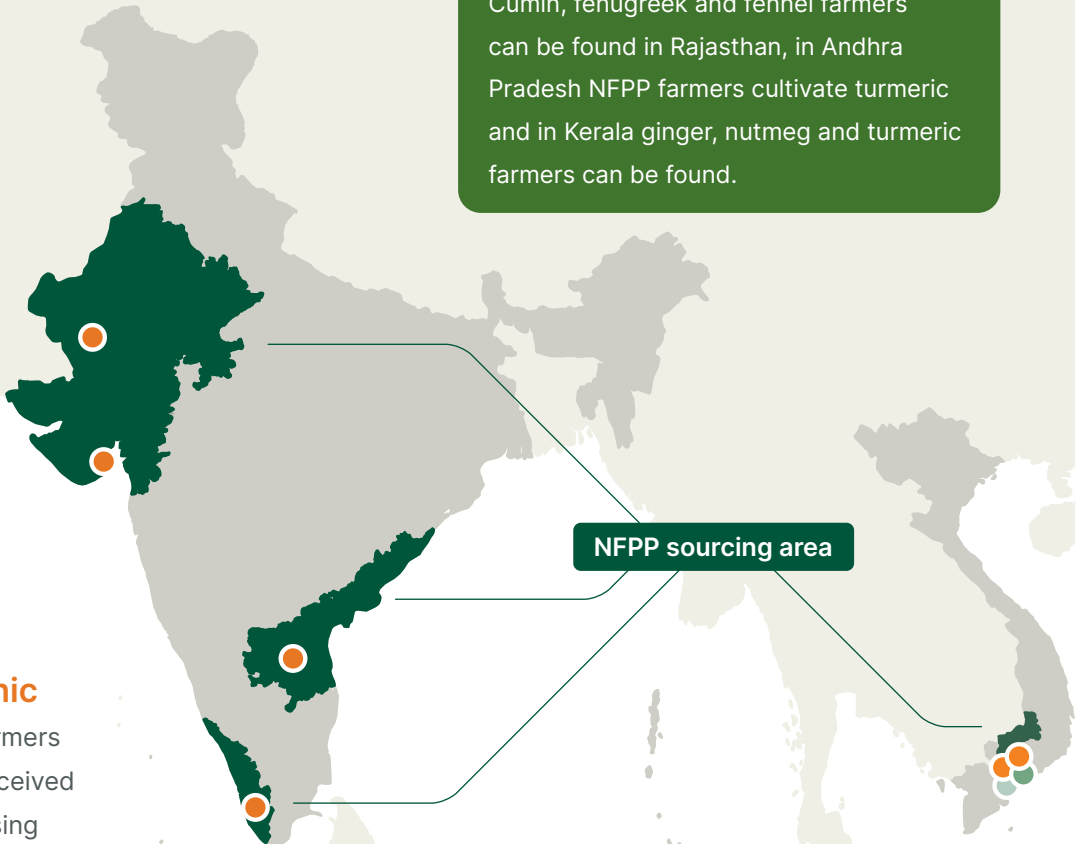


EU & US NOP Organic

In 2021, 10 black pepper farmers from Binh Phuoc, Vietnam received organic certification, passing both EU and the US NOP organic standard. The organic standard is based on the international principles of natural agriculture. Crop rotation and improvement of soil fertility with compost and manure are important principles. Organic farming prohibits the use of genetically modified organisms (GMOs), toxic pesticides, antibiotics, growth hormones and synthetic or climate-destabilising chemical fertilisers.

INDIA

NFPP onion farmers are located in Gujarat. Cumin, fenugreek and fennel farmers can be found in Rajasthan, in Andhra Pradesh NFPP farmers cultivate turmeric and in Kerala ginger, nutmeg and turmeric farmers can be found.



NFPP sourcing area

VIETNAM

NFPP black pepper farmers can be found in the provinces of Binh Phuoc, Dak Lak and Dak Nong.



Number of certified farmers per certificate and spice in 2021

Setting targets

The Nedspice Sustainability Report explains our approach to help build a more sustainable spice sector and will be published annually. It sets out Nedspice sustainability goals and reflects its progress against them. Being the first, this report functions as a baseline and a benchmark for our future reports. Although we made significant progress already, the first year was mostly about setting the targets and gathering data. The document covers the reporting period of January – December 2021.

Sustainable ambition

Following our Sustainable Spicing Framework we have identified ten priority areas and 25 corresponding targets which we have committed to. These targets have been selected based on the importance of change and the impact we can make. An overview can be found on the next page.

Our targets contribute to the SSI ambitions on sustainable sourcing and beyond. Our presence in origin countries gives us both the opportunity and the responsibility to create impactful change.



Improving agricultural practices

Responsible waste disposal

Responsible water use

Conscious production and transport

ENVIRONMENT



Happy and healthy workplace

No child labour

Living income

Reaching out to community needs

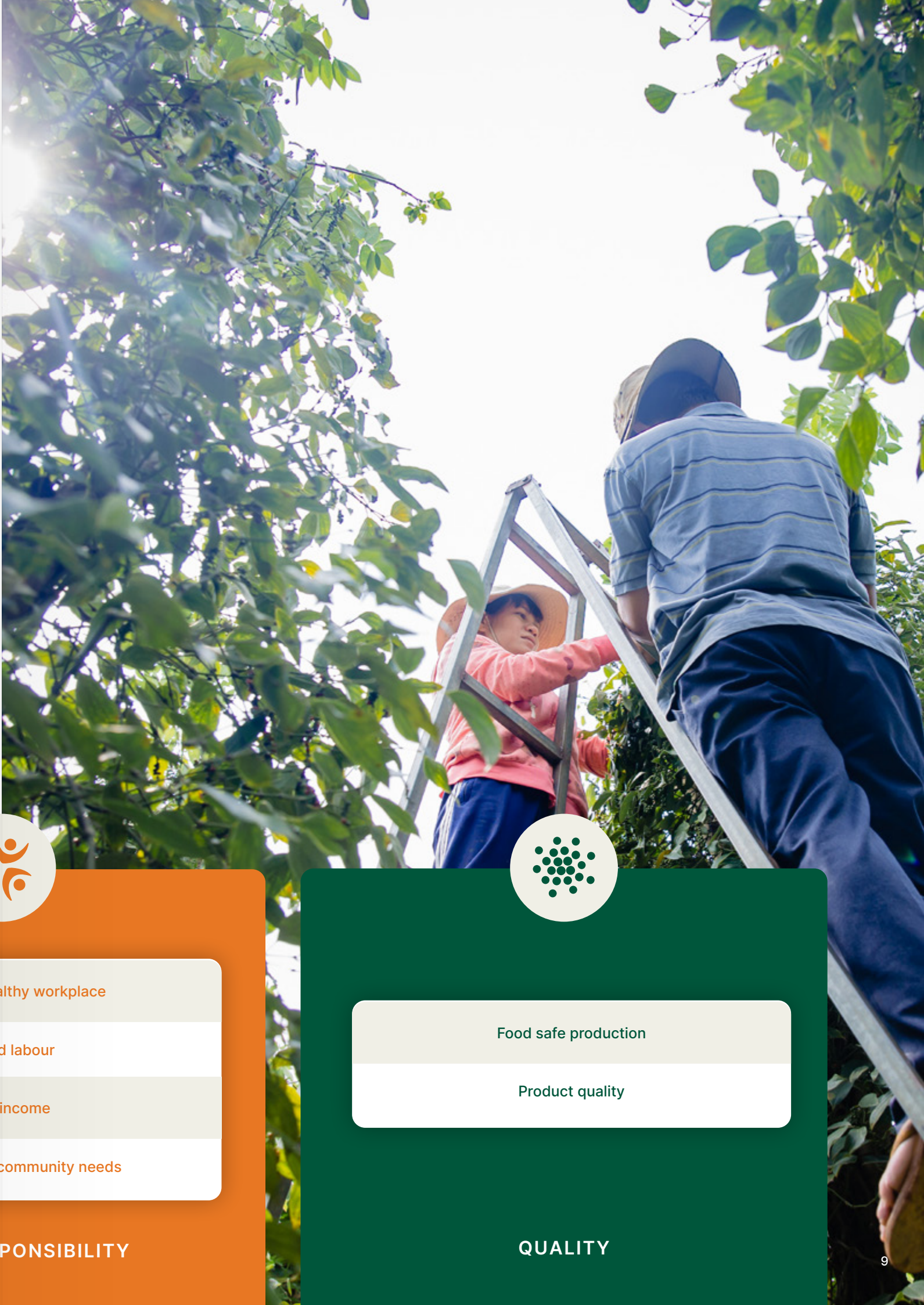
SOCIAL RESPONSIBILITY



Food safe production

Product quality

QUALITY



25 sustainability targets

Improving agricultural practices

COMMITMENT #1

Pesticide use

A. Eliminate use of red label pesticide (highly hazardous) in all our NFPP operations by 2021.

B. Switch to 100% blue label pesticide, or better, by 2025 and to 100% green label pesticide by 2030 for all NFPP black pepper.

C. Switch to better pesticide for NFPP India.

→ page 11

COMMITMENT #2

Fertiliser use

Implement a strategy to optimise sustainable fertiliser use in a joint effort with our NFPP farmers.

→ page 12

COMMITMENT #3

Nedspice Kisaan Club

Increase Nedspice Kisaan Club with 50 members each year.

→ page 12

COMMITMENT #4

Farmer trainings

Increase the hours of trainings received with 15% each year.

→ page 13

COMMITMENT #5

NFPP Farmers

Source 70% of our products through NFPP. That would amount to 10,000 farmers with a projected volume of 75,000 MT per year by 2030.

→ page 14

COMMITMENT #6

NFPP ha.

Expand the NFPP area from 22,049 ha. to 75,000 ha. by 2030.

→ page 14

COMMITMENT #7

NFPP villages

Expand our NFPP outreach programme to encompass a minimum of 275 villages by 2025.

→ page 14

COMMITMENT #8

NFPP irrigation

Further sustainably improve irrigation systems within NFPP operations.

→ page 14

COMMITMENT #9

Biodiversity

Join at least 10 biodiversity projects by the end of 2025.

→ page 15

COMMITMENT #10

CO₂ footprint NFPP

Map the CO₂ footprint of our top 3 NFPP products by end '22.

→ page 16

COMMITMENT #11

Traceability NFPP

Increase the transparency of our traceability by end 2022.

→ page 17

Responsible waste disposal

COMMITMENT #12

Waste management

Implement waste management strategies by Q3 2022.

→ page 18

Responsible water use

COMMITMENT #13

Wastewater BOD:COD

Reduce the BOD:COD in the factories' wastewater by 2025.

→ page 19

COMMITMENT #14

Factory water use

Keep our water use under 1.2 m³ per MT of product.

→ page 19

No child labour

COMMITMENT #23

No child labour

Keep our NFPP operations 100% free of child labour and contribute to sector- or country-wide initiatives to combat child labour.

→ page 26

Living income

COMMITMENT #24

Living income

Make living income a reality for all NFPP farmers by 2030.

→ page 27

Conscious production and transport

COMMITMENT #15

Electricity consumption

Sustainably improve our electricity consumption by 2025.

→ page 21

COMMITMENT #17

Processing equipment fuel

Reduce the use of gas and firewood.

→ page 22

COMMITMENT #16

Renewable energy

Have 15% of our total energy consumption derived from renewable sources by 2025.

→ page 22

COMMITMENT #18

Other conscious production and transport

Make sustainable improvements wherever possible.

→ page 23

Healthy & happy workplace

COMMITMENT #19

Work-life balance

Promote a healthy work-life balance.

→ page 24

COMMITMENT #22

Gender equality

Contribute to achieving gender equality within the spice industry.

→ page 26

COMMITMENT #20

Noise level

Establish noise level of max. 80 dBA for all our processing facilities by 2025.

→ page 25

COMMITMENT #21

Temperature

Sustainably lower the temperature in our processing facilities by 2025.

→ page 25

Food safe production

COMMITMENT TO

Food safety

Continue to deliver food safe ingredients in accordance with the latest food safety certifications and regulations.

→ page 31

Quality

COMMITMENT TO

Quality products

Continue to provide high-quality products according to customer specifications.

→ page 31

Reaching out to community needs

COMMITMENT #25

Charity

Spend at least 2% of our net profit on charitable causes each year.

→ page 28

Environment

In this chapter we identify the most important environmental impacts of our company and we outline our approach on how to minimise the negative impact in the coming years. In our activities we focus on environmental issues like freshwater scarcity, deforestation, biodiversity loss, soil degradation and fossil fuels.



Improving agricultural practices

Improving agricultural practices is the first step in mitigating our environmental impact. Agriculture provides one of the greatest opportunities to address climate change and biodiversity loss. An opportunity we took to heart when we initiated the Nedspice Farmers Partnership Programme back in 2013.

Pesticide

Within NFPP, pesticide use is already low compared to conventional farmers. However, anticipating increasingly stricter international legislation on pesticides we have set out a nine-year-strategy to gradually decrease pesticide use even further.

COMMITMENT #1 Pesticide use NFPP

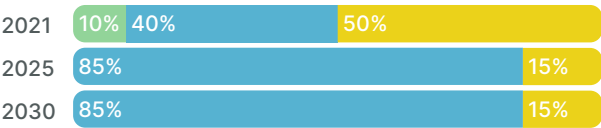
- A. We targeted to eliminate the use of red label pesticide (highly hazardous) in all our NFPP operations by end 2021.
- B. For NFPP black pepper we strive to switch to no more than 15% yellow label pesticide, 85% blue label pesticide, or better, by 2025. For 2030 we aim to grow our farmer group while maintaining or improving on the 2025 target.
- C. For NFPP India products we strive to switch to better pesticide use following the tables on the right.

PROGRESS

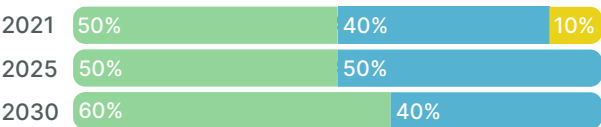
By end 2021 we managed to eliminate the use of red label pesticides in all our NFPP operations, except for black pepper. Of the compounds detected in black pepper only two red label pesticides were found. The red label pesticides reflects 3% of the total pesticides found¹. Based on the results above we can state that all 2021 targets are realised, with the 3% exception for black pepper. The target for 2025 is high, especially considering the planned NFPP growth. Given the curative nature of pesticides we need to take into account that the achievement of targets is not necessarily linear but is subject to weather conditions, diseases and extreme pest attacks. Only in unavoidable situations NFPP farmers may have to resort to using red or yellow labelled pesticides.

targets

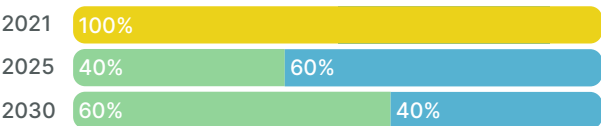
NFPP black pepper



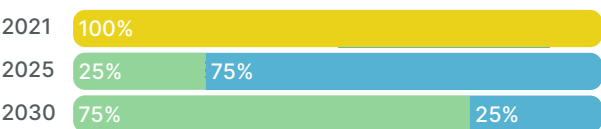
NFPP cumin



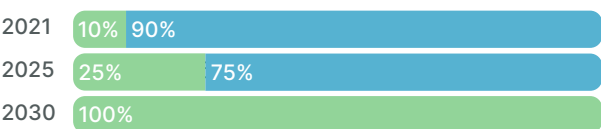
NFPP fennel



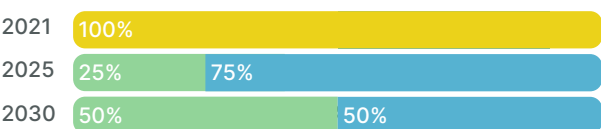
NFPP fenugreek



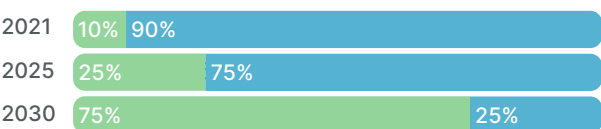
NFPP nutmeg



NFPP turmeric



NFPP ginger



results 2021	pepper	cumin	fennel	fenugreek	nutmeg	turmeric	ginger ²
Red	3%	0%	0%	0%	0%	0%	0%
Yellow	49%	7,5%	0%	0%	0%	0%	n/a
Blue	40%	40%	100%	0%	0%	100%	n/a
Green	9%	52,5%	0%	0%	0%	0%	n/a

1. The substances active in red label pesticides that were detected are Trifloxystrobin (0.05ppm) and Buprofezin (0.05 ppm).

2. In the year 2021 we did not procure any NFPP ginger.



COMMITMENT #2

Fertiliser use NFPP

In a joint effort with our NFPP farmers we will implement a strategy to optimise sustainable fertiliser use.

Just as humans need essential minerals and nutrients to grow, so do agricultural crops. Fertilisers are essential for crops to grow and applying more fertiliser will result in higher yields. However, just as with humans, overeating is detrimental to your health - especially in the long term. A conventional pepper farmer may apply five to six tonnes of fertiliser per hectare per year, which will result in a higher yield, but only for a maximum of three to four harvest cycles. After that, soil degradation will hinder growth, demand more pesticide use and excessive amounts of fertiliser will lead to increased emission of greenhouse gasses and the eutrophication of waterways.

Optimised fertiliser use will lead to better quality crop for a longer period of time, while protecting the soil and the environment. Optimising fertiliser use depends on various factors such as soil health, type of crop and farmland location. The most efficient fertiliser management must therefore be co-created with farmers. NFPP nutrition management serves as the basis for this assessment.

Pepper farmers who participate in NFPP and benefit from nutrition management typically reduce their fertiliser use by three to four tonnes per hectare compared to conventional farmers.

PROGRESS

To track the progress on optimising fertiliser use we look at the number of times the topic is discussed with the farmers. For 2021 it applies that fertiliser use was discussed during 96 trainings in Vietnam and 49 trainings in India. For 2022 we work to increase this number.

‘NFPP pepper farmers typically **reduce their fertiliser use** by three to four tonnes per hectare.’

NFPP nutrition management

NFPP nutrition management is aligned with the latest GAP and it concerns the application of the right type of fertiliser, in the right amount and at the right time. Efficient nutrition management will result in reduced use of (synthetic) fertiliser.

COMMITMENT #3

Nedspice Kisaan Club

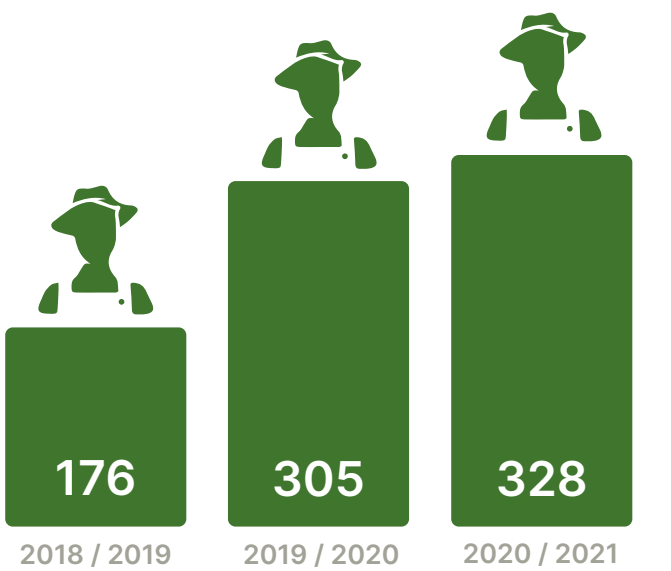
We aim to increase Nedspice Kisaan Club with 50 members each year.

The NFPP team in India realised that cumin farmers in Rajasthan heavily depend on fertilisers and pesticides they buy from local dealers. These dealers mostly issue inferior products that result in soil nutrient degradation, low yields and non-compliance with regulations on pesticide residues. That is why we initiated the Nedspice Kisaan Club in 2018.

The Nedspice Kisaan Club (NKC) is open for NFPP farmers, who can receive an NKC smart card. This card can be used to procure agri-inputs at the Nedspice distribution centres at a reduced price. Based on the information stored on the card, the right type and quantity of inputs is recommended by NFPP executives for the farmers’ crop. NKC farmers do not have to pay for the inputs directly, but costs will be deducted from their harvest income afterwards. This enables farmers to procure appropriate high-quality inputs without investing money beforehand, as well as receiving a higher price for their crop owing to better quality. Simultaneously, Nedspice benefits from high-quality products, increased control over its supply chain and loyal farmers.



328 NFPP cumin farmers were a member of Nedspice Kisaan Club in crop season 2020/21. For crop season 21/22 the number is not final yet, as the season is not yet finished. Every year we aim to add 50 new NKC members. NFPP farmers eligible for the Nedspice Kisaan Club will receive an invitation and can benefit from affordable high-quality agricultural inputs.



NKC FARMERS

COMMITMENT #4
Farmer trainings

We want to increase the overall hours of trainings received with 15% each year.

NFPP farmers follow three to four trainings per year, the trainings are dedicated to the various crop stages (typically: new crop, flower and berry setting, harvest and post-harvest). The training material is regularly updated following the latest agricultural practices. The trainings are open to all NFPP farmers, but not attended by all as some farmers have previously followed trainings and do not require additional education.

Taking into account the projected growth of NFPP (see commitments #5-7) we want to increase the hours of trainings received with 15% each year.

PROGRESS

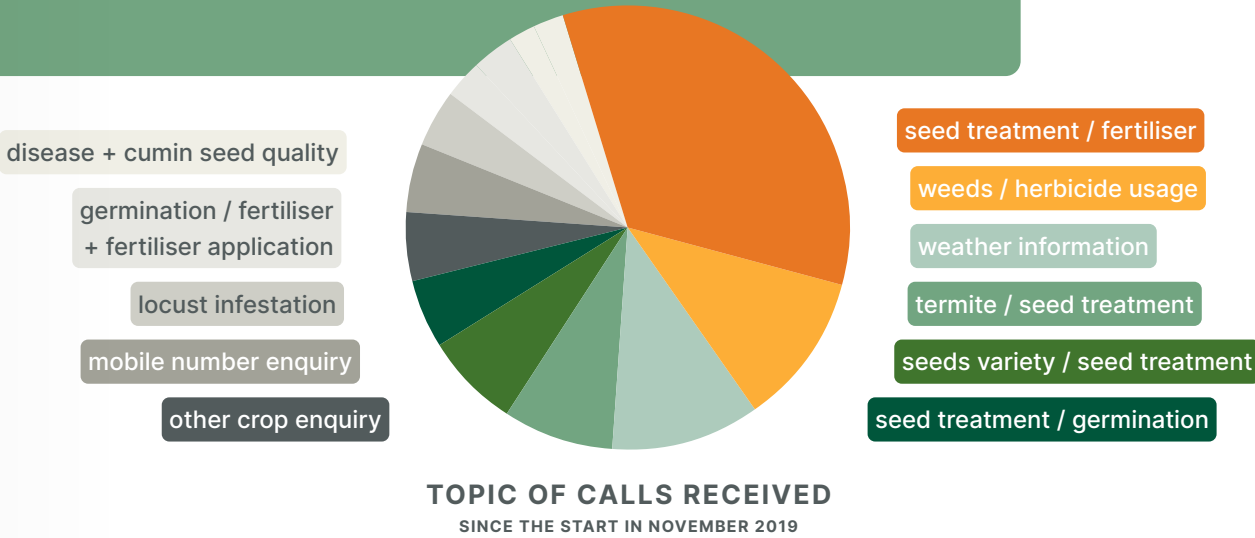
Throughout 2021 we have given 253 separate trainings in Vietnam. Each training lasted 90 or 120 minutes, resulting in an impressive 8,902 hours of training received in 2021. An 82% growth compared to 2020. In India 49 separate trainings were given in 2021, which equals to 1,344 hours of training.

For 2022 we expect the target to be met aided by the planned training for the new onion farmers from Gujarat, India.

NFPP hotline

In addition to the trainings and on-farm support, NFPP farmers in Rajasthan, India can make use of the NFPP Call Centre. The latter proved to be specifically helpful during the Covid-19 pandemic when travelling to farms was challenging.

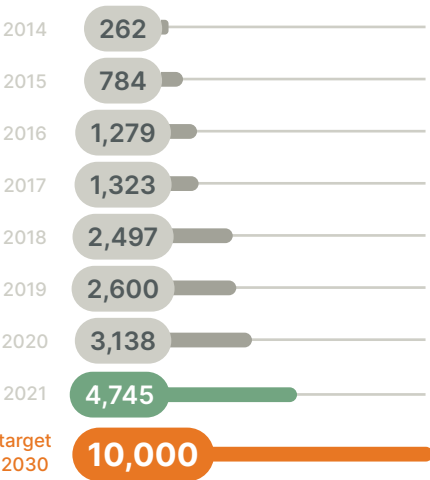
Thanks to the Nedspice Call Centre, farmers quickly receive answers to any urgent questions on crop input, weather forecasts, locust swarm threats or any other issues regarding cultivation they may have. The immediate response increased prevention of crop loss and overall quality of products.



We aim to source 70% of our products sustainably by 2030.
This translates to the following targets for NFPP:

COMMITMENT #5
NFPP farmers

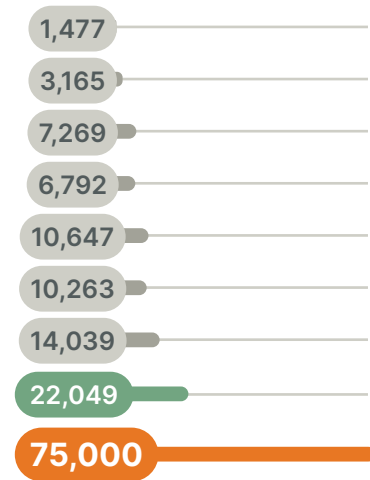
We aim to grow to 10,000 farmers with a projected volume of 75K MT per year by 2030.



We currently work together with 4,745 NFPP farmers, who collectively produced 8,460 MT of sustainable material in crop season '20/'21.

COMMITMENT #6
NFPP ha.

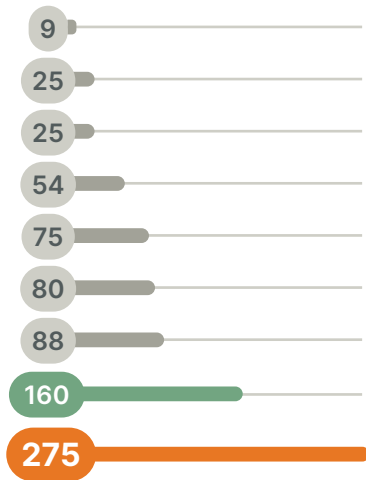
We strive to expand the NFPP area from 22,049 ha. to 75,000 ha. by 2030.



The NFPP sourcing area in India and Vietnam covers a total of 22,049 ha. We plan to grow to 75,000 ha. in 2030. NFPP onion will be a big contributor to the growth in ha.

COMMITMENT #7
NFPP villages

We aspire to expand our NFPP outreach programme to encompass a minimum of 275 villages by 2025.



The NFPP outreach programme currently encompasses 160 villages, we aspire to reach 275 villages by 2025. For more information on our community outreach programme see [page 28](#).

COMMITMENT #8
Irrigation

We commit to further sustainably improve irrigation systems within NFPP operations.

Worldwide, the agriculture sector is the highest consumer of water, around 70% of freshwater withdrawals are used for agricultural purposes, such as irrigation and processing. As the demand for food continues to increase, the demand for water consumption will grow likewise. Therefore, we need to handle our water with care and increase the efficiency of water use.

With regards to farm-level³, drip irrigation has the potential to increase the efficiency of water use. Drip irrigation can help save up to 70% of water compared to traditional irrigation techniques. Drip irrigation has the added benefit of better soil nutrient retention. Although this technique is known by most NFPP farmers, we currently do not have sufficient data on its utilisation. To understand how often drip irrigation technique is applied, we will monitor the type of irrigation systems employed by NFPP farmers in our NFPP App and develop strategies to increase the total of water efficient irrigation techniques.

Simultaneously, for NFPP cumin from Rajasthan, India we have started a trial on water flow meters. Within this trial irrigation methods will be compared, and results will be used as input for water strategies.

Additionally, it applies that clove, nutmeg, mace, cassia and cinnamon are all naturally rain fed crops. As such their cultivation does not draw on the available freshwater resources.



3. [See commitment #14](#) for water use efficiency at processing level.

NFPP sourcing area 2021



COMMITMENT #9
Biodiversity

We commit to initiate or contribute to two new biodiversity projects each year. By the end of 2025 we will have joined at least ten biodiversity projects.

Biological diversity refers to the wide variety of plants, animals and other living species and to the ecosystems that they form. We aim to preserve and strengthen the natural occurring biodiversity on and around the farms we work with. To contribute in an active manner we commit to participate in two new biodiversity projects each year. By the end of 2025 we will have joined at least 10 biodiversity projects. The experience following from these 10 different projects will be instrumental to set our biodiversity ambitions for 2025 onwards.

When selecting a biodiversity project the criteria below are taken into account:

- The project should (directly or indirectly) contribute to the solution of the following biodiversity issues: deforestation, soil erosion, water pollution, declined pollinators and/or monoculture farming and as such mitigate the effects of biodiversity loss, examples of which are extinction of species, proliferation of pests, increased CO₂ emissions and decreased food production.
- The project is preferably farm-level and linked to one of the NFPP crops.
- The project should be action orientated and not exceed a two-year timeframe (initially).
- The project can be in conjunction with other stakeholders.

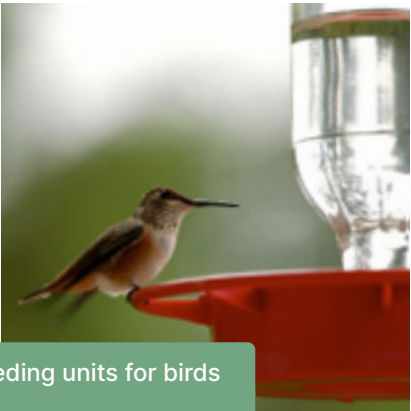
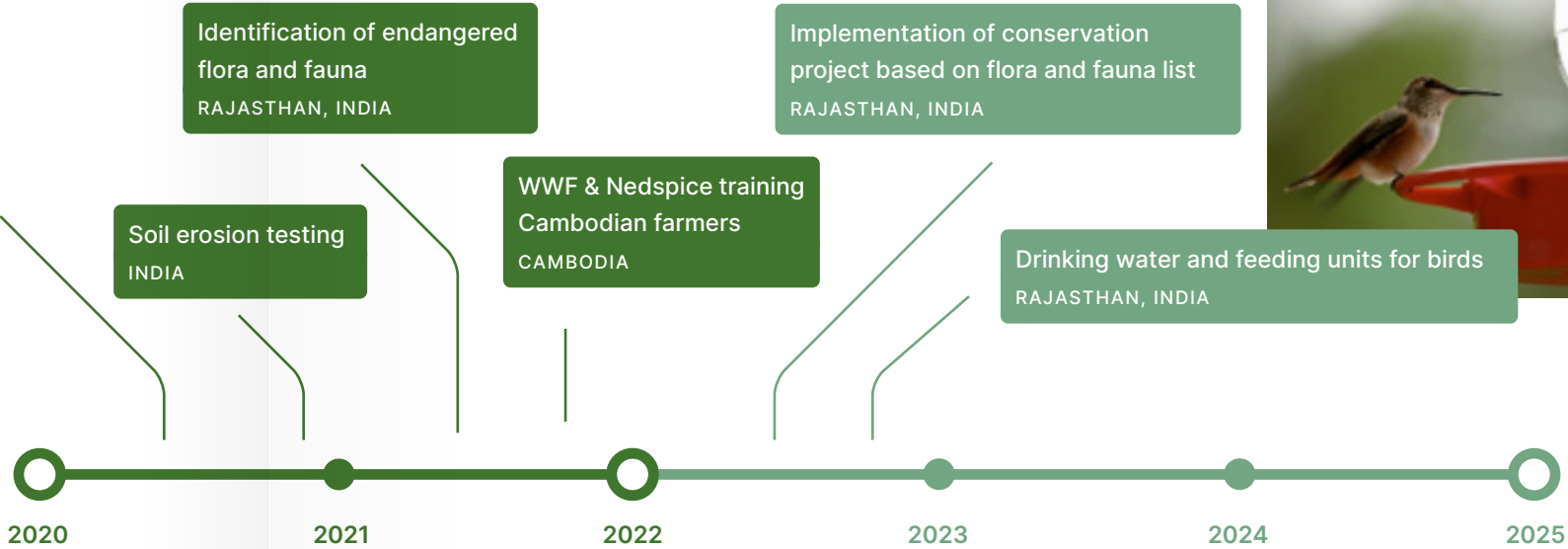
	PROJECT	BIODIVERSITY GOALS	ACTION	DETAILS
2020	Neem tree saplings planting	→ Maintaining soil fertility → Improving ground water level → Natural insecticide → Afforestation	Free neem tree saplings were provided to turmeric farmers in Kadapa, Andhra Pradesh, India.	Neem trees were planted near turmeric plots. See our website for more info.
	Soil erosion testing	→ Soil fertility	Soil analysis was conducted, based on soil's nutritional value farmers received advise on agri-inputs.	No abnormalities were found.
2021	WWF & Nedspice training Cambodian farmers	→ Reforestation → Sustainable cultivation	Cambodian black pepper farmers are trained to use living trees as supporting poles for the pepper vines.	Training was provided to Cambodian farmers to prevent deforestation. See our website for more info.
	Identification of endangered flora and fauna	→ Protection of species	NFPP staff identified endangered native flora and fauna in the NFPP cumin growing area.	Based on the RED book list of endangered species, a list of flora and fauna is compiled.
2022	Drinking water and feeding units for birds	→ Natural pest control	Support birds with portable water and feed units during extreme summer heat.	Project is still ongoing, water units as support for bird's species native to Rajasthan, India. Birds serve as insects' natural enemy.
	Implementation of conservation project based on flora and fauna list	→ Protection of species	Based on list compiled in 2021 implementation of project to protect endangered flora and fauna.	To be developed.



NEDSPICE



Neem tree saplings planting
KADAPA, INDIA



COMMITMENT #10
CO₂ footprint

We commit to map the CO₂ footprint of our top 3 NFPP products by the end of '22.

Nedspice has the ambition to better understand the impact our company makes on the environment. By mapping the CO₂ footprint of our main products, we expect to get new insights in our cultivation and processing operations. Insights that can be instrumental to making environmentally friendly improvements.

We have decided to start mapping our top 3 NFPP products first, which are black pepper, cumin and turmeric. In 2021 these three products amounted to 98% of total NFPP sales volume.

To map our CO₂ footprint we will make use of the Footprint Calculation Tool as developed by Blonk Consultants under commission of the Sustainable Spices Initiative. The tool will be presented during SSI General Assembly in June 2022. Verification of the tool and data is planned for the second half of 2022.

The CO₂ footprint information will be used to assess reduction opportunities within Nedspice supply chain. From 2023 onwards we aim to set CO₂ reduction targets.

Bringing down CO₂ emissions with 60%

Nedspice new onion dehydration factory is built following sustainable principles. Through the innovative drying process, the CO₂ emission is reduced by 60% compared to traditional dehydration factories. This means that 7.8 million kilograms of CO₂ is saved each year, which equates to 15 hectares of deforested land or even to launching one modern space shuttle into air!



COMMITMENT #11
Traceability

We commit to increase the transparency of our traceability by end 2022.

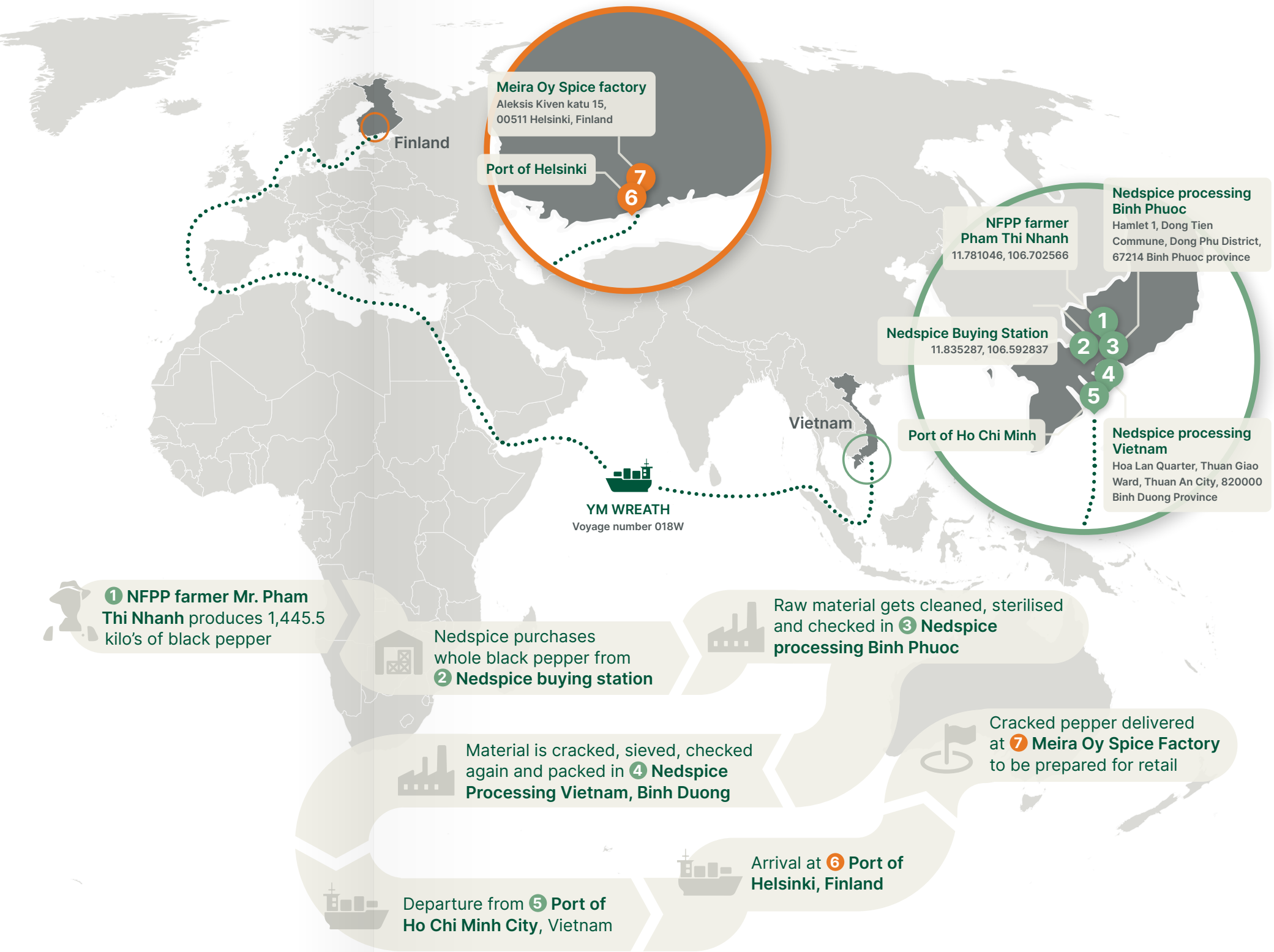
Traceability refers to the ability to track a product from ‘farm to fork’. Traceability is vitally important to food safety and operational efficiency: in case an issue occurs, traceability will help pinpoint the source of the issue and the scope of the potential incident. In line with UN's Sustainable Development Goal 12 (Responsible Consumption and Production), traceability has become more valuable in recent years as it can positively affect the lives of smallholder farmers and other participators of the supply chain. Often the opaqueness of supply chains hinders companies to make true environmental or social impact.

All of our NFPP products are 100% traceable. Considering the annual NFPP sales volumes, this reflects lots of data on smallholder farmers, collectors, and processing. Of our total black pepper purchases in 2021, 55% is traceable back to farm level.

For conventional black pepper it applies that we cannot increase traceability at this point. However, we can increase the transparency of our traceable supply chain. For example by mapping an example supply chain route for individual product categories. We start with black pepper for our Finnish customer Meira.

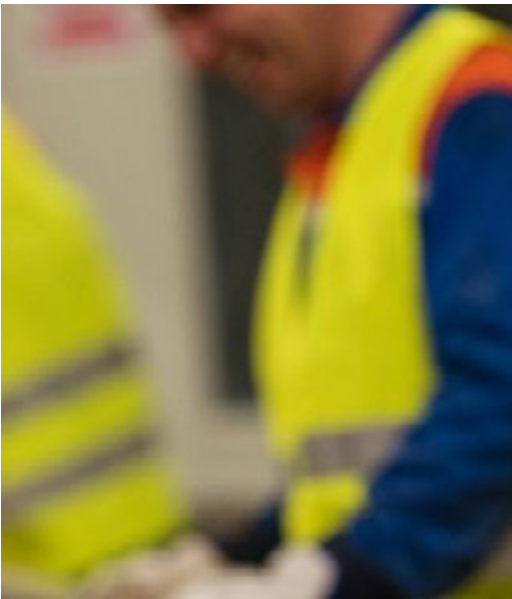


Nedspice traceable supply chain route



Responsible waste disposal

Responsible waste management is imperative for a company wanting to operate sustainably. Similar to other processing companies, agricultural businesses produce unwanted by-products or residual waste throughout their production process. Agricultural waste includes crop residues, weeds, leaf litter, sawdust and forest waste. But also, unnatural waste from silage plastics, fertiliser, pesticides and herbicides packaging is a result of agricultural activities.



COMMITMENT #12 Waste management

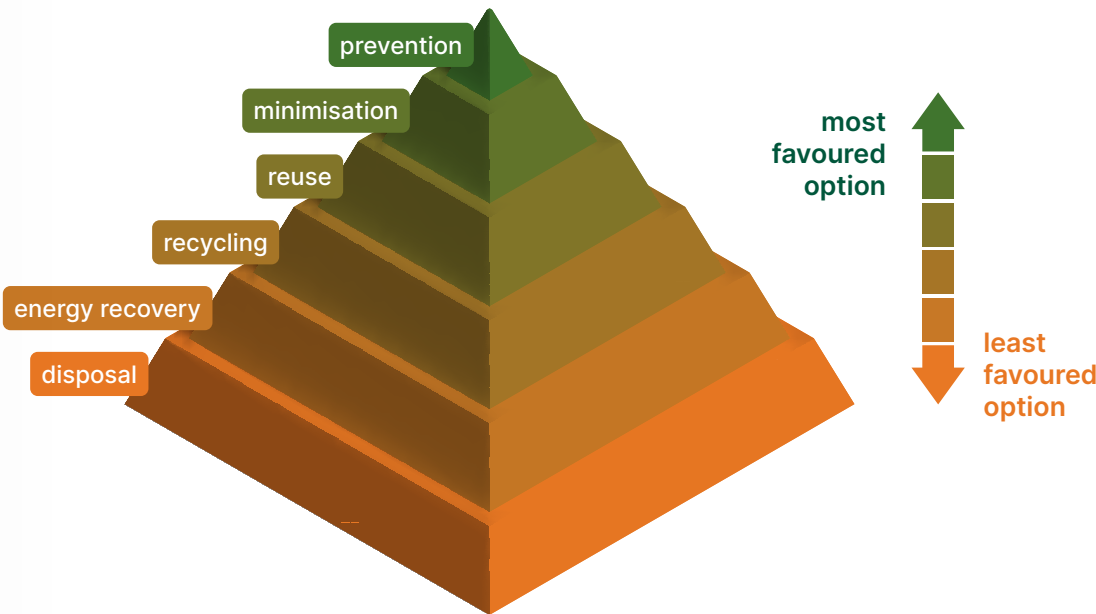
We commit to implement waste management strategies by Q3 2022.

Nedspice waste management strategy is built on the waste hierarchy pyramid⁴ as visualised below. This theory sets waste prevention as the most favourable sustainable solution and disposal of waste as the least favourable option. From this theory improvement suggestions to implement in Nedspice facilities follow. When comparing said suggestions to Nedspice current waste management practices, it shows that Nedspice processing facilities are already particularly waste conscious. When looking into waste management improvements you need to take into account food safety and hygiene standards. To illustrate: Nedspice finished goods are transported to customers in plastic big bags. Pursuing the waste hierarchy theory these big bags should be reused. However, food safety regulations prevent the reuse of big bags because this increases the risks of micro-biological contamination or food

allergy issues. Following the waste hierarchy, the big bags are currently reused by other companies for the transportation of non food, like coir and sawdust. Other possible improvements for Nedspice processing facilities are within the topic of wastewater ([see also commitment #13](#)) and quantification of current waste flows.

Rainforest Alliance farms follow the Rainforest Alliance Standard on agricultural waste. Other Vietnamese NFPP farms follow the waste management standard as set out by the Vietnamese Ministry of Natural Resources and Environment.

In the near future we will further investigate possible waste management improvements and include them in our next annual sustainability report.



4. Interpretation of DrStuey 'Waste Hierarchy' via Wikimedia Commons

Responsible water use

Every agri-business is highly dependent on water security, not only for irrigation during crop production but also during post-harvest activities and processing. This dependency automatically places a responsibility on us to use the world's freshwater resources with care.

Under commitment #8 (irrigation) we describe how we contribute to responsible water use on farm-level. For post-harvest practices there are various ways in which we contribute to responsible and efficient water use, exemplified below.



Fish are used as natural indicators of factory wastewater quality.

COMMITMENT #13

Wastewater BOD:COD

We aim to reduce the BOD:COD in the factories' wastewater by 2025.

To monitor the state of our factories' wastewater we will measure the BOD:COD ratio in the wastewater. The biochemical oxygen demand (BOD) represents the amount of oxygen consumed by bacteria and other microorganisms while they decompose organic matter. BOD is essentially a measure of the amount of oxygen required by aerobic bacteria to remove organic waste matter from water through the process of decomposition. The chemical oxygen demand (COD) is the amount of dissolved oxygen that must be present in water to oxidise chemical organic materials, examples being petroleum. In short, BOD describes the amount of oxygen required to breakdown organic pollutants and COD describes

the amount of oxygen required to chemically breakdown pollutants. The BOD:COD ratio of wastewater is a good indication of how much the total organic load (or oxygen demand) is bioavailable for degradation.

We aim to reduce the BOD:COD ratio in wastewater. The lower the value, the more easily biodegradable the water is and thus the less toxic the water is.

In 2022 we start monitoring the BOD:COD ratio in our factories' wastewater. After accumulating the data we will formulate a target for the coming years.

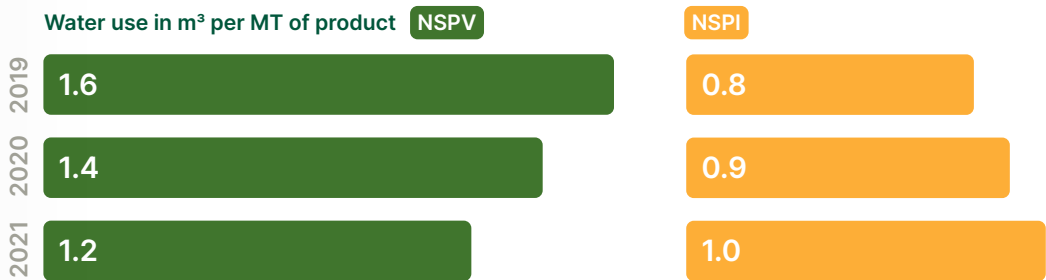
COMMITMENT #14

Factory water use

We aim to keep our use of water under 1.2 m³ per MT of product.

For our Vietnam processing facility we were pleased to learn that in 2021 we have significantly improved efficiencies in our processing water intensity, compared to previous years. From 1.6 m³ of water used per MT of product in 2019, to 1.4 m³ in 2020 and 1.2 m³ in 2021.

For our Indian processing facility it applies that the water use has slightly increased from 0.8 m³ per MT of product to 1.0 m³ of product. In the coming year we aim to retain or reduce this number. Starting with revising our cleaning practices, e.g. using high pressure jets as they are expected to be more efficient in water use.

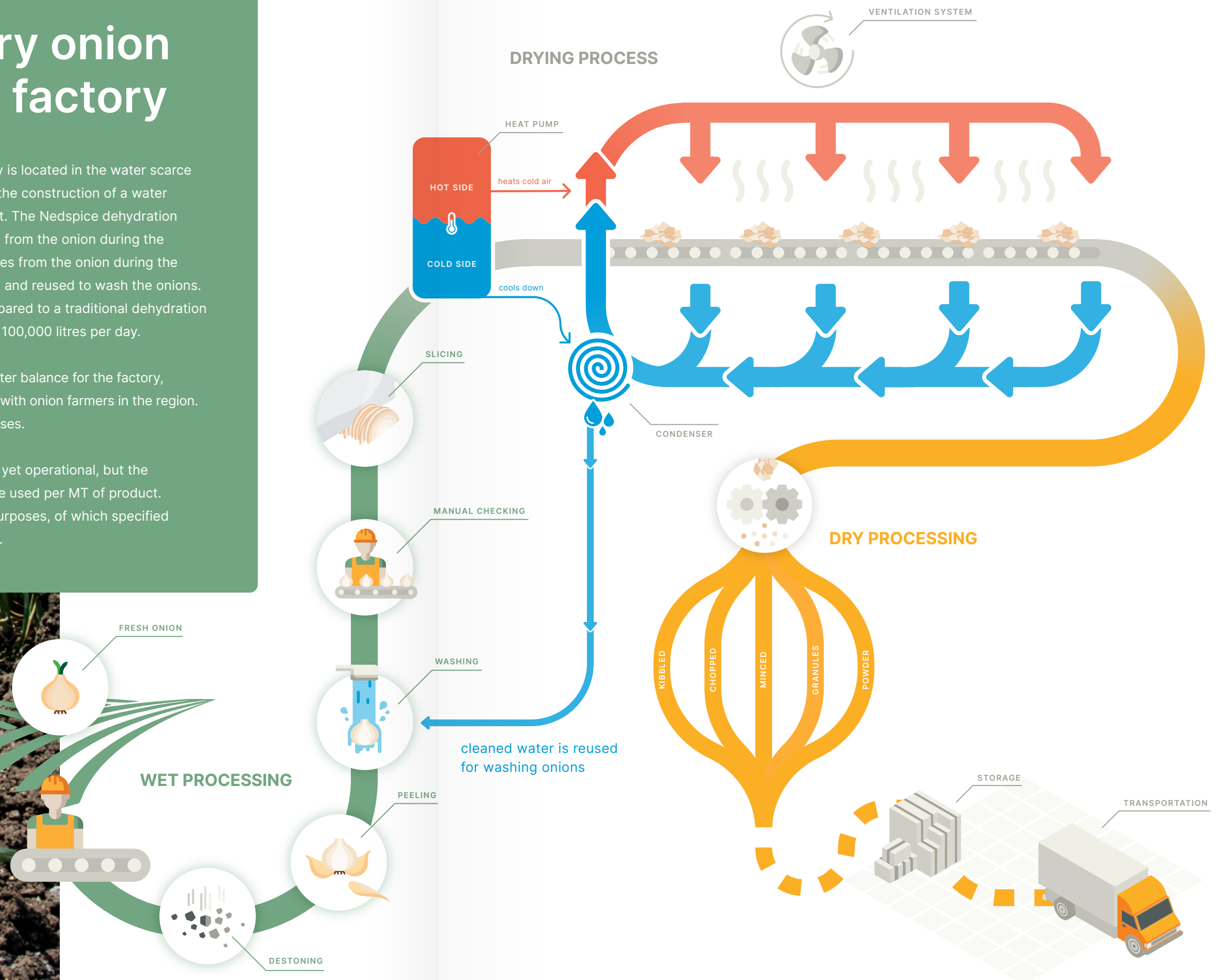


Revolutionary onion dehydration factory

Nedspice's new onion dehydration factory is located in the water scarce province of Gujarat in India. Which made the construction of a water efficient dehydration factory very relevant. The Nedspice dehydration factory reuses the water that is extracted from the onion during the dehydration process: water that evaporates from the onion during the dehydration process is collected, cleaned and reused to wash the onions. By doing this, 67% of water is saved compared to a traditional dehydration factory. On busy days, this can add up to 100,000 litres per day.

In the future we even expect a positive water balance for the factory, which allows us to share the excess water with onion farmers in the region. Who can use the water for irrigation purposes.

The new onion dehydration factory is not yet operational, but the prognosis is less than 1 m³ of water will be used per MT of product. This is excluding water use for sanitary purposes, of which specified data can be included in next year's report.



Conscious production and transport

Conscious production and transport are a big part of our ambition to operate in an environmentally friendly way. We have formulated three targets which are relevant to report and improve on in the road towards becoming a sustainable operating company. Additionally, we have included a residual category that allows us to report on any sustainable improvements made within our transport and production activities that do not fall under the previous targets.

In the future we expect our CO₂ footprint mapping (commitment #10) to provide more insight in the contribution of production and transport to the overall emission intensity.



Processing factories

We have four processing factories. Two of which are located in Vietnam: in Binh Duong and Binh Phuoc. The other two are located in India: in Cochin, Kerala and Mahuva, Gujarat. This last one will be operational mid 2022.

COMMITMENT #15 Electricity consumption

We aim to sustainably reduce our electricity consumption by 2025.

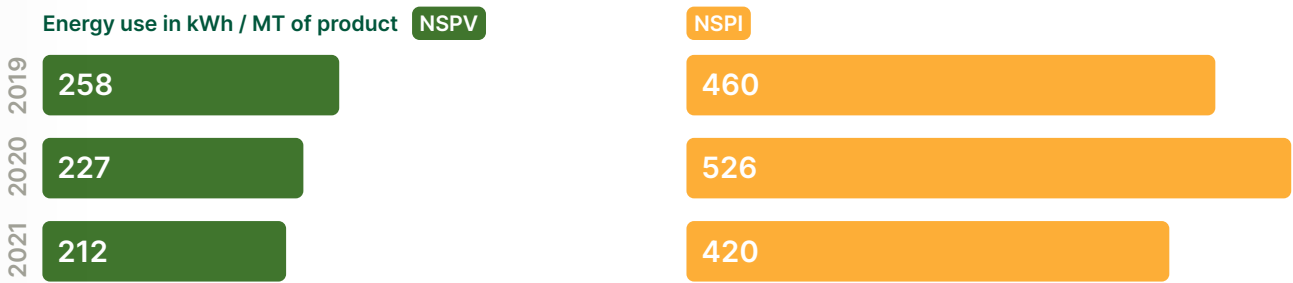
This target aims to show the ratio of electrical power consumed to process (for industrial facilities) and handle (for inhouse warehousing facilities) Nedspice products. It is measured in kilowatt-hours per metric tonnes (kWh/MT)

For our Vietnam processing facilities, it applies that various improvements, innovations and process changes implemented resulted in an 17.8% reduction since 2019.

For our Indian processing facility the reduction has been less linear, still we can report a reduction of 8.7% since 2019.

For 2022 we will evaluate the power consumption per machine through the placement of energy sensors. Based on this we can set a specified reduction target for the coming years and implement a corresponding machine update or replacement strategy.

Nedspice's new onion dehydration factory is exempted from the scope of this target, as minimum power consumption was one of its core construction principles and reduction opportunities are therefore exhausted as such.



COMMITMENT #16
Renewable energy

By 2025 we aim to have 15% of our total energy consumption derived from renewable sources at Nedspice processing facilities.

Renewable energy is defined as energy derived from natural resources that replenish themselves in less than a human lifetime without depleting the planet’s resources. Examples of renewable energy are sunlight, wind, rain, tides, waves, biomass and thermal energy. Most importantly, renewable energy emits no or low greenhouse gases, and as such do not contribute to global warming. To that end, we

aim to have 15% of our total energy derived from renewable sources by 2025.

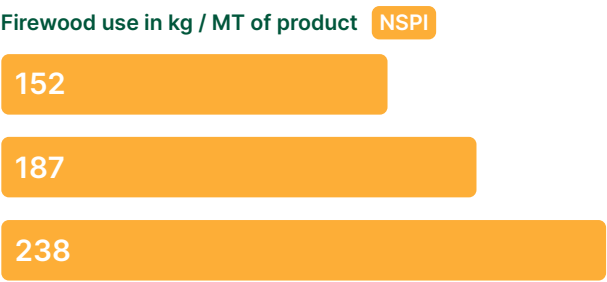
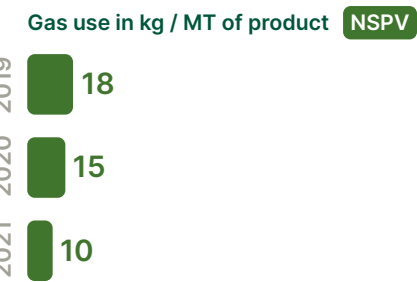
To some 15% may seem like an unambitious target, but considering Nedspice expected growth in total energy consumption and the current availability of green energy in Vietnam and India, 15% forms a demanding challenge at present.

COMMITMENT #17
Processing equipment fuel

We aim to reduce the use of gas and firewood (to fuel our processing equipment).

For Nedspice processing facility in Vietnam it applies that the gas consumption is greatly reduced in the last years. This is mainly owed to the replacement of the old steriliser boiler with a new more efficient one in 2019. For our 2022 report we will also include data from our new factory in Binh Phuoc, Vietnam.

Nedspice processing facilities in India do not rely on gas to fuel the steriliser boiler, instead the boiler operates on firewood. It is challenging to secure a consistent flow of sustainably sourced wood in India, so we aim to move to other sources of fuel to bring down this metric as well.



Vietnam’s & India’s energy ambitions

Vietnam’s National Power Development Plan drafted by the Ministry of Industry and Trade of Vietnam (MOIT) gives cause for optimism. The proposal prioritises the development of renewable energy sources for the period 2021 -2030, and includes a vision to 2045. For the period 2021 – 2030 the proposal lays out plans to reduce coal-fired thermal power and substantially develop power sources utilising gas. Wind and solar power will be developed too, both will account for respectively 12% and 17% of the total installed capacity in 2025⁵. At the time of writing Vietnam’s National Power Development Plan seeks approval from Prime Minister Pham Minh Chinh.

At COP26 India’s Prime Minister Narendra Modi announced India’s ambitious energy targets: installing 500 GW (that is 500 billion watts!) of non-fossil fuel energy capacity and sourcing 50% of its energy requirements from renewable sources by 2030. India currently has a capacity of 101 GW and would need to add 400 GW of non-fossil fuel energy in the coming eight years to meet the goal. Non-fossil includes large nuclear sources in addition to renewable sources. Experts are divided on the feasibility of ‘Mission 500GW’, yet view it as a significant step in the fight against climate change.

5. <https://www.eia.gov/todayinenergy/detail.php?id=48176>

COMMITMENT #18

Other conscious production and transport

We aim to operate in a sustainable manner and we will make sustainable improvements wherever possible.

In addition to the targets mentioned above we strive to make sustainable improvements within our processing facilities and transportation activities where possible. We have not set a numerical or specific target to achieve this, but instead have formulated the target broadly to include all improvements that may not fit under the other targets.



Water fountain as installed in Binh Duong factory, Vietnam



For our Binh Duong factory in Vietnam, we have replaced all of our water dispensers with water fountains. The water fountains, unlike the water dispensers, do not require the use of plastic cups. Nedspice Binh Duong factory operates 350 days per year with 240 employees drinking water at least 6 times per day. Based on these numbers substituting dispensers with water fountains saves up to 500k plastic cups per year.

2021 PROGRESS



To protect the quality of ingredients during transport, usually a desiccant bag is added to the shipping containers. For our finished goods shipped from Gujarat, India we have selected a carbon-neutral container desiccant. This desiccant is made from 100% recycled plastic and has a very low CO₂ footprint. We aim to switch to this environmentally friendly alternative for all our transport.



With regard to sustainable sea transport, we follow developments closely and aim to offer sustainable shipping options to our customers as soon as possible.



Social responsibility



As our company grows, our responsibility to protect the environment and the planet's resources grows with us. However, our responsibility does not end here. As a spice ingredient company present in origin, we feel obligated to fulfil the social duties we have towards the people and communities we work with and depend on. We have identified four areas where we feel we have direct obligations as well as the possibility to protect and support our people.

These areas are: healthy and happy workplace, no child labour, living income and reaching out to community needs. For each area we have set corresponding targets that help us create a more social spice sector.

COMMITMENT #19 Work-life balance

We promote a healthy work-life balance, while providing the opportunity to earn more.

In order to realise both expanding business activities and happy employees, we actively promote a healthy work-life balance that respects a wide range of values and lifestyles. We support employees if they wish to modify their working hours. The opportunity to work more is available for factory workers would they want to secure additional income, but their working hours are strictly monitored to prevent long and excessive working days.

The importance we attach to creating a healthy work environment is further demonstrated by the fact that from 2018 to 2021 no accidents were reported in our Vietnam facilities. From 2022 onwards we started monitoring number of accident-free days in our Indian facilities as well.

In addition to this, Nedspice India offers employees and their families free annual health surveillance.

Healthy & happy workplace

We are committed to provide a healthy workplace where our colleagues and employees feel happy and safe. An environment that stretches beyond our direct workforce and aims to include farmers and contractors, conducive to building a social supply chain. To create a healthy and happy workplace we have commitments on four different topics: work-life balance, noise level, temperature and gender equality.



COMMITMENT #20
Noise level

We work towards noise level of max. 80 dBA for all our processing facilities by 2025.

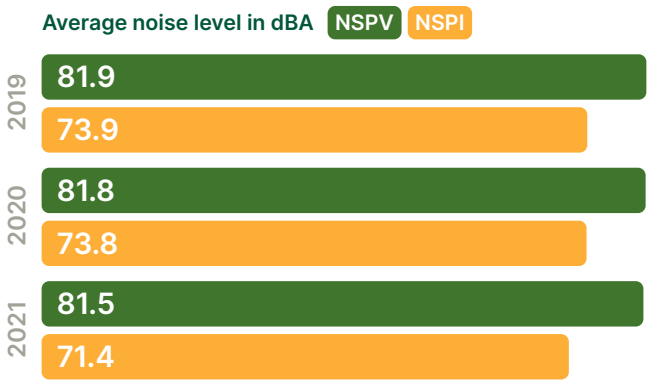
Noise abatement is an important part of our social responsibility, as excessive noise can damage a person's health, cause stress and impact the overall work experience. Noise level is measured in decibels (dB), dBA measurement means it has been adjusted to consider the varying sensitivity of the human ear to different frequencies of sound.

Legal limits on noise exposure in the workplace are usually set at 90 dBA. Hearing damage can occur when exposed to a constant background noise of 80 – 90 dBA for a longer period of time.

With our employees' health in mind, we are working towards an average of 80 dBA for all our facilities by 2025. Various improvements such as insulation, enclosures, mufflers and noise barriers will be implemented to achieve gradual reduction over time.

For our Vietnam processing facilities, we have monitored the noise levels since 2019. We made efforts to reduce the average noise level, and further improvements are required. The high average is mainly owed to the structure of certain raw materials: when running whole nutmeg for example, the noise level may temporarily go up to 85 dBA.

For our Indian processing facilities, the noise level is lower than Vietnam and are reduced over time, due to improvements made to the sifter and changes in processing design. For high noise areas hearing protection is mandatory for all employees.



COMMITMENT #21
Temperature

We aim to sustainably lower the temperature in our processing facilities by 2025.

We want to provide a working environment that is pleasant. The legal maximum temperature in Vietnam for inside workplace buildings is 32°C. Indian law does not prescribe a maximum temperature, but we strive for a temperature that is reasonably achievable considering the local situation.

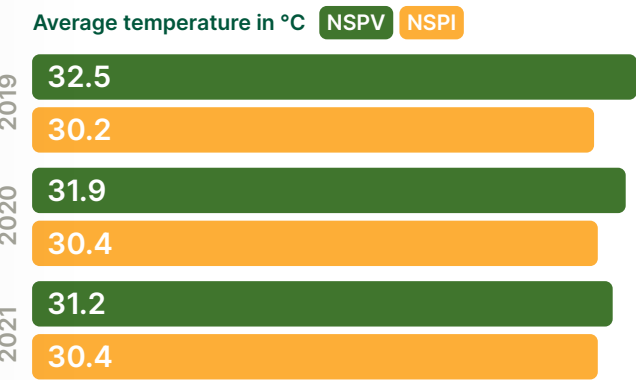
The average temperature in Southern Vietnam is 30°C. In India the average temperature is 29°C in Kerala, 33°C in Rajasthan and in Andhra Pradesh the average daytime temperature is as high as 40°C.

In Gujarat, India the average daytime temperature during winter is 29°C and 42°C during summer.

From an environmental perspective we have made the conscious decisions to look for solutions in construction rather than air conditioning to lower the temperature. Knowing that one small cooling unit consumes more power than running four fridges, we will focus on building design and construction improvements to reduce the temperature in a natural way.

Clever designs solutions that can contribute to naturally cooler processing facilities, include but are not limited to:

- Good insulation and well-positioned windows
- Roof paint / reflective coat to reduce surface temperatures
- Tree and foliage planting on factory site
- Manage air flow with (solar powered) fans
- Coverage of factory machines



‘We aim to break the cycle of high temperatures, added energy demand through air conditioning, more greenhouse gas emissions leading to global warming and again higher temperatures.’

**HOANG XUAN CHIEN – FACTORY DIRECTOR
NEDSPICE PROCESSING VIETNAM**

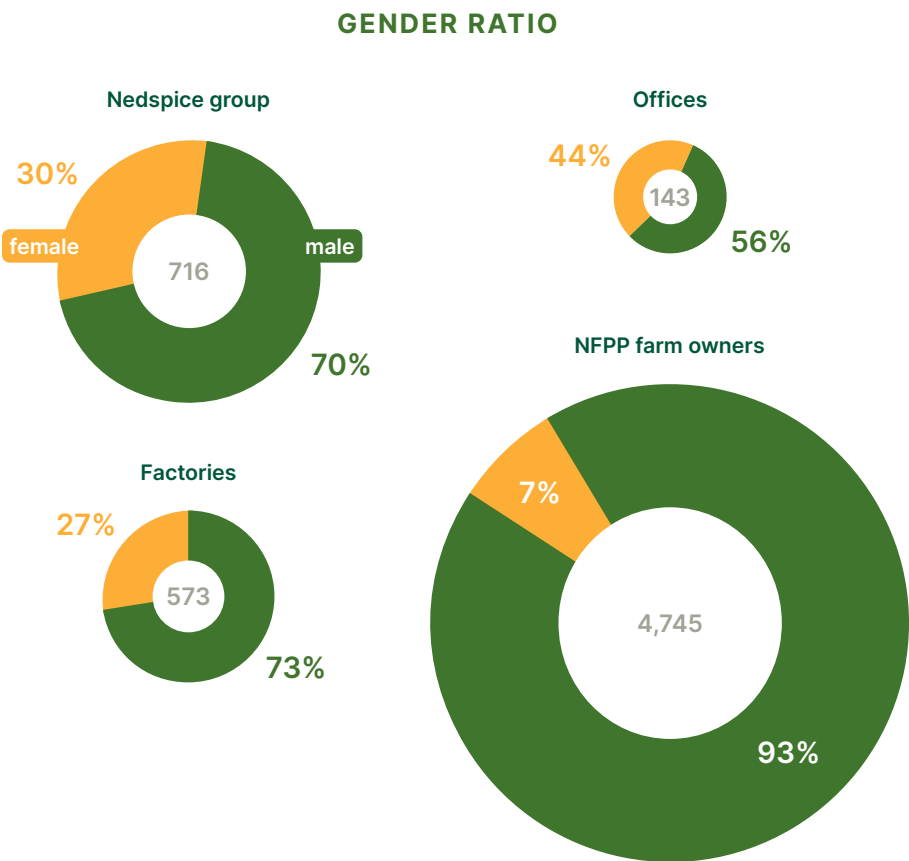
COMMITMENT #22
Gender equality

We actively encourage all efforts that contribute to achieving gender equality within the spice industry.

We aim to create an environment where the rights of all people are respected, regardless of race, gender or sexual orientation. In order to have a deeper understanding and to advance gender equality in our sites and within our direct sourcing programme we have compiled data regarding the number of men and women working. The aggregated overview can be viewed below.

In the coming years we will work on a policy and implement measures that furthers the development of an equal future. The installation of grievance mechanism is the the first step in this.

Equality in the workplace includes the creation of equal opportunities for all employees. In line with this approach, we focus on talent over diplomas and push national talent over expat managers. For corporate level performing employees it applies that we encourage exchange between Nedspice entities to gain overseas work experience. Evidently, all genders have equal access to open roles and promotions.



COMMITMENT #23
No child labour

We continue to work to keep our NFPP operations 100% free of child labour and we contribute to sector- and countrywide initiatives to combat child labour wherever we can.

Child labour is still a reality in many countries. According to the International Labor Organization (ILO) 125 million children between the ages 5 – 17 are involved in child labour. Recent report shows that Vietnam accounts for 1 million of those children and that 59,7% of them work in the agriculture, forestry and fishery sector⁷. In India it is estimated that 10.1 million children are involved in child labour⁸. Although our NFPP operations are monitored frequently and the risk of child labour at these farms is very low, these numbers alone demand continuous heightened attention to the issue from Nedspice and the spices sector as whole.

in a realistic manner. We have shifted away from a zero-tolerance policy on child labour, because it is a multi-root issue we believe that simply removing farmers from the programme will not prevent repetition.

The coming year will be used to monitor and collect data. To this end, we have developed and implemented Nedspice Child Labour Definition & Guideline Document. This document gives clear definitions on what child labour entails and what does not (e.g., children helping at the farm after school hours). It sets out Nedspice internal reporting mechanism and includes tools for our agronomists to recognise and report cases of child labour and identify factors that could contribute to it.

The first step to combat child labour is to create an open and transparent culture, wherein child labour issues are acknowledged and approached

7. Viet Nam National Child Labour Survey 2018, International Labour Organization
8. Census 2011

Measures at three levels are the basis of our child labour strategy.

Preventive
We will continue to work to keep our NFPP operations free of child labour, even when the programme is growing. We do this through education, monitoring and reporting. We address root causes of child labour to drive its eradication, see commitment #24 on living income and commitment #25 under which we support various school projects in farmer communities.

Remedial
If any instances of child labour are found, we immediately look for remediation for the child and engage in a long-term education and monitoring programme with the farmer involved, as we believe that this provides the best chance in preventing repetition.

Structural
We drive and join sector wide initiatives that aim to eradicate child labour in the herbs and spices sector through awareness raising, advocacy activities and due diligence development and management. Where relevant we engage and collaborate with other sectors (coffee, tea, cashew).

COMMITMENT #23
No child labour (continued)

2022 will be the year of monitoring and data collection, after which we will take the required and necessary action. This sequentially is applied, because without a proper understanding of the magnitude of the problem it is difficult to develop an effective action and remediation plan.

At sector level we contribute in various ways. We are an active member of SSI Child Labour working group who will present SSI's Child Labour position paper during the SSI General Assembly in June 2022. All SSI members will be asked to sign the position paper to formalise their commitment to eradicate child labour from the spice sector supply chain.

In addition to this, SSI is preparing the implementation of a three-year project on child labour in the Vietnamese pepper sector and the Indian chilli sector⁹. The project is funded by the Dutch RVO (Rijkdienst voor Ondernemen - Fund Against Child Labour). The project consists of multiple components, including awareness raising, lobby activities and more concrete measures like tool developments, on-the-ground interventions and trainings. Nedspice is one of the few companies active on the ground in origin, and we look forward to investing our time, expertise and resources to achieve the desired outcomes of this project. The project consortium includes companies and organisations that operate at various positions in the supply chain but are united by their shared responsibility to end child labour.

9. As Nedspice is not involved in chillies, we focus on Vietnamese pepper only

COMMITMENT #24
Living income

We commit to make living income a reality for all NFPP farmers by 2030.

Dependency on global market prices, weak negotiation power and high competitiveness between producing countries have negative effects on farmers' livelihoods and as such the long-term sustainability of the supply chain.

To ensure a viable supply chain in the future and advance the lives of smallholder farmers, we work towards realising a living income for all NFPP farmers.

We are an active member of SSI's Living Income working group. The living income roadmap developed by IDH - The Sustainable Trade Initiative, provides the basis for the discussions in the working group and the development of a roadmap for the spices sector.

Ensuring living income is not as simple as just increasing the farmers' price premium. This makes the product more expensive and brings the risk for a producer to price himself out of the market. What is needed is a long-term commitment from customers in order to maintain income increases once they have been implemented, and thus to provide the farmers with a secure livelihood.

Living income for all NFPP farmers viewed in conjunction with NFPP's projected growth to 10,000 NFPP famers in 2030, makes this commitment the most ambitious of all.

What is a living income?

A living income is defined as sufficient income to afford a decent standard of living for all household members – including a nutritious diet, clean water, decent housing, education, health care and other essential needs, plus a little extra for emergencies and savings – once farm costs are covered.

Where living income refers to income of a self-employed farmer, living wage is applied in the context of hired workers (in factories, on farms, etc). Living wage should not be confused with minimum wage, the latter is a standard set by law and does not take into consideration the specific situation of an individual (household size, other streams of income), while the first provides the means to live decently. Living income or living wage is also different from poverty lines. Poverty lines indicate what is needed to survive, while living income enables people to thrive.

Reaching out to community needs

Nedspice believes that for people to thrive, communities need to thrive. Our feet on the ground and the close relationship we have with farmers and their communities enable us to donate time, expertise, products or money directly to where it is most needed.



COMMITMENT #25 Charity

We commit to spend at least 2% of our net profit on charitable causes each year.

Our commitment to spend at least 2% of our net profit on charitable causes each year is driven by our sense of responsibility and the social duties we have towards the people and communities we work with and depend on. As a company active in the agricultural sector, Nedspice is heavily dependent on farmers and therefore places great importance on the wellbeing of rural communities.

A big part of the success of our charitable projects can be attributed to the close relationship we have with farmers and their communities. This enables us to make a clear assessment of how to make a truly valuable and direct contribution to the specific needs of villages or individual people.

In 2021 we have supported farmer communities and social or cultural institutions in various ways. Covid-19 was unfortunately still very present in all Nedspice country locations throughout 2021, which made it a welcoming charitable cause.

Guidelines

- 2% net profit in 2021 reflects a potential changemaking capital. Criteria below give direction to the way the resources should be spent:
- Links with one or more areas of Nedspice Sustainable Spicing Framework
 - In proximity of Nedspice operations
 - Focus on children
 - Non-political
 - Preferably initiated by a local non-profit organisation

COMMITMENT #25

Community needs (continued)

Nedspice EMEA and US

- ① Donations to various local cultural institutions like theatres, museums and festivals.

Nedspice India

- ② Nedspice India donated Covid-19 medical equipment to health centers, local hospitals and the police station in Barmer, Rajasthan. Nedspice India contributed to the Cochin Chamber of Commerce Covid-19 Fund and donated mobile phones to children so they could attend online classes during the lockdown period.

Nedspice Vietnam

- ③ Non-Covid-19 donations included the donation of 400 tables and chairs to secondary schools in Barmer and Jaisalmer, in the province of Rajasthan and donations to the local charities that provide the poor with food, medication and education.
- ④ After Cyclone Tauktae hit the village of Rohisa, which is located near our new onion dehydration factory, Nedspice funded the construction of two new houses.
- ⑤ Donation of food to medical patients at Thuan An Hospital in Binh Duong.
- ⑥ Donation to labour union that provided 600 children with food during the lockdown period.
- ⑦ Donation of medical tools and equipment to the local health centers in Binh Duong and in Binh Phuoc.
- ⑧ Donation to Dutch NGO MCNV that launched a programme to improve the nutrition of young children and pregnant women in 15 villages in the Dong Xuan district, Phu Yen province (North Vietnam).



- ② Donation of mobile phones to attend online classes.



- ③ Donation of 400 chairs and tables to secondary schools in Barmer and Jaisalmer, Rajasthan.



- ④ Construction of new houses after cyclone Tauktae.

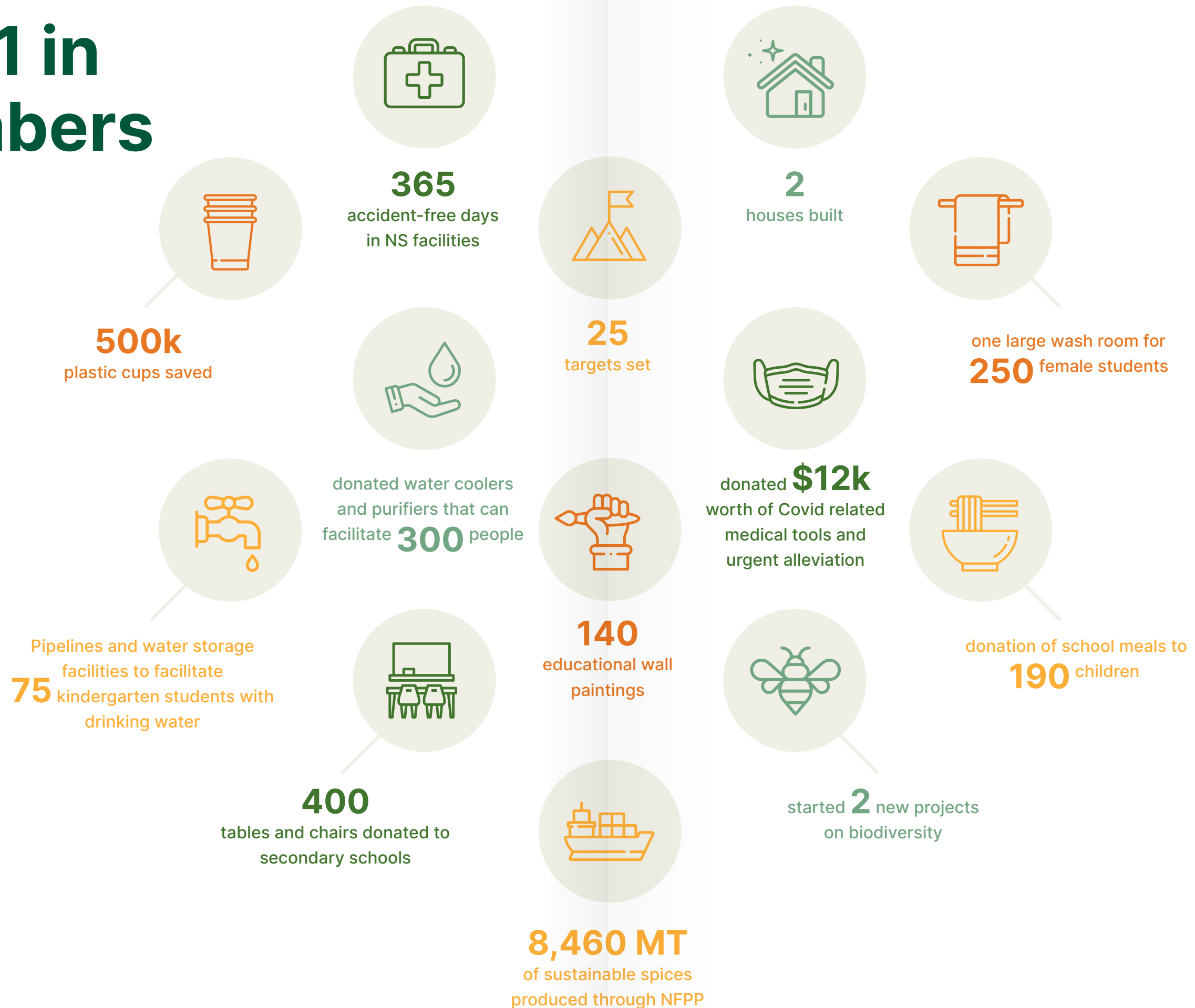


- ⑦ Donation of medical equipment to local health centres in Binh Phuoc.

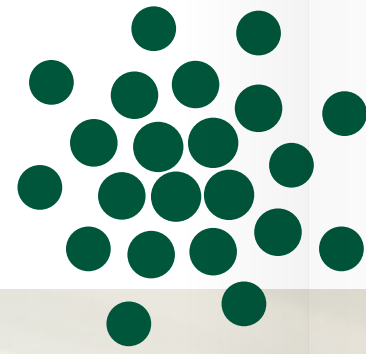


- ⑧ School meals as part of nutrition programme in Yen Bai province.

2021 in numbers



Product quality



‘The commitment to food safety and quality **is present throughout the company.**’

Food safe production and product quality

We are proud to contribute to a more sustainable supply chain, but our first priority is to deliver high quality and food safe ingredients. This starts at farm level but is continued throughout our supply chain.

Whether it concerns adulteration, contamination or allergen risks, our highly integrated supply chain combined with comprehensive microbiological testing at Nedspice quality assurance departments, ensures that all food safety risks are controlled. Therefore, we can say that we deliver the carefree part of your product.

But don't just take our word for it...

After independent verification we have been rewarded with the following certifications:

- BRC – Grade A and AA
Global Standard for Food Safety
- FSSC22000
Food Safety System Certification 22000
- ISO22000
Food Safety Management System
- ISO17025
Laboratory Testing and Calibration Requirements
- VALID-IT Spices Protocol
for chilli powder and turmeric
- Halal and Kosher certifications
- M&S approval
Marks & Spencer approved supplier
- SMETA Certification
SEDEX Members Ethical Trade Audit

Next to this, all our factories have implemented HACCP food safety management systems and we comply with all relevant national and international regulations regarding food safety.

Looking ahead

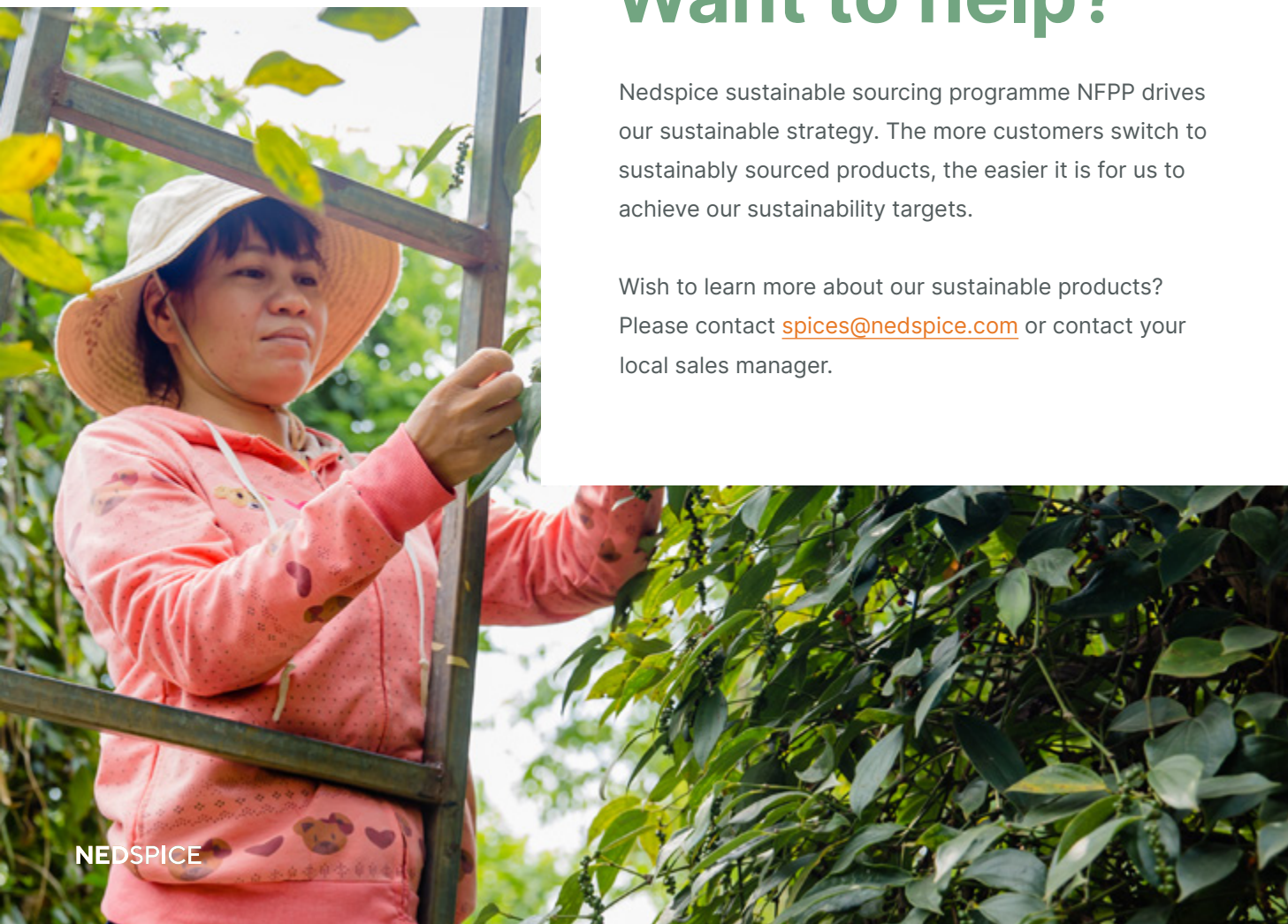
As mentioned in the introduction, this is Nedspice's first annual sustainability report. In 2021 we have focused on setting the targets and gathering data. From 2022 onwards we are committed to further the progress on these targets and plan to report improved numbers each year. For 2022 we aim our attention at updating our company policies in line with our sustainability path. This entails a renewed commitment of our customers and suppliers, as they will be asked to sign our Codes and Policies. 2022 will also be the year where we will start the process to get our targets and data externally verified.

Through the efforts and activities mentioned in this report we prepare ourselves for various European laws on Due Diligence Management that are expected to be implemented in 2023.

Want to help?

Nedspice sustainable sourcing programme NFPP drives our sustainable strategy. The more customers switch to sustainably sourced products, the easier it is for us to achieve our sustainability targets.

Wish to learn more about our sustainable products?
Please contact spices@nedspice.com or contact your local sales manager.



Want to join?

We feel that by working together we can make a bigger impact. That is why Nedspice is always looking for partners to join our sustainability projects. A partnership can take many forms, for more information please contact us at sustainability@nedspice.com.

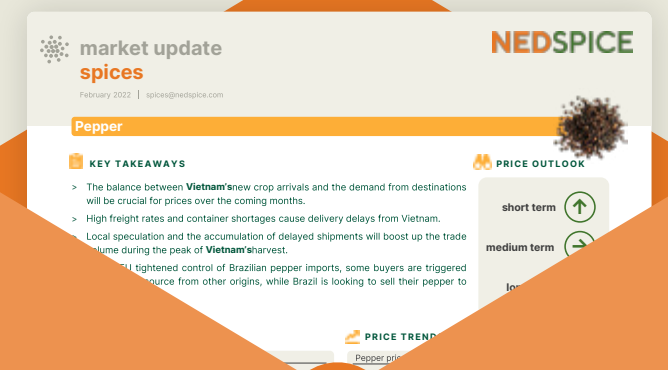
Questions?

Do you have questions on the data sources or require clarification as to how we monitor our progress?
Please contact us at sustainability@nedspice.com.

Stay updated

If you want to stay updated, please subscribe to our NFPP and Market Updates via Nedspice.com. And while you visit our site, we have plenty of information on sustainable products, certifications, and other relevant industry news.

We are also active on [LinkedIn](#), but if you prefer an old-fashioned phone call, feel free to reach us at any time (during working hours).



Interested to learn what Nedspice can do for your supply chain?

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working together on
sustainable spicing

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